

ACCOUNTABILITY BOARD

10:00	Friday, 14 February 2020	High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ
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Quorum: 3 (to include 2 voting members)

Membership

Mr Geoff Miles
Cllr Kevin Bentley
Cllr Roger Gough
Cllr Rodney Chambers
Cllr Keith Glazier
Cllr Rob Gledhill
Cllr Ron Woodley
Simon Cook
Lucy Druesne

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

For information about the meeting please ask for:

**Lisa Siggins
(Secretary to the Board)**

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Meeting Information

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

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

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

The agenda is also available on the Essex County Council website

Part 1

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

		Pages
1	Welcome and apologies for absence	
2	Minutes To approve the minutes of the meeting held on 15th November 2019.	6 - 14
3	Declarations of interest	
4	Questions from the public In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the Managing Director of the South East LEP (adam.bryan@essex.gov.uk) by no later than 10.30am seven days before the meeting. Please note that only one speaker may speak on behalf of an organisation, no person may ask more than one question and there will be no opportunity to ask a supplementary question. On arrival, and before the start of the meeting, registered speakers must identify themselves to the member of staff collecting names. A copy of the Policy for Public Questions is made available on the SELEP website - http://www.southeastlep.com/images/uploads/resources/PublicQuestionsPolicy.pdf Email (adam.bryan@essex.gov.uk)	
5	Local Growth Fund Capital Programme Report	15 - 39
6	Thanet Parkway Funding Decision	40 - 70
7	A13 Widening Update -REPORT TO FOLLOW	
8	M2 Junction 5 Report	71 - 80
9	Innovation Park Medway Update Report	81 - 92

10	A289 Four Elms roundabout update	93 - 106
11	University of Essex Parkside LGF Funding Decision	107 - 116
12	Groundworks and Scaffolding Training Centre LGF funding decision	117 - 124
13	Queensway Gateway Road Project Update	125 - 130
14	Bexhill Enterprise Park North Update	131 - 138
15	Growing Places Fund Update	139 - 164
16	SELEP Operations Update	165 - 206
17	SELEP Finance Update	207 - 211
18	A28 Sturry Link Road Update Appendix 1 will be considered under Exempt items.	212 - 222
19	Date of next meeting To note that the next meeting of the Board will be held on Friday 15th May 2020 at High House Production House. .	
20	Urgent Business To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

21 A28 Sturry Link Road Confidential Appendix 1

- Information relating to the financial or business affairs of any particular person (including the authority holding that information);

22 Hadlow College Update -REPORT TO FOLLOW

23 Urgent Exempt Business

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 15 November 2019

Present:

Geoff Miles	Chair
Cllr David Finch	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Ron Woodley	Southend Borough Council
Cllr Rob Gledhill	Thurrock Council
Graham Razey	Further Education/Skills representative
Lucy Druesne	Higher Education representative.

ALSO PRESENT

Having signed the attendance book

Suzanne Bennett	SELEP
Amy Bernardo	Essex County Council
Steven Bishop	Steer
Adam Bryan	SELEP
Lee Burchill	Kent County Council
Kerry Clarke	Kent County Council
Ellie Clow	SELEP
Howard Davies	SELEP
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Sunny EE	Medway Council
Rebecca Ellsmore	Thurrock
Amy Ferraro	SELEP
Jessica Jagpal	Medway Council
Ian Lewis	Opportunity South Essex
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Charlotte Moody	Essex County Council (Legal representative for the Accountable Body)
Rhiannon Mort	SELEP

Neil Muldoon	Thurrock Council
Lorna Norris	Essex County Council
Dawn Redpath	Essex County Council
Paul Shakespear	Essex County Council
John Shaw	Sea Change Sussex
Lisa Siggins	Essex County Council
David Smith	Kent County Council
Stephen Taylor	Thurrock Council
Simon Thomas	Canterbury City Council
Rob Willis	Essex County Council
Ceri Williams	Canterbury City Council

1 Welcome and apologies for absence

No apologies were received

The Chair welcomed Cllr Roger Gough to his first Board meeting.

2 Minutes

The minutes of the meeting held on Friday 13th September were agreed as an accurate record and signed by the Chair.

3 Declarations of interest

As a private businessman, Geoff Miles declared a disclosable pecuniary interest in respect of agenda item 12 (Growing Places Fund Update).

He advised of his intention to step out of the room whilst agenda item 12 was discussed and it was confirmed that Lucy Druesne would chair this item.

As a representative of the University of Kent, Lucy Druesne declared a potential disclosable pecuniary interest in respect of agenda item 5 (Kent and Medway Medical School Phase 1 LGF Funding Decision).

She advised of her intention to step out of the room whilst agenda item 5 was discussed.

4 Questions from the public

There were none.

5 Kent and Medway Medical School Phase 1 LGF Funding Decision

Lucy Druesne left the room due to her previously made declaration of interest

The Accountability Board (the Board) received a report from Howard Davies, SELEP Capital Programme Officer which was presented by Rhiannon Mort SELEP Capital Programme Manager, and a presentation from Steer the

purpose which was for the Board to consider the award of £4m Local Growth Fund (LGF) to the delivery of the Kent and Medway Medical School (the Project).

Councillors Gough and Gledhill spoke in support of the project, stressing its importance to both the local and the surrounding areas.

Councillor Finch raised an issue regarding the contract with the University of Kent and stated that he hoped that this was suitably robust.

Resolved:

1. **To Agree** the award of £4m 'Tranche 1' LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this.
2. **To Note:** A further £4m LGF 'Tranche 2' is sought towards the delivery of the Project should additional LGF become available. This second tranche of funding is identified within the LGF3b pipeline should additional LGF underspend become available.

6 Grays South LGF Funding Decision

The Board received a report from Howard Davies, SELEP Capital Programme Officer, which was presented by Rhiannon Mort SELEP Capital Programme Manager the purpose which was for the Board to consider the award of £7.1m Local Growth Fund (LGF) to the Grays South project (the Project).

Councillor Gledhill explained that the delays encountered are due to difficulties encountered with Network Rail and stressed that it was imperative to finalise the funding for this project.

In response to a question regarding the implication of the delays, Rebecca Ellsmore from Thurrock Council provided the Board with a detailed explanation.

The Board proceeded to discuss their concerns regarding the delays due to Network Rail. It was requested that a letter be sent from the Board to Network Rail in this regard.

In response to a question from Graham Razey, Councillor Gledhill confirmed that Thurrock Council were aware of their financial responsibilities should this project fail.

Resolved:

1. **To Note** that there remain a number of risks associated with this Project, as detailed in the report.
2. **To Note** that if the total Project cost increases through the delivery of the Project, Thurrock Council are responsible for meeting any increase in costs. A S151 letter has been provided to confirm that Thurrock Council is aware of its responsibility to meet any increase in project costs.

3. **To Note** that the LGF is due to be spent in full by the end of the growth deal period. If this cannot be achieved, the Project may not be able to satisfy all the conditions for spend of LGF beyond 31st March 2021.

4. **To Approve** the award of £7.1m LGF to the delivery of the Project which has been assessed as presenting high value for money but with medium to low certainty.

7 **Southend Town Centre - LGF funding decision**

The Board received a report from Helen Dyer, and a presentation from Steer, the purpose of which was for the Board to consider the award of £867,708 LGF to the delivery of the Southend Town Centre Interventions project (the Project). This project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.

Resolved:

To Agree the award of £867,708 LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this.

8 **Innovation Park Medway Update**

The Board received a report from Rhiannon Mort SELEP Capital Programme Manager and Jessica Jagpal Medway Council Senior LGF Programme Co-ordinator the purpose of which was to provide the Board with an update on the delivery of the Innovation Park Medway project (the Project).

Rhiannon advised the Board that there had been recent discussions with Highways England.

Councillor Glazier encouraged the Board to support Option 2 and explained the difficulties encountered with Highways England (HE) He advised that a meeting had been held with HE on 12th November, with a subsequent letter provided by them which was very positive in its content. He also advised that support had been offered from the Kent and Medway Economic Group.

Resolved:

1. **To Note** the update on the delivery of the Project;

2. **To Note** the risk to Medway Council of abortive LGF spend on the Phase 2 project, if the LDO is not approved to enable the delivery of the Project. If LGF spend on the project becomes an abortive revenue cost, this must be repaid to SELEP by Medway Council under the terms of the Service Level Agreement with the SELEP Accountable Body.

3. **To Agree** that a further update report must be provided to the Board in

February 2020, to either consider the award of funding to the Project or consider reallocation of the £1.519m LGF through the LGF3b process.

9 **Thanet Parkway LGF Project Update**

The Board received a report from Rhiannon Mort the purpose of which was to provide the Board with an update on the delivery of Thanet Parkway project (the Project) following the receipt of a revised cost estimate from Network Rail at the end of the single option development design stage.

Councillor Gough advised that this project will be an item on the Cabinet agenda on 2nd December, and that KCC remain extremely committed to the project.

Resolved:

1. **To Note** the update report on the delivery of the Project
2. **To Note** the increase in Project cost and the updated funding package which is proposed, within section 6 of the report, to meet the increased Project cost.
3. **To Note** the intention for a full business case to be considered by the ITE to confirm that the Project continues to present value for money and that the full funding package is in place for the delivery of the Project.
4. **To Agree** that if the full funding package required to meet the increased total project cost cannot be confirmed by the 14th February 2020, the current £14m LGF allocation to the Project may be reallocated to Projects included on the LGF3b single pipeline.

10 **A13 Widening Update**

The Board received a report from Paul Rogers, Thurrock Council which was presented by Rhiannon Mort, the purpose of which was to provide the Board with an update on the A13 widening project (the Project).

Councillor Gledhill spoke in support of the project and confirmed that progress was being made.

Councillor Finch stated that it would be helpful for the Board to have sight of the audit report and of any overspend that occurs.

Resolved:

To Note the update report on the A13 widening Project.

11 **Local Growth Fund Capital Programme Update**

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

Resolved:

1. **To Agree** the changes to 2019/20 LGF spend forecast, as set out in Appendix 2.
2. **To Note** the deliverability and risk assessment, as set out in Appendix 3.
3. **To Agree** that the funding conditions in relation to Beaulieu Park have been satisfied, to enable a grant agreement to be put in place for the transfer of the £12m LGF award to the project.

12 **Growing Places Fund Update**

Geoff Miles left the room due to his previously made declaration of interest. This item was chaired by Lucy Druesne as the Vice Chair.

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

Resolved:

To Note the updated position on the GPF programme.

13 **SELEP Operations and Assurance Framework Update**

The Board received a report from Suzanne Bennett Chief Operating Officer, the purpose of which was for the Board to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report included an update on risk management and updates on items of governance. The financial update was included in a separate report.

In response to a question from Graham Razey, Adam Bryan gave the Board an update regarding representations that are being made across the LEP network to Central Government in order to obtain a clear directive for the future.

Resolved:

1. **To Note** the risk register at Appendix A and the update included in the report; and
2. **To Note** the update on the LEP Review and Assurance Framework

14 **SELEP Finance Update**

The Board received a report from Lorna Norris, Senior Finance Business Partner, and Suzanne Bennett the purpose of which was for the Board to consider the latest financial forecast position for the SELEP Revenue budget for 2019/20. In addition, an outline budget for 2020/21 has been produced based on current best knowledge of funding streams in 2020/21.

The Board expressed some concerns regarding the 2020/21 finances and the low level of reserves forecast by the end of 2020/21. In order to provide

assurance, Suzanne offered to carry out an assessment at the end of the current financial year and to report this back to the Board.

Resolved:

- 1 **To Note** the half year forecast revenue outturn position for 2019/20 of an under spend of £294,000;
- 2 **To Approve** the outline revenue budget for 2020/21 set out in Table 4 of the report;
- 3 **To Confirm** that Local Authority partners will continue to provide revenue support and match for core funding in 2020/21 as set out in 4.4 of the report; and
- 4 **To Note** the planned level of reserves held by the end of 2020/21 are proposed to be £165,000 which is the minimum recommended level.

15 A28 Sturry Link Road Update

The Board received a report (Appendix 1 was considered under Exempt items) from Rhiannon Mort, the purpose of which was for the Board to receive an update on the delivery of the A28 Sturry Link Road project (the Project), Canterbury, Kent.

Resolved:

1. **To Note** the latest position on the delivery of the Project;
2. **To Agree** that LGF spend on in delivery of the Project will remain on hold until the Board is satisfied that the Project risks have been sufficiently mitigated and a full funding package is in place to deliver the Project; and
3. **To Agree** that if satisfactory progress has not been made towards securing the full funding package by its next meeting, as set out in section 7 of the report, the Board will be asked to consider the reallocation of LGF at its next meeting on the 14th February 2020.

16 Discovery Park Growing Places Fund update

The Board received a report (Appendix 1 was considered under Exempt items) from David Smith, Kent County Council (KCC) the purpose of which was to provide the Board with an update on the delivery of the Discovery Park project (the Project)

Resolved:

1. **To Agree** that interest is charged on the £5.3m GPF loan. The exact interest rate will be determined by KCC in accordance with the methodology set out in the attached confidential appendix.

2. **To Agree** that the rate of interest will be confirmed to the SELEP Accountable Body prior to the legal agreement being signed between KCC and the Midos Group, and the interest will be repaid to Essex County Council (ECC), the SELEP Accountable Body, to be reinvested in SELEP projects.
3. **To Agree** an extension of the deadline for the legal agreement to be entered into between KCC and the Midos Group from 31st January 2020 to 31st March 2020. If the legal agreement between KCC and the Midos Group has not been entered into by 31st March 2020, the GPF must be returned in Q1 2020/21 to ECC, as the Accountable Body for SELEP, for investment in new GPF pipeline projects
4. **To Note** KCC's intention to charge an additional 5% administration fee (£265,000) to cover the activities described in section 6 of the report.
5. **To Note** KCC's intention to write to the Midos Group to provide notification to the applicant of the intention to charge market rate interest and for an administration fee to apply. A deadline of the 1st December 2019 will be set for the developers to confirm whether the Midos Group wish to proceed with the loan.
6. **To Agree** that if confirmation is not received from the Midos Group by the 1st December 2019, as set out in 2.1.5 of the report, the Project will be removed from the GPF programme and funding must be returned to ECC, as the SELEP Accountable Body, by 31st January 2020.
7. **To Note** that a Variation to the Credit Agreement between KCC and ECC, as SELEP Accountable Body, is required to incorporate the changes set out in this report.

17 **Date of next meeting**

The Board noted that the next meeting will take place on Friday 14th February 2020 at High House Production Park.

There being no urgent business the meeting closed at 12.10 pm

The Chair offered his thanks to Graham Razey who will be stepping down as a member of the Board.

He further advised that due to the restructuring of the chairmanship this may be his last or penultimate Board meeting. He wished to offer his thanks to the Board for its support.

Cllr David Finch, on behalf of the Board offered his thanks to Geoff Miles for his Chairmanship.

18 **Exclusion of the Public**

That the press and public be excluded from the meeting during consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information as specified in paragraph 3 of Schedule 12A of the Local Government Act 1972.

19 A28 Sturry Link Road CONFIDENTIAL APPENDIX 1

The Board considered A28 Sturry Link Road CONFIDENTIAL APPENDIX 1 (minute 15 above refers)

20 Discovery Park Growing Places Fund update CONFIDENTIAL APPENDIX

The Board considered Discovery Park Growing Places Fund update CONFIDENTIAL APPENDIX 1 (minute 16 above refers)

Chair

Report title: Local Growth Fund Capital Programme Update	
Report to Accountability Board	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Meeting Date: 14 th February 2020	For: Decision
Date of report: 15 th January 2020	
Enquiries to: Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
SELEP Partner Authority affected: East Sussex, Essex, Kent, Medway, Thurrock and Southend	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.
- 1.2 The report provides an update on the spend forecast for 2019/20 and sets the LGF budget for 2020/21.
- 1.3 A high-level summary is provided on the delivery of the programme, including the overall risk and delivery position. This report is supported by several individual project update reports which provide a more focused update on high risk projects.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the changes to 2019/20 LGF spend forecast, as set out in Appendix 2 and summarised in table 1.
 - 2.1.2. **Agree** a total planned LGF spend in 2020/21 of £87.994m excluding Department for Transport (DfT) retained schemes and increasing to £119.860m including DfT retained schemes. *This decision is subject to sufficient LGF being made available by the Ministry for Housing Communities and Local Government (MHCLG) in 2020/21 as per the provisional funding allocation.*
 - 2.1.3. **Note** the deliverability and risk assessment, as set out in Appendix 3.
 - 2.1.4. **Agree** to remove the Marks Farm project (formerly A131 Braintree to Sudbury) from the LGF programme and reallocate the £1.8m LGF to the next project on the LGF3b pipeline
 - 2.1.5. **Agree** that the Basildon Innovation Warehouse project must:

- 2.1.5.1. submit an updated business case to SELEP secretariat by 24 April 2020 in order to complete the independent technical evaluation (ITE) process, for consideration at the 3 July 2020 Board meeting; and
- 2.1.5.2. provide an update to Board on the 15 May 2020 which provides reassurance to the Board of the deliverability of the project, as set out in section 6.10 below.

If these two conditions cannot be satisfied, it will be recommended to the Board, on the 15th May 2020, that the £870,000 LGF allocation is reallocated to the next project on the LGF3b pipeline.

- 2.1.6. **Agree** that the Exceat Bridge project business case must come forward for a funding decision at the next meeting on 15 May 2020 and confirm that:

- 2.1.6.1. the project presents high value for money;
- 2.1.6.2. a full funding package is in place to deliver the project; and
- 2.1.6.3. the project can meet the conditions, set out in 5.1 below, for LGF spend beyond 31 March 2021.

If these three conditions cannot be satisfied, it will be recommended to the Board, on the 15 May 2020, that the £1.5m LGF allocation is reallocated to the next project on the LGF3b pipeline.

3. LGF spend forecast in 2019/20

- 3.1. The planned LGF spend in 2019/20 has been updated to take account of the latest spend forecast provided by each local area in January 2020. Appendix 2 sets out the changes to LGF annual forecast spend for individual projects, whilst Appendix 3 provides a detailed update on project delivery timescales and risk.
- 3.2. The expected LGF spend in 2019/20 now totals £74.979m, excluding Department for Transport (DfT) retained schemes (see Table 1) and £109.760m including DfT retained schemes.
- 3.3. Since the last update to the Board, the total LGF forecast spend compared to plan, has decreased by £4.524m net, excluding DfT retained projects. This decrease in forecast LGF spend in 2019/20 is despite the inclusion of new LGF3b projects within the LGF programme and the slippage of LGF spend from 2018/19 to 2019/20.
- 3.4. Five projects have reported an expected slippage of greater than £2m LGF spend between the planned LGF spend in 2019/20, as agreed at the outset of the year, and the current spend forecast include:

- 3.4.1. A28 Chart Road (£3.119m slippage)** – The change to the LGF spend forecast is the result of the unspent LGF, which was previously awarded to this project, having been reallocated through the LGF3b process;
- 3.4.2. Thanet Parkway (£2.355m slippage)** – LGF spend on the project is on hold until the full funding package is in place to deliver the project. An update is provided under agenda item six.
- 3.4.3. A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements (£3.894m slippage)** – the project has been put on hold until the outcome of the Housing Infrastructure Fund bid has been confirmed. A detailed update is provided under agenda item 10.
- 3.4.4. Rochester Airport Phase 1 (£3.083m)** – The delivery of the project has been delayed due to planning issues and, most recently, delays relating to archaeological works on site. A detailed update is provided under agenda item nine.
- 3.4.5. Rochester Airport Phase 2 (£2.182m)** – A detailed update is provided under agenda item nine.
- 3.4.6. Hastings and Bexhill Movement and Access Package (£2.804m)** – The delivery of the project has slipped as a result of the complexity of delivering a multi-model package of smaller scale interventions. Revisions have been made to the design of the project, which has led to a delay to the public consultation. This will increase the delivery pressure during the final year of the LGF programme. A risk of LGF slippage beyond the Growth Deal has been flagged for the project.

3.5. The changes to LGF spend forecast for 2019/20 is presented on a project by project basis in appendix 2.

Table 1 LGF spend forecast 2019/20

LGF (£m)					Breakdown of variance	
	Planned LGF spend in 2019/20*	Total forecast LGF spend in 2019/20 (as reported in January 2020)	Variance*	Forecast LGF spend relative to planned spend in 2019/20 (%)	Additional spend/slippage identified for 2019/20 since the last board meeting	Additional spend/slippage previously considered by the Board
East Sussex	9.346	9.348	0.002	100.0%	-6.423	6.425
Essex	15.210	18.844	3.634	123.9%	-1.613	5.248
Kent	18.289	18.527	0.238	101.3%	-1.225	1.463
Medway	16.555	6.185	-10.370	37.4%	-5.028	-5.342
Southend	15.693	13.434	-2.259	85.6%	-0.688	-1.571
Thurrock	4.410	8.641	4.231	195.9%	0.010	4.221
Skills	0.000	0.000	0.000	-	0.000	0.000
M20 Junction 10a	0.000	0.000	0.000	-	0.000	0.000
LGF Sub-Total	79.503	74.979	-4.524	94.3%	-14.968	10.444
Retained	27.811	34.780	6.969	125.1%	1.201	5.768
Total Spend Forecast	107.314	109.760	2.445	102.3%	-13.766	16.212

*Variance between the total planned spend in 2019/20 as reported at outset of the 2019/20 financial year and the total forecast LGF spend in 2019/20, as it currently stands.

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

- 3.6. In April 2019, SELEP received an LGF grant allocation of £54.915m from the Ministry of Housing Communities and Local Government (MHCLG), as anticipated.
- 3.7. Considering the MHCLG grant only¹, a total of £57.799m LGF was carried forward from previous financial years. As such, a total of £112.714m LGF was available at the outset of the 2019/20 financial year. Based on the current forecast spend of £74.979m in 2019/20, it is expected that £37.735m will be carried forward as LGF slippage from 2019/20 to 2020/21. Table 2 provides a summary of the forecast slippage, excluding DfT retained scheme funding.
- 3.8. A majority of this LGF slippage will be held by SELEP at the end of 2019/20. It is expected that any unspent LGF held by partner local authorities at the end of the financial year will be transferred into their own capital programmes at the end of 2019/20 to be swapped back out in 2020/21. These arrangements are referred to as an Option 4 capital swap. The details of this arrangement are set out in the Service Level Agreement between the SELEP Accountable Body and partner authorities.

Table 2 LGF spend relative to LGF available in 2019/20 (excluding retained schemes)

MHCLG funding (excluding DfT retained funding)	
	(£m)
LGF allocation in 2019/20 from MHCLG	54.915
MHCLG LGF carried forward from 2018/19	57.799
Total MHCLG LGF available in 2019/20	112.714
Total forecast MHCLG LGF spend in 2019/20	74.979
Total MHLG LGF slippage from 2019/20 to 2020/21	37.735

DfT retained scheme funding

- 3.9. Furthermore, the DfT has transferred £38.856m to SELEP to date in 2019/20, to support DfT retained projects. Table 3 sets out the expected slippage of funding for DfT retained projects.

¹ Excluding DfT retained scheme funding

Table 3 Spend of DfT retained project funding relative to DfT funding available

DfT funding (LGF retained schemes only)	
	£m
LGF allocation in 2019/20 from DfT	38.857
DfT LGF carried forward from 2018/19	7.167
Total DfT LGF available in 2019/20	46.023
Total forecast DfT spend in 2019/20	34.780
Total DfT LGF slippage from 2019/20 to 2020/21	11.243

- 3.10. Considering both the MHCLG funding and DfT retained scheme funding, it is expected that a total of £48.978m LGF will be held across the SELEP area and carried forward to 2020/21.
- 3.11. This forecast slippage of £48.978m LGF from 2019/20 to 2020/21 increases the delivery pressure during the final year of the programme and increases the risk of LGF slippage beyond the end of the Growth Deal period, as set out in section 5 below.

4. LGF spend forecast 2020/21

- 4.1. In 2020/21, SELEP is due to receive £77.873m LGF from MHCLG in April 2020 and a further £29.565m from the DfT in June 2020. Grant determination letters have not yet been received by SELEP for this funding. These funding awards will be conditionate upon full compliance with the requirements of the LEP Review and National Assurance Framework. As such, there remains a risk to the availability of LGF in 2020/21.
- 4.2. Table 4 below sets out the planned LGF spend of £87.994m LGF excluding retained schemes and £119.860m LGF including DfT retained schemes in 2020/21. If there is a material change to the LGF award from Central Government, an extraordinary Board meeting will be held prior to LGF being transferred to local partners in Q1 2020/21.

Table 4 - LGF spend in 2020/21 and beyond Growth Deal period

LGF (£m)						
	LGF spend to end of 2019/20	Planned LGF spend in 2020/21	Planned LGF spend in 2021/22	Planning LGF spend on 2022/23	Total	% LGF allocation spent to date
East Sussex	63.483	15.602	1.500		80.585	78.8%
Essex	81.159	11.709	5.172	7.960	106.000	76.6%
Kent	90.608	24.963	5.485		121.057	74.8%
Medway	22.496	13.649	5.574		41.719	53.9%
Southend	27.182	11.496	0.000		38.678	70.3%
Thurrock	26.126	10.574	0.000		36.700	71.2%
Skills	21.975				21.975	100.0%
M20 Junction 10a	19.700				19.700	100.0%
Unallocated					1.923	0.0%
LGF Sub-Total	352.728	87.994	17.731	7.960	468.335	
Retained	69.791	31.866			101.658	
Total Spend Forecast	422.519	119.860	17.731	7.960	569.993	

5. LGF spend beyond the Growth Deal period (ending 31 March 2021)

- 5.1. The Cities and Local Growth Unit have provided a view that LGF can be spent beyond the Growth Deal period (ending 31 March 2021) if a strong case can be made and justified. Spend of LGF beyond 31 March 2021 is subject to the Board agreeing that five specific conditions have been met. These five conditions include projects demonstrating:
- 5.1.1. A clear delivery plan with specific delivery milestones and completion date having been agreed by the Board;
 - 5.1.2. A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
 - 5.1.3. All funding sources are identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal;
 - 5.1.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31 March 2021; and
 - 5.1.5. Contractual commitments being in place with construction contractors by 31 March 2021 for the delivery of the project.
- 5.2. It is currently expected that £25.691m LGF will be spent beyond the Growth Deal period, ending 31 March 2021 against the following six projects listed in Table 5 below. There is a risk that further LGF slippage beyond the Growth Deal may be identified during 2020/21.

Table 5 – Projects with forecast LGF spend beyond 31 March 2021

Project	Amount of spend beyond 31 March 2021 (£m)	Endorsed by Strategic Board	Agreed by Accountability Board
Beaulieu Park	9.270	Agreed in March 2019	Agreed in February 2019
A127 Fairglen Interchange	3.862	Agreed in January 2020	To be considered once Business Case approved by DFT
Thanet Parkway	4.725	Agreed in January 2020	Considered under agenda item six.
A28 Sturry Link Road	0.760	Agreed in January 2020	Considered under agenda item 18.
Exceat Bridge	1.500	Agreed in January 2020	To be considered in July 2020
Innovation Park Medway	0.350	Update to be provided in March 2020.	To be considered in July 2020
A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	5.224	TBC	Considered under agenda item 10.
Total	£25.691m		

6. Deliverability and Risk

- 6.1. Appendix 3 sets out a delivery update and risk assessment for all projects included in the LGF programme. This provides a detailed breakdown of the delivery progress for each LGF project, relative to the expected completion dates as set out in the original business cases. A total of 36 projects have been completed to date.

Outputs and outcomes

- 6.2. To date, it is reported that a total of 15,776 jobs have been created and 20,835 dwellings have been completed through LGF investment, as shown in Table 6 below.
- 6.3. The delivery of jobs and homes reported to date remains substantially lower than expected, relative to the 78,000 jobs and 29,000 homes committed through the Growth Deal. The latest forecast of the number of jobs and houses to be delivered across the SELEP area through LGF investment is higher than originally agreed within the Growth Deal, as set out in Table 6

below. It is forecast that during 2019/20, a total of 12,661 jobs and 5,223 houses will be delivered.

- 6.4. It is likely that the outputs and outcomes of LGF investment to date is currently understated. A lag is also expected between the investment being made and the delivery of the project outcomes. Data around the number of jobs and houses completed in 2019/20 will not be available from data sources such as district housing completions or other data sets until the end of the financial year.

Table 6 Jobs and homes delivered through LGF investment to date, including DfT retained schemes.

	To date			Forecast in 2019/20		Total forecast through delivery of the LGF programme	
	Jobs	Homes	Other outputs	Jobs	Houses	Jobs	Houses
East Sussex	1,241	1,841	0.5km of newly built road and 3km of new cycle route built	2,350	409	4,916	2,708
Essex	11,805	13,600	3.6km resurfaced, 3.8km newly built road, and 13km of new cycle route built	3,554	1,950	52,817	46,300
Kent	169	3,094	7.0km of road resurfaced, 1.2km of newly built road and 18.6km of new cycle route built	5,670	1,177	25,197	23,454
Medway	2,378	1,144	2.1km of road resurfaced and 14km of new cycle route built	867	1,616	19,057	9,905
Southend	0	1156	3.432km of road resurfaced, 0.626km of newly built roads and 0.408km of new cycle route built	0	0	3,864	5,346
Thurrock	183	0	3.75km off-carriageway new cycle/shared use paths, 0.995km of on-carriageway cycle way, 7.5km of footways to off-carriageway cycle/shared used paths.	220	71	20,547	6,859
Total	15,776	20,835		12,661	5,223	126,398	94,572

Risk Assessment

6.5. The summary project risk assessment position is set out in Table 7 below. A score of 5 represents high risk (Red) whereas a score of 1 represents low risk (Green).

6.6. The risk assessment has been conducted for LGF projects based on:

6.6.1. **Delivery** – considers project delays and any delays to the delivery of project outputs/outcomes. 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.

To ensure consistency with MHCLG guidance on the assessment of LGF 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.

6.6.2. **Finances** – considers changes to project spend profiles and project budget. SELEP has considered the certainty of match funding contributions, and changes to spend in 2019/20 between the planned spend (agreed with the Board at the outset of the financial year) and the updated forecast spend for 2019/20.

6.6.3. **Reputation** – considers the reputational risk for the delivery partner, local authority and SELEP

6.7. Since the end of the last financial year, the number of projects with an overall risk score of five (red) has decreased to five, as a result of funding decisions having been made in relation to certain projects and other projects having been removed from the LGF programme.

6.8. A greater focus has now been placed on the 13 projects that have been assessed as having a risk score of 4 (Amber/Red risk), as set out below.

Table 7 LGF project delivery, financials and reputational risk (5 high risk, 1 low risk)

Score	Delivery	Financials	Reputation	Overall
5	11	10	2	5
4	13	7	7	13
3	10	20	16	18
2	12	9	15	20
1	61	61	67	51
Total	107	107	107	107

- 6.9. Five projects have been identified as having a high overall 'red' project risk (overall risk score of 5). Update reports are provided on four of these high-risk projects under separate agenda items. These projects include:

- **A28 Chart Road, Kent**

The delivery of the A28 Chart Road scheme in Ashford is currently on hold following the failure of the developer to provide the security bond required for Kent County Council to forward fund the delivery of the scheme. In June 2019, the Board agreed to reallocate the unspent LGF allocation to this project. This funding has been reinvested through the LGF3b process. The project remains under review to ensure that the £2.756m LGF spend on the project to date remains a capital cost.

- **A28 Sturry Link Road, Kent** - A full project update is provided under item 18.
- **Thanet Parkway, Kent** - update is provided under agenda item six.
- **Innovation Park Medway (Phase 2)** - update is provided under agenda item nine.
- **Innovation Park, Medway Phase 3** – as above.
- **A13 Widening, Thurrock** - update is provided under agenda item seven.

- 6.10. A further 13 projects have an overall 'amber/red' risk score of 4, out of 5 (with 5 being high). These projects include:

- **Queensway Gateway Road, East Sussex**

An update report is provided under agenda item 13.

- **Bexhill Enterprise Park North, East Sussex**

An update report is provided under agenda item 14.

- **Exceat Bridge Phase 1, East Sussex,**

The Exceat Bridge project has been allocated £1.5m LGF Tranche 1 funding, with a further £610,579 LGF Tranche 2 funding allocated within the LGF3b pipeline. The Tranche 2 LGF will only become available if sufficient LGF is reallocated from an existing LGF project.

Since the project was prioritised by the Investment Panel in June 2019, further development work has been undertaken by East Sussex County Council. The specification of the project has been enhanced in response to feedback from stakeholders and statutory consultees, but which has led to an increase to the

total cost of the Project. This has created a funding gap of over £1.2m (over and above the Tranche 2 LGF allocation).

An application has been submitted to DfT's Maintenance Challenge Fund to bridge the funding gap for the project. The outcome of this bid is expected to be confirmed in April 2020. East Sussex County Council will be required to demonstrate that a full funding package is in place to deliver the project prior to a funding award by the Board.

Given the amount of time that has passed since the Exceat Bridge project was prioritised by the Investment Panel in June 2019, it is recommended to the Board that the project must come forward for funding consideration at the next meeting on 15 May 2020.

On 15 May 2020, along with the normal value for money considerations, the Board will be asked to consider whether a full funding package is in place to deliver the project and whether the project can satisfy the five conditions set out in section 5.1 above for LGF spend beyond 31 March 2021. If the Board is not satisfied with the deliverability of the project on 15 May 2020, the Board will be asked to consider whether the £1.5m Tranche 1 LGF should be reallocated.

- **A127 Fairglen Junction Improvements and New Link Road**

The project is a Department for Transport (DfT) retained project. This means that the business case requires approval from DfT. The business case is now due to be submitted to the DfT in June 2020 and the project delivery will extend beyond the Growth Deal period.

Efforts are being made to accelerate LGF spend on the project by the end of the Growth Deal, including the spend of £1.5m DfT LGF in 2019/20 in advance of business case submission. However, £3.862m LGF spend is now forecast beyond 31 March 2021. As the full business case comes forward for consideration by SELEP and the DfT, the Board will be asked to agree that the Project satisfies the conditions for LGF spend beyond the Growth Deal.

- **Marks Farm Roundabout (previously A131 Braintree to Sudbury)**

An update on the Marks Farm Roundabout project is set out in section seven below.

- **Basildon Innovation Warehouse**

The Basildon Innovation Warehouse project was prioritised by the Investment Panel for £870,000 LGF in June 2019 for the delivery of a new flexible workspace for new small businesses.

Issues have arisen related to WiFi provision at the proposed Basildon Innovation Warehouse site. Whilst the site is due to be connected as part of a Local Full Fibre programme, the timescales for connecting the site extend

beyond the expected completion date for the project. As WiFi connectivity is a key requirement for the workspace, alternatives sites are now being explored.

It was originally expected that the business case would be submitted in March 2020, for a funding decision on 15 May 2020. Additional time is now required to consider the feasibility of alternative sites. As such, the project will not meet SELEP's timescales for business case submission until the Board meeting on the 3 July 2020.

It is therefore recommended that the Board should agree that the Basildon Innovation Warehouse Business Case must be submitted to SELEP Secretariat by 24 April 2020, prior to the 3 July 2020 Board meeting.

An update report will be provided to the Board at its next meeting on 15 May 2020 to confirm that the deadline for business case submission has been met and to provide an update to confirm whether:

- an alternative feasible site has been identified;
- a full funding package is in place to deliver the project;
- the LGF can be spent in full within the Growth Deal period or satisfy the conditions for LGF spend beyond 31 March 2021; and
- the project can still deliver the same scale of benefits as the previous site.

If the Board is not satisfied with the progress update on 15 May 2020, recommendations will be made to the Board for the reallocation of the £870,000 LGF to the next project on the LGF3b pipeline.

- **Thanet Parkway** – see update under agenda item six.
- **Maidstone Integrated Transport**

The Board has previously agreed the award of £8.9m LGF to the delivery of the project. The project is split into three separate interventions, with progress being made towards the delivery of all three phases, including:

- Phase 1 – Willington Street improvements
- Phase 2 – M2 Junction 5, Coldharbour Roundabout
- Phase 3 - A229 Loose Road corridor and A20 London Road/ Hall Road/ Mills Road junction

As these three phases are being delivered at different locations across Maidstone, the timescales for project construction and traffic management during the construction phase is being carefully considered to avoid severe traffic disruption. The delivery of the projects will therefore extend beyond the growth deal period.

Whilst it is currently expected that the LGF will be spent in advance of developer contributions, there is a risk of LGF slippage beyond 31st March 2021. The Board will be kept up to date on this risk and will be asked to agree any slippage of LGF beyond the Growth Deal period.

- **A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements** - See update under agenda item 10.
- **Rochester Airport Phase 1** – see update under agenda item nine.
- **London Gateway/Stanford le Hope**
The project was approved in February 2017 for the award of £7.5m LGF with the project due to complete in December 2018 (according to the original business case). The project will provide a new multi-modal interchange and station building.

The project is being delivered in partnership with C2C train operating company. The LGF being spent in advance of funding contributions to the project by DP World London Gateway, C2C and London Gateway. It is therefore expected that the LGF will be spent in full before the end of the Growth Deal but with the delivery of the project extending beyond 31st March 2021. The delays have been incurred through the delivery of the project to date, as a result of the original design of the project having come in over budget.

Demolition works at the station has been completed. The project is being redesigned to reduce project costs and an alternate delivery routes are being reviewed. The council has agreed to fund any additional funding required to complete the delivery of the project, as per the original business case for the project. The project has a very high value for money of 9.4:1. As such, the increase in project cost is not expected to impact the value for money category for the project.

- **Capital Skills Programme**

The circa £22m LGF capital skills programme has been completed. However, further work is required to review SELEP's LGF investment across the Hadlow Group, as a result of Hadlow College having entered educational administration. An update is provided under agenda item 19.

7. Marks Farm Roundabout - Formerly A131 Braintree to Sudbury project

- 7.1. The A131 Braintree to Sudbury project was originally awarded £1.8m LGF to support the delivery of a package of measures along the A131 from Braintree to Sudbury, to improve safety and reduce delays along the corridor.
- 7.2. Following a comprehensive review of their Capital Programme, Essex County Council took the decision to withdraw their £1.8m match funding contribution from the project, leaving only the £1.8m LGF investment to deliver the proposed works. This, in conjunction with an increase in forecast costs, prompted a review of the project scope and consideration of alternative potential funding sources to seek to ensure at least some elements of the project could still be delivered.

- 7.3. Essex County Council concluded that the Marks Farm roundabout element of the project should be delivered as it was considered to be the most strategically important element of the wider original project scope. The other elements of the original project have been removed from the project scope.
- 7.4. On the 13 September 2019, the Board agreed the business case for the amended scope of the A131 Braintree to Sudbury project; Marks Farm Roundabout. The award of £1.8m LGF by the Board to the Marks Farm project was subject to the S106 contributions being confirmed to complete the funding package for the project.
- 7.5. The S106 contributions have been effectively negotiated and will provide the full funding package to deliver the Marks Farm project; negating the need for LGF investment. As the Marks Farm project will be fully funded through private sector investment, it is recommended that the LGF should be returned for reinvestment on the next project on the LGF3b pipeline.

8. LGF Programme Risks

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

Government's funding commitment to future years of the LGF Programme

Risk: Currently Government has only given a provisional funding allocation for future years of the LGF programme. The transfer of £77.873m in 2020/21 for the final year of the programme remains dependent on full compliance with the requirements of the LEP review, National Local Growth Assurance Framework and successful outcome of the Annual Performance Review.

Mitigation: Agenda item 13, Operational Plan and Assurance Framework Implementation update, details the latest position in relation to compliance with the governance requirements from Central Government and actions to address these.

If the 2020/21 LGF allocation is not received in full, as anticipated, an additional extraordinary Board meeting will be organised, prior to the transfer of LGF for Q1 2020/21.

LGF spend within Growth Deal period

Risk: Whilst the Cities and Local Growth Unit have indicated some flexibility to spend LGF beyond the Growth Deal Period (31 March 2021), the full impact of failure to spend the LGF allocation by this date has not been clearly articulated by Government. There is a potential reputational risk in terms of our ability to successfully secure funding from Central Government for funding streams which follow on from the Local Growth Fund, such as the Shared Prosperity Fund, if SELEP continues to hold substantial LGF allocations beyond the Growth Deal.

Mitigation: New LGF3b projects have been included in the LGF programme following the last Investment Panel meeting on the 28 June 2019. A pipeline of future projects was also agreed. This will enable new LGF3b projects to progress at pace should additional LGF become available through project underspend.

The introduction of five criteria which projects are required to meet for LGF spend beyond 31 March 2021 will also help ensure that LGF spend beyond 31 March 2021 is only permitted on an exceptional basis only.

Slippage of LGF to future years of the programme

Risk: A slippage of £57.799m MHCLG LGF and £7.167m DfT LGF has been reported from 2018/19 to 2019/20. Based on the current spend for recast for 2019/20, a slippage of £48.978m LGF is forecast from 2019/20 to 2020/21. The backloading of LGF spend will create delivery pressures during the final years of the Growth Deal programme.

The slippage of LGF spend also has a potential reputational impact for the SELEP area, as Central Government is currently using LGF spend as a performance measure to monitor SELEP's Growth Deal delivery.

Mitigation: There will be clear communication with Government about the successful delivery of LGF projects to date and justification provided where slippage of LGF spend is expected beyond 31 March 2021. A positive position was articulated to Government through the written material and verbal update presented as part of the Annual Performance Review with the Cities and Local Growth Unit in January 2020.

Evidenced delivery of project outputs and outcomes

Risk: Local partners have made substantial progress towards the delivery of LGF projects, including the outputs identified in the Project Business Cases. However, Government continues to seek evidence of the delivery of jobs and homes which SELEP committed to deliver within its Growth Deal with Government. Whilst this information has been sought through update reports from SELEP, evidence of jobs and homes delivery from some local partners has not been forthcoming. This has a reputational risk for SELEP and the robustness of our case to Government for further funding.

Mitigation: New templates have been prepared by SELEP's Independent Technical Evaluator (ITE), to help structure and provide a consistent approach to the monitoring of project outputs and outcomes following scheme completion. A series of workshop meetings have also been held with local areas to provide guidance on the completion of project monitoring and evaluation information.

The outputs delivered to date are also reported to each Strategic Board meeting to ensure clear oversight of project outcomes to date and oversight of the information reported back to Central Government.

Section 151 officer (S151) letter sign off of each Business Case includes a commitment for each local partner to allocate sufficient resource to the monitoring and evaluation of each LGF project.

9. Financial Implications (Accountable Body comments)

- 9.1. All funding allocations that have been agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed and received, however, funding for future years is indicative.
- 9.2. Government has made future funding allocations contingent on full compliance with the revised National Local Growth Assurance Framework. Allocations are also contingent on the Annual Performance Review of SELEPs LGF programme by Government and assurance from the Accountable Body's S151 Officer that the financial affairs of the SELEP are being properly administered.
- 9.3. A key assessment made in the Annual Performance Review is effective delivery of the Programme; it is noted that there was a high level of slippage from 2018/19 into 2019/20 totalling £57.799m; in addition, slippage in excess of £37.735m (excluding DfT programmes) is already reported into 2020/21. This creates a risk to delivery in the remaining 13 months of the programme.
- 9.4. 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.
- 9.5. Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.
- 9.6. The Accountable Body is ensuring that the grant is spent in line with the Grant Determination letter condition, which does not impose an end date for use.
- 9.7. Alongside the annual grant determination letter, Government has written to SELEP and the Accountable Body, emphasising the requirement for the grant to be spent on the Growth Deal (which has a lifetime of April 2015 to March 2021) and that future funding allocations remain subject to the outcome of future annual conversations and compliance with the National Local Growth Assurance Framework.
- 9.8. SELEP have raised the issue of the application of the LGF grant beyond the end of the growth deal period with central Government and have sought clarity on this over a number of months, but this is not yet confirmed, and it remains unclear when a response will be provided.

10 Legal Implications (Accountable Body comments)

10.7 There are no legal implications arising from this report.

11 Equality and Diversity implication

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

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

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

11.9 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.

12 List of Appendices

- 12.1 Appendix 1 - LGF spend forecast update
- 12.2 Appendix 2 - Changes to 2019/20 spend forecast
- 12.3 Appendix 3 - Project deliverability and risk update

13 List of Background Papers

13.1 None

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	6/2/2020

Appendix 1 - LGF spend forecast update (£m)											
SELEP number	Project Name	Promoter	2015/16 (Total)	2016/17 (Total)	2017/18 (Total)	2018/19 (Total)	2019/20 (Total)	2020/21	2021/22	2022/23	All Years
East Sussex											
LGF00002	Newhaven Flood Defences	East Sussex	0.300	0.800	0.400	0.000	0.000				1.500
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	0.000	0.000	0.254	0.000	1.137	0.709			2.100
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	0.600	0.370	1.630	0.498	0.949	2.553			6.600
LGF00036	Queensway Gateway Road	East Sussex	1.419	1.121	5.000	0.890	1.570				10.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.505	0.895	0.000	0.000	0.000				1.400
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.530	1.170	0.000	0.000	0.000				1.700
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	6.410	4.600	5.590	2.000	0.000				18.600
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	0.000	0.000	0.345	0.796	1.476	6.383			9.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex	0.000	0.000							
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	0.000	0.550	0.245	3.700	1.050	2.455			8.000
LGF00073	A22/A27 junction improvement package	East Sussex	0.000	0.000			0.000				
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.667	0.000	0.000				0.667
LGF00097	East Sussex Strategic Growth Project	East Sussex	0.000	0.000	3.550	4.300	0.350				8.200
LGF00099	Devonshire Park	East Sussex	0.000	0.000	5.000	0.000	0.000				5.000
LGF00108	Bexhill Enterprise Park North	East Sussex	0.000	0.000	0.000	0.000	0.440	1.500			1.940
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	0.000	0.000	0.000	0.000	1.384	1.534			2.918
LGF00110	Churchfields Business Centre (previously known as Sidney Little Road Business Inc)	East Sussex	0.000	0.000	0.000	0.000	0.292	0.208			0.500
LGF00116	Bexhill Creative Workspace	East Sussex	0.000	0.000	0.000	0.000	0.700	0.260			0.960
LGF00117	Exceat Bridge Replacement - phase 1	East Sussex	0.000	0.000	0.000	0.000	0.000		1.500		1.500
Essex											
LGF00004	Colchester Broadband Infrastructure	Essex	0.200	0.000	0.000	0.000	0.000				0.200
LGF00025	Colchester LSTF	Essex	0.911	1.489	0.000	0.000	0.000				2.400
LGF00026	Colchester Integrated Transport Package	Essex	1.527	0.673	1.400	1.400	0.000				5.000
LGF00027	Colchester Town Centre	Essex	0.955	2.574	1.071	0.000	0.000				4.600
LGF00028	TGSE LSTF - Essex	Essex	2.131	0.869	0.000	0.000	0.000				3.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	5.870	2.130	2.000	0.487	0.000				10.487
LGF00032	A414 Maldon to Chelmsford RBS	Essex	1.000	1.000	0.000	0.000	0.000				2.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	0.409	0.605	1.248	0.738	0.000				3.000
LGF00034	Basildon Integrated Transport Package	Essex	1.633	0.000	0.000	0.750	4.203	0.000			6.586
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	5.800	0.000	0.000	0.000	0.000				5.800
LGF00048	A131 Chelmsford to Braintree	Essex	0.000	0.000	1.396	1.104	1.160				3.660
LGF00049	A414 Harlow to Chelmsford (removed from programme)	Essex	0.000	0.000	0.000	0.000	0.000				
LGF00050	A133 Colchester to Clacton	Essex	0.000	0.000	0.000	0.525	2.215				2.740
LGF00051	A131 Braintree to Sudbury (removed from programme)	Essex	0.000	0.000	0.000	0.000	0.000				
LGF00063	Chelmsford City Growth Area Scheme	Essex	0.000	0.000	1.000	2.500	4.000	2.500			10.000
LGF00064	Chelmsford Flood Alleviation Scheme (removed from programme)	Essex	0.000	0.000	0.000	0.000	0.000				
LGF00070	Beaulieu Park Railway Station	Essex	0.000	0.000	0.000	0.000	0.000	2.730	1.310	7.960	12.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.000	0.667	0.000	0.000				0.667
LGF00095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000	5.000	0.000	0.000				5.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	0.000	0.000	2.000	1.500	0.000				3.500
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	0.000	0.000	1.000	1.000	0.000				2.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	0.000	0.000	0.100	2.153	2.747				5.000
LGF00102	A127/A130 Fairgreen Interchange new link road	Essex	0.000	0.000	0.000	1.700	0.673		3.862		6.235
LGF00103	M11 Junction 8 Improvements	Essex	0.000	0.000	0.000	1.800	0.525	0.409			2.734
LGF00105	Mercury Rising Theatre	Essex	0.000	0.000	0.000	0.000	1.000				1.000
LGF00111	Basildon Digital Technologies Campus	Essex	0.000	0.000	0.000	0.000	0.850	1.300			2.150
LGF00112	Colchester Institute training centre (Groundworks and scaffolding)	Essex	0.000	0.000	0.000	0.000	0.050				0.050
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learning	Essex	0.000	0.000	0.000	0.000	0.000	0.900			0.900
LGF00114	Flightpath Phase 2	Essex	0.000	0.000	0.000	0.000	1.422				1.422
LGF00118	Basildon Innovation Warehouse	Essex	0.000	0.000	0.000	0.000	0.000	0.870			0.870
LGF00119	University of Essex Parkside (Phase 3)	Essex	0.000	0.000	0.000	0.000	0.000	3.000			3.000
Kent											
LGF00003	I3 Innovation Investment Loan Scheme	Kent	0.000	0.389	2.951	0.941	1.189	0.532			6.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	1.833	0.799	0.000	0.000	0.000				2.631
LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.345	2.155	0.001	0.000	0.000				2.500
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.488	1.712	0.000	0.000	0.000				2.200
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst)	Kent	0.603	0.189	0.049	0.315	0.249	0.395			1.800
LGF00010	Kent Thameside LSTF	Kent	2.051	0.480	0.720	0.252	0.453	0.544			4.500
LGF00011	Maidstone Gyratory Bypass	Kent	0.704	3.724	0.171	0.000	0.000				4.600
LGF00012	Kent Strategic Congestion Management programme	Kent	0.863	0.687	0.604	0.236	0.893	1.517			4.800
LGF00013	Middle Deal transport improvements	Kent	0.000	0.800	0.000	0.000	0.000				0.800
LGF00014	Kent Rights of Way improvement plan	Kent	0.193	0.056	0.137	0.177	0.195	0.241			1.000
LGF00015	Kent Sustainable Interventions Programme	Kent	0.143	0.406	0.529	0.394	0.647	0.608			2.728
LGF00016	West Kent LSTF	Kent	0.800	1.308	1.388	0.471	0.600				4.900
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.533	0.008	0.000	0.000	0.000				0.541
LGF00038	A28 Chart Road - on hold	Kent	0.885	0.984	0.887	0.000	0.000				2.756
LGF00039	Maidstone Integrated Transport	Kent	0.000	0.265	1.114	0.668	1.832	5.022			8.900
LGF00040	A28 Sturry Link Road	Kent	0.000	0.401	0.385	0.285	0.390	3.679			5.900
LGF00053	Rathmore Road	Kent	1.562	2.638	0.000	0.000	0.000				4.200
LGF00054	A28 Sturry Rd Integrated Transport Package (removed from programme)	Kent	0.022	0.005	0.056	0.000	-0.084				0.000
LGF00055	Maidstone Sustainable Access to Employment	Kent	0.131	1.869	0.000	0.000	0.000				2.000
LGF00059	Ashford Spurs	Kent	0.000	0.167	4.173	1.414	2.143				7.897
LGF00041	Thanet Parkway	Kent	0.000	0.000	0.000	0.000	0.000	9.275	4.725		14.000
LGF00058	Dover Western Dock Revival	Kent	0.000	4.915	0.085	0.000	0.000				5.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent	0.000	0.000	0.000	0.000	0.000				0.000
LGF00062	Folkestone Seafront (non-transport)	Kent	0.000	1.967	3.033	0.000	0.000				5.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	0.000	0.715	0.846	2.638	0.000				4.200
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.000	0.000	0.063	0.511	0.093				0.667
LGF00086	Dartford Town Centre Transformation	Kent	0.000	0.000	0.000	0.522	3.360	0.418			4.300
LGF00088	Fort Halsted (removed from programme)	Kent	0.000	0.000	0.000	0.000	0.000				0.000
LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.299	0.966	0.000	0.000			1.265
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	0.000	0.000	1.953	4.167	0.000	0.000			6.120
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from programme)	Kent	0.000	0.000	0.000	0.000	0.000				0.000
LGF00094	Leigh Flood Storage Area	Kent	0.000	0.000	0.000	0.983	1.366				2.349
LGF00106	Sandwich Rail Infrastructure	Kent	0.000	0.000	0.000	0.040	1.331	0.532			1.903
LGF00120	M2 J5 improvements	Kent	0.000	0.000	0.000	0.000	0.000	1.600			1.600
LGF00121	Kent and Medway Medical School - Phase 1	Kent	0.000	0.000	0.000	0.000	4.000				4.000
Medway											
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Impr	Medway	0.298	0.402	0.347	0.393	0.381	4.055	5.224		11.100
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	0.200	1.772	0.944	1.384	3.650	0.650	0.000		8.600
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	0.870	0.945	0.881	0.747	0.756	0.000	0.000		4.200
LGF00021	Medway Cycling Action Plan	Medway	0.228	1.150	0.919	0.203	0.000	0.000	0.000		2.500
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	0.300	0.181	0.021	0.061	0.490	1.146	0.000		2.200
LGF00061	Rochester Airport - phase 1	Medway	0.000	0.179	0.182	0.104	0.688	3.247	0.000		4.400
LGF00089	IPM (Rochester Airport - phase 2)	Medway	0.000	0.000	0.000	0.099	0.218	3.033	0.350		3.700
LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	3.000	0.000	2.378	0.000	0.000	0.000		3.500

Appendix 1 - LGF spend forecast update (£m)											
SELEP number	Project Name	Promoter	2015/16 (Total)	2016/17 (Total)	2017/18 (Total)	2018/19 (Total)	2019/20 (Total)	2020/21	2021/22	2022/23	All Years
LGF000115	IPM 2 (Rochester Airport - phase 3)	Medway	0.000	0.000	0.000	0.000	0.000	1.519	0.000		1.519
Southend											
LGF000005	Southend Growth Hub	Southend	0.018	0.702	0.000	0.000	0.000				0.720
LGF000107	Southend Forum 2	Southend	0.000	0.000	0.000	0.470	0.967	4.562			6.000
LGF000029	TGSE LSTF - Southend	Southend	0.800	0.200	0.000	0.000	0.000				1.000
LGF000045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	0.000	0.767	1.211	1.011	0.424	3.588			7.000
LGF000057	London Southend Airport Business Park Phase 1 and 2 (including Southend and	Southend	0.000	2.366	2.076	4.127	11.843	2.678			23.090
LGF000115	Southend Town Centre - Phase 1	Southend	0.000	0.000	0.000	0.000	0.200	0.668			0.868
Thurrock											
LGF000030	TGSE LSTF - Thurrock	Thurrock	0.569	0.162	-0.015	0.160	0.125				1.000
LGF000046	Thurrock Cycle Network	Thurrock	0.000	0.096	2.384	2.520	0.000				5.000
LGF000047	London Gateway/Stanford le Hope	Thurrock	0.000	0.663	1.592	2.514	1.647	1.084			7.500
LGF000052	A13 Widening - development	Thurrock	0.000	2.708	0.000	2.292	0.000				5.000
LGF000056	Purfleet Centre	Thurrock	0.000	0.645	1.000	0.196	3.159	0.000			5.000
LGF000104	Grays South	Thurrock	0.000	0.000	0.000	0.000	3.700	7.140			10.840
LGF000123	Tilbury Riverside	Thurrock	0.000	0.000	0.000	0.000	0.010	2.350			2.360
Managed Centrally											
LGF000001	Skills		9.923	11.980	0.071		0.000				21.975
LGF000071	M20 Junction 10a				8.300	11.400	0.000				19.700
	Unallocated						0.000				1.923
Sub-total			54.563	70.405	78.984	73.797	74.979	87.994	17.731	7.960	468.335
Provisional Funding Allocation from MHCLG			69.450	82.270	92.088	91.739	54.915	77.873			468.335
LGF slippage 2015/16 to 2016/17			14.887								0.000
LGF slippage from 2016/17 to 2017/18				26.752							
LGF slippage from 2017/18 to 2018/19					39.857						
LGF slippage 2018/19 to 2019/20						57.799					
Forecast LGF slippage 2019/20 to 2020/21							37.735				
Forecast LGF slippage 2020/21 to 2021/22								27.614			
DfT retained schemes											
LGF000079	A127 Fairglen Junction Improvements	Essex	0.000	0.000	0.000	0.000	1.500	13.500			15.000
LGF000080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex	0.513	3.487	0.000	0.000	0.000				4.000
LGF000081	A127 Kent Elms Corner	Southend	0.500	2.389	1.411	0.000	0.000				4.300
LGF000082	A127 The Bell	Southend	0.000	0.000	0.000	0.369	0.832	3.099			4.300
LGF000083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	0.400	0.289	0.311	0.427	0.273	6.300			8.000
LGF000084	A13 Widening	Thurrock	0.000	0.000	13.408	11.507	32.175	8.967			66.058
Sub-total retained schemes			1.413	6.165	15.130	12.303	34.780	31.866	0.000	0.000	101.658
Provisional Funding Allocation from DfT											
			1.500	7.500	29.704	3.474	38.857	29.565			
LGF slippage 2015/16 to 2016/17			0.087								
LGF slippage from 2016/17 to 2017/18				1.422							
LGF slippage from 2017/18 to 2018/19					15.996						
LGF slippage 2018/19 to 2019/20						7.167					
Forecast LGF slippage 2019/20 to 2020/21							11.243				
Forecast LGF slippage 2020/21 to 2021/22								8.942			
Total			55.976	76.570	94.114	86.100	109.760	119.860	17.731	7.960	569.993

* Unallocated funding includes funding returned from A28 Chart Road, Colchester Institute Groundworks and Scaffolding and A131 Braintree to Sudbury

Appendix 3- Local Growth Fund update Deliverability and Risk																				
Project	Deliverability						Financial						LGF spend 2019/20							
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Updated expected completion date	Months delay incurred	Deliverability RAG rating	LGF allocation	LGF spend to date Up to end of Q3 2019/20	LGF spend to date (%) Up to end of Q3 2019/20	Original total project cost	Updated total project cost	% change	LGF planned spend (£m)	LGF planned spend	LGF updated forecast	LGF updated forecast*	Difference **	Financials RAG rating	Reputational risk RAG rating	Overall
East Sussex																				
Newhaven Flood Defences	Jun-15	Construction in progress	01/02/2020	01/02/2020	0	1	£1,500,000	£1,500,000	100%	TBC	£19,000,000		0.000000	£0	0.000000	£0	£0	1	1	1
Hailsham, Polegate and Eastbourne Movement and Access Transport scheme	Feb-17	Design in progress	01/03/2020	01/03/2020	0	3	£2,100,000	£1,254,000	60%	£2,300,000	£3,530,000	53%	1.782000	£1,782,000	1.137000	£1,137,000	£-645,000	2	1	2
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	01/03/2021	01/03/2021	0	1	£6,600,000	£3,815,000	58%	£9,390,000	£10,560,000	12%	1.779000	£1,779,000	0.949000	£949,000	£-830,000	3	1	2
Queensway Gateway Road	Mar-15	Construction in progress	01/03/2016	01/03/2021	60	5	£10,000,000	£9,367,944	94%	£15,000,000	£10,000,000	-33%	0.000000	£0	1.570000	£1,570,000	£1,570,000	3	4	4
Swallow Business Park, Hailsham	Feb-16	LGF project delivered	01/03/2017	01/03/2017	0	1	£1,400,000	£1,400,000	100%	£1,595,000	£2,800,000	76%	0.000000	£0	0.000000	£0	£0	1	1	1
Sovereign Harbour	Feb-16	LGF project delivered	01/03/2017	01/03/2017	0	1	£1,700,000	£1,700,000	100%	TBC	£1,700,000		0.000000	£0	0.000000	£0	£0	1	1	1
North Bexhill Access Road and Bexhill Enterprise Park	Nov-15	LGF project delivered	01/03/2018	01/12/2018	9	1	£18,600,000	£18,600,000	100%	£16,600,000	£18,600,000	12%	0.000000	£0	0.000000	£0	£0	2	2	2
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	01/03/2021	01/03/2021	0	1	£9,000,000	£2,391,000	27%	£9,000,000	£9,364,000	4%	4.280000	£4,280,000	1.476000	£1,476,000	£-2,804,000	5	3	3
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	01/03/2021	01/03/2021	0	2	£8,000,000	£5,545,000	69%	£9,736,000	£11,250,000	16%	1.505000	£1,505,000	1.050000	£1,050,000	£-455,000	2	3	3
Coastal Communities Housing Intervention Hastings	Feb-17	Construction in progress	01/04/2020	01/03/2020	0	1	£666,667	£666,667	100%	£3,370,000	£3,200,000	-5%	0.000000	£0	0.000000	£0	£0	1	1	1
East Sussex Strategic Growth Project	Jan-17	LGF project delivered	01/03/2021	31/05/2021	2	2	£8,200,000	£8,200,000	100%	£21,200,000	£21,200,000	0%	0.000000	£0	0.350000	£350,000	£350,000	1	1	2
Devonshire Park	Mar-17	LGF project delivered	01/03/2020	01/03/2020	0	1	£5,000,000	£5,000,000	100%	£16,000,000	£16,000,000	0%	0.000000	£0	0.000000	£0	£0	1	1	1
Bexhill Enterprise Park North	Jun-19	Design in progress	01/03/2020	28/02/2021	0	5	£1,940,000	£0	0%	£20,700,000	£20,700,000	0%	£0	0.440000	£440,000	£440,000	3	4	4	
Skills for Rural Businesses Post-Brexit	Jun-19	Design in progress	01/03/2021	01/03/2021	0	1	£2,918,000	£883,900	30%	£7,037,020	£7,037,000	0%	£0	1.384000	£1,384,000	£1,384,000	£1,384,000	1	1	1
Sidney Little Road Business Incubator Hub	Jun-19	Design in progress	01/03/2021	01/02/2021	0	1	£500,000	£200,000	40%	£2,773,686	£2,774,000	0%	£0	0.292000	£292,000	£292,000	£292,000	1	1	1
Bexhill Creative Workspace	Sep-19	Approval pending	01/05/2020	01/05/2020	0	1	£960,000	£0	0%	£1,760,000	£1,760,000	0%	£0	0.700000	£700,000	£700,000	£700,000	1	1	1
Exceat Bridge Replacement - phase 1	Pending	Approval pending	TBC	TBC		4	£1,500,000	£0	0%	TBC	£4,744,000			£0	0.000000	£0	£0	4	3	4
Essex																				
Colchester Broadband Infrastructure	Mar-15	LGF project delivered	01/03/2016	01/03/2016	0	1	£200,000	£200,000	100%	£528,782	£529,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Colchester LSTF	Mar-15	LGF project delivered	01/03/2016	01/12/2016	9	1	£2,400,000	£2,400,000	100%	£2,000,000	£3,144,000	57%	0.000000	£0	£0.000000	£0	£0	1	1	1
Colchester Integrated Transport Package	Mar-15	Construction in progress	01/03/2021	01/03/2021	0	1	£5,000,000	£5,000,000	100%	£12,749,000	£13,701,000	7%	0.000000	£0	£0.000000	£0	£0	2	1	2
Colchester Town Centre	Mar-15	LGF project delivered	01/03/2016	01/01/2018	22	1	£4,600,000	£4,600,000	100%	£5,052,000	£5,445,000	8%	0.000000	£0	£0.000000	£0	£0	1	1	1
TGSE LSTF - Essex	Mar-15	LGF project delivered	01/08/2016	01/03/2017	7	1	£3,000,000	£3,000,000	100%	£3,000,000	£3,062,000	2%	0.000000	£0	£0.000000	£0	£0	1	1	1
A414 Pinch Point Package	Jun-15	LGF project delivered	01/03/2017	01/03/2019	24	1	£10,487,000	£10,487,000	100%	£14,924,000	£26,695,000	79%	0.000000	£0	£0.000000	£0	£0	1	1	1
A414 Maldon to Chelmsford RBS	Jun-15	LGF project delivered	01/03/2017	01/12/2016	0	1	£2,000,000	£2,000,000	100%	£3,913,000	£3,217,000	-18%	0.000000	£0	£0.000000	£0	£0	1	1	1
Chelmsford Station/Station Square/Mill Yard	Jun-15	LGF project delivered	01/12/2017	31/03/2019	15	1	£3,000,000	£3,000,000	100%	£2,921,000	£3,014,000	3%	0.000000	£0	£0.000000	£0	£0	1	1	1
Basildon Integrated Transport Package	Mar-15, May-17 and Feb-19	Construction in progress	01/03/2021	01/03/2021	0	1	£6,586,000	£5,533,000	84%	£11,672,000	£10,749,000	-8%	4.203000	£4,203,000	£4.203000	£4,203,000	£-0	4	1	2
Colchester Park and Ride and Bus Priority measures	Mar-15	LGF project delivered	01/04/2015	01/04/2015	0	1	£5,800,000	£5,800,000	100%	£7,193,000	£7,433,000	3%	0.000000	£0	£0.000000	£0	£0	1	1	1
A127 Fairglens junction improvements	Feb-19	Design in progress	01/09/2022	01/09/2022	0	3	£15,000,000	£0	0%	TBC	£18,819,000		0.000000	£0	£1.500000	£1,500,000	£1,500,000	3	4	4
A127 capacity enhancements	Jun-15	LGF project delivered	01/12/2020	01/03/2022	15	1	£4,000,000	£4,000,000	100%	£9,150,000	£5,863,000	-36%	0.000000	£0	£0.000000	£0	£0	1	1	1
A131 Chelmsford to Braintree	Feb-17	Construction in progress	01/03/2020	01/03/2020	0	1	£3,660,000	£3,660,000	100%	£7,320,000	£5,900,000	-19%	0.264000	£264,000	£1.160000	£1,160,000	£896,000	1	1	1
A133 Colchester to Clacton	Nov-17	Construction in progress	01/03/2020	01/03/2020	0	1	£2,740,000	£2,044,859	75%	£5,480,000	£3,264,000	-40%	1.370000	£1,370,000	£2.215000	£2,215,000	£845,000	1	1	1
A131 Braintree to Sudbury	Jun-18	Design in progress	01/03/2021	01/03/2021	0	3	£0	£0		£3,600,000	£3,143,000	-13%	0.000000	£0	£0.000000	£0	£0	5	2	4
Chelmsford City Growth Area Scheme	Dec-17	Construction in progress	01/03/2021	01/03/2021	0	2	£10,000,000	£6,500,000	65%	£14,913,000	£15,067,000	1%	4.000000	£4,000,000	£4.000000	£4,000,000	£0	1	2	2
Beaulieu Park Railway Station	Feb-19	Design in progress	01/03/2024	01/12/2025	21	4	£12,000,000	£0	0%	£157,070,000	£157,070,000	0%	0.000000	£0	£0.000000	£0	£0	3	4	4
Coastal Communities Housing Intervention Jaywick	Feb-17	Construction in progress	01/06/2019	01/06/2019	0	1	£666,667	£666,667	100%	£3,623,667	£3,623,667	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Gidlen Way upgrading	Dec-17	Design in progress	01/03/2021	01/03/2022	12	4	£5,000,000	£5,000,000	100%	£12,327,000	£10,400,000	-16%	0.000000	£0	£0.000000	£0	£0	1	1	2
Technical and Professional Skills Centre at Stansted Airport	May-17	LGF project delivered	01/09/2018	01/09/2018	0	1	£3,500,000	£3,500,000	100%	£10,480,000	£10,480,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Innovation Centre - University of Essex Knowledge Gateway	Sep-17	LGF project delivered	01/01/2019	26/04/2019	3	1	£2,000,000	£2,000,000	100%	£13,000,000	£13,000,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
STEM Innovation Centre - Colchester Institute	Dec-17	Design in progress	01/01/2019	TBC		1	£5,000,000	£5,000,000	100%	£10,000,000	£10,000,000	0%	3.000000	£3,000,000	£2.746988	£2,746,988	£-253,012	1	1	1
A127/A130 Fairglens Interchange new link road	Feb-19	Design in progress	01/04/2022	01/04/2022	0	3	£6,235,000	£2,173,000	35%	£9,844,000	£9,844,000	0%	0.673000	£673,000	£0.673000	£673,000	£0	3	3	3
M11 junction 8 improvements	Nov-17	Design in progress	01/03/2021	01/03/2021	0	1	£2,733,896	£2,325,000	85%	£9,056,000	£9,056,000	0%	0.900000	£900,000	£0.525000	£525,000	£-375,000	2	2	2
Mercury Rising Theatre	Nov-17	Construction in progress	01/03/2020	01/03/2020	0	1	£1,000,000	£500,000	50%	£8,988,967	£8,988,967	0%	0.000000	£0	£1.000000	£1,000,000	£1,000,000	3	2	2
Basildon Digital Technologies Campus	Jun-19	Design in progress	01/09/2020	01/09/2020	0	1	£2,150,000	£0	0%	£15,800,000	£15,800,000	0%	0.000000	£0	£0.850000	£850,000	£850,000	1	1	1

Project	Deliverability						Financial						LGF spend 2019/20							
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Updated expected completion date	Months delay incurred	Deliverability RAG rating	LGF allocation	LGF spend to date Up to end of Q3 2019/20	LGF spend to date (%) Up to end of Q3 2019/20	Original total project cost	Updated total project cost	% change	LGF planned spend (£m)	LGF planned spend	LGF updated forecast	LGF updated forecast*	Difference **	Financials RAG rating	Reputational risk RAG rating	Overall
Colchester Institute training centre (Groundworks and scaffolding)	Jun-19	Design in progress	01/01/2020	01/01/2020	0	1	£100,000	£0	0%	£250,000	£250,000	0%	0.000000	£0	£0.050000	£50,000	£50,000	1	1	1
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Jun-19	Design in progress	01/09/2020	01/09/2020	0	1	£900,000	£0	0%	£2,016,000	£2,016,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Flightpath Phase 2	Jun-19	Construction in progress	30/09/2020	01/09/2020	0	1	£1,421,500	£0	0%	£2,843,000	£2,843,000	0%	0.000000	£0	£1.421500	£1,421,500	£1,421,500	1	1	1
Basildon Innovation Warehouse	Pending	Approval pending	TBC	TBC		4	£870,000	£0	0%	£1,700,000	£1,700,000	0%	0.000000	£0	£0.000000	£0	£0	3	3	4
University of Essex Parkside (Phase 3)	Pending	Approval pending	TBC	TBC		1	£3,000,000	£0	0%	£10,011,000	£10,011,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Kent																				
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	Project in progress	01/03/2021	01/03/2021	0	2	£6,000,000	£5,468,331	91%	£15,000,000	£15,000,000	0%	1.000000	£1,000,000	£1.188580	£1,188,580	£188,580	1	1	2
Tonbridge Town Centre Regeneration	Mar-15	LGF project delivered	31/03/2017	30/04/2017	0	1	£2,631,269	£2,631,269	100%	£2,650,000	£2,931,000	11%	0.000000	£0	£0.000000	£0	£0	1	1	1
Sittingbourne Town Centre Regeneration	Nov-15	Construction in progress	01/09/2016	01/01/2020	40	5	£2,500,000	£2,500,000	100%	£44,331,000	£4,700,000		0.000000	£0	£0.000000	£0	£0	1	3	3
M20 junction 4 Eastern Overbridge	Mar-15	LGF project delivered	31/03/2015	28/02/2017	22	1	£2,200,000	£2,200,000	100%	£4,435,000	£6,195,000	40%	0.000000	£0	£0.000000	£0	£0	1	1	1
Tunbridge Wells junction improvement package	Jun-15 and Sep-17	Construction in progress	01/09/2019	31/03/2021	18	4	£1,800,000	£1,160,824	64%	£2,050,000	£1,966,000	-4%	0.556000	£556,000	£0.249240	£249,240	£-306,760	3	2	3
Kent Thameside LSTF	Mar-15	Construction in progress	31/03/2021	31/03/2021	0	3	£4,500,000	£3,675,972	82%	£5,584,000	£8,272,000	48%	0.379000	£379,000	£0.452600	£452,600	£73,600	2	1	2
Maidstone Gyrotary Bypass	Mar-15	LGF project delivered	01/02/2017	01/12/2016	0	1	£4,600,000	£4,600,000	100%	£5,700,000	£5,740,000	1%	0.000000	£0	£0.000000	£0	£0	1	1	1
Kent Strategic Congestion Management programme	Mar-15, Apr-16, Feb-17 and Feb-18	Construction in progress	31/03/2021	31/03/2021	0	2	£4,800,000	£2,521,698	53%	£4,800,000	£5,024,000	5%	0.800000	£800,000	£0.892910	£892,910	£92,910	3	2	3
Middle Deal transport improvements	Feb-16	Design in progress	01/12/2016	01/07/2020	43	5	£800,000	£800,000	100%	£1,800,000	£1,550,000	-14%	0.000000	£0	£0.000000	£0	£0	1	3	3
Kent Rights of Way improvement plan	Mar-15	Construction in progress	31/03/2021	TBC		3	£1,000,000	£758,770	76%	£1,200,000	£1,288,000	7%	0.150000	£150,000	£0.195110	£195,110	£45,110	2	1	2
Kent Sustainable Interventions Programme	Mar-15, Apr-16, Feb-17 and Feb-18	Construction in progress	31/03/2021	31/03/2021	0	3	£2,727,586	£1,603,868	59%	£3,000,000	£2,915,000	-3%	0.755000	£755,000	£0.646734	£646,734	£-108,266	4	1	3
West Kent LSTF	Apr-16	Construction in progress	31/03/2021	31/03/2021	0	2	£4,900,000	£3,831,186	78%	£9,060,000	£9,135,000	1%	0.700000	£700,000	£0.471012	£471,012	£-228,988	4	3	3
Folkestone Seafront: onsite infrastructure	Mar-15	LGF project delivered	30/09/2015	31/03/2016	6	1	£541,145	£541,145	100%	£500,000	£691,000	38%	0.000000	£0	£0.000000	£0	£0	1	1	1
A28 Chart Road	Nov-15	Design in progress	01/03/2020	TBC		5	£2,756,409	£2,756,283	100%	£32,799,223	£4,239,000	-87%	3.119000	£3,119,000	£0.000000	£0	£-3,119,000	5	4	5
Maidstone Integrated Transport	Nov-15 and Jun-18	Design in progress	01/02/2020	01/03/2021	13	4	£8,900,000	£2,878,393	32%	£13,900,000	£10,550,000	-24%	3.285000	£3,285,000	£1.831645	£1,831,645	£-1,453,355	3	3	4
A28 Sturry Link Road	Jun-16	Design in progress	01/10/2021	01/10/2021	0	5	£5,900,000	£1,109,051	19%	£28,500,000	£29,600,000	4%	0.000000	£0	£0.390000	£390,000	£390,000	5	5	5
Rathmore Road	Nov-15	LGF project delivered	01/11/2017	01/01/2018	2	1	£4,200,000	£4,200,000	100%	£9,200,000	£9,500,000	3%	0.000000	£0	£0.000000	£0	£0	1	1	1
Maidstone Sustainable Access to Employment	Nov-15	LGF project delivered	01/03/2016	01/06/2017	15	1	£2,000,000	£2,000,000	100%	£3,000,000	£2,625,000	-13%	0.000000	£0	£0.000000	£0	£0	1	1	1
Ashford Spurs	Sep-16 and May-17	LGF project delivered	01/04/2018	01/04/2020	24	1	£7,896,830	£6,073,161	77%	£10,497,490	£8,597,000	-18%	1.632000	£1,632,000	£2.142967	£2,142,967	£510,967	1	2	2
Thanet Parkway	Apr-19	Design in progress	01/12/2022	01/12/2022	0	4	£14,000,000	£0	0%	£34,512,731	£34,512,731	0%	2.355000	£2,355,000	£0.000000	£0	£-2,355,000	4	3	4
Dover Western Docks revival	Feb-17	LGF project delivered	01/02/2017	01/04/2017	2	1	£5,000,000	£5,000,000	100%	£5,100,000	£15,000,000	194%	0.000000	£0	£0.000000	£0	£0	1	1	1
Folkestone Seafront (non-transport)	Feb-16	LGF project delivered	31/12/2027	31/03/2018	0	1	£5,000,000	£5,000,000	100%	£337,000,000	£49,192,000	-85%	0.000000	£0	£0.000000	£0	£0	1	1	1
A226 London Road/B255 St Clements Way	Nov-16	LGF project delivered	01/03/2020	31/05/2019		1	£4,200,000	£4,200,000	100%	£6,900,000	£6,903,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Coastal Communities Housing Intervention (Thanet)	Feb-16	Construction in progress	31/03/2021	31/03/2021	0	3	£666,667	£574,013	86%	£1,529,075	£1,531,000	0%	0.000000	£0	£0.092653	£92,653	£92,653	3	2	3
Dartford Town Centre Transformation	Apr-18	Design in progress	31/03/2021	31/03/2021	0	3	£4,300,000	£1,431,097	33%	£12,000,000	£12,000,000	0%	1.604000	£1,604,000	£3.360217	£3,360,217	£1,756,217	3	3	3
A2500 Lower Road	Sep-17	LGF project delivered	01/12/2019	01/03/2019	0	2	£1,264,930	£1,264,930	100%	£1,804,930	£1,805,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	2
Kent and Medway EDGE hub	Sep-17	Construction in progress	31/08/2020	30/09/2020	0	1	£6,120,000	£6,120,000	100%	£20,502,000	£21,000,000	2%	0.000000	£0	£0.000000	£0	£0	1	1	1
Leigh Flood Storage Area and East Peckham - unlocking growth	Sep-18	Design in progress	01/07/2023	01/07/2023	0	2	£2,348,500	£1,489,090	63%	£24,691,000	£15,574,000	-37%	0.500000	£500,000	£1.365881	£1,365,881	£865,881	2	2	2
Sandwich Rail Infrastructure	Nov-17	Design in progress	31/03/2020	28/02/2020	0	1	£1,903,170	£244,160	13%	£4,299,200	£3,898,390	-9%	1.238000	£1,238,000	£1.331139	£1,331,139	£93,139	3	2	2
M2 Junction 5	Pending	Approval pending	TBC	TBC		1	£1,600,000	£0	0%	£94,500,000	£94,500,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1
Kent and Medway Medical School	Nov-19	Approval pending	30/01/2023	30/01/2023	0	1	£4,000,000	£0	0%	TBC	£17,793,000		0.000000	£0	£4.000000	£4,000,000	£4,000,000	1	1	1
Medway																				
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	31/12/2020	01/03/2022	14	4	£11,100,000	£1,525,309	14%	£18,697,000	£11,564,000	-38%	4.275000	£4,275,000	£0.381459	£381,459	£-3,893,541	5	3	4
Strood Town Centre	Mar-15	Construction in progress	30/06/2018	30/09/2020	27	4	£8,600,000	£6,322,662	74%	£12,750,000	£10,070,000	-21%	4.314000	£4,314,000	£3.650453	£3,650,453	£-663,547	3	2	3
Chatham Town Centre	Mar-15	LGF project delivered	31/07/2017	28/09/2019	25	1	£4,200,000	£4,200,000	100%	£4,900,000	£5,129,000	5%	0.399000	£399,000	£0.756413	£756,413	£357,413	1	1	1
Medway Cycling Action Plan	Mar-15	LGF project delivered	31/03/2018	01/03/2019	11	1	£2,500,000	£2,500,000	100%	£2,900,000	£2,800,000	-3%	0.000000	£0	£0.000000	£0	£0	1	1	1
Medway City Estate	Mar-15	Design in progress	31/03/2021	31/03/2021	0	2	£2,200,000	£590,582	27%	£2,000,000	£2,094,000	5%	1.396000	£1,396,000	£0.490415	£490,415	£-905,585	3	3	3
Rochester Airport - phase 1	Jun-16	Design in progress	31/03/2018	30/09/2020	29	5	£4,400,000	£853,428	19%	£4,400,000	£4,400,000	0%	3.771000	£3,771,000	£0.688021	£688,021	£-3,082,979	4	3	4
Innovation Park Medway (phase 2)	Feb-19	Design in progress	31/12/2020	31/03/2021	3	4	£3,700,000	£167,400	5%	£48,900,000	£48,670,000	0%	2.400000	£2,400,000	£0.217925	£217,925	£-2,182,075	5	4	5
Strood Civic Centre - flood mitigation	Feb-18	LGF project delivered	30/04/2019	01/05/2019	0	1	£3,500,000	£3,500,000	100%	£22,000,000	£92,000,000	0%	0.000000	£0	£0.000000	£0	£0	1	1	1

Project	Deliverability						Financial						LGF spend 2019/20							
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Updated expected completion date	Months delay incurred	Deliverability RAG rating	LGF allocation	LGF spend to date Up to end of Q3 2019/20	LGF spend to date (%) Up to end of Q3 2019/20	Original total project cost	Updated total project cost	% change	LGF planned spend (£m)	LGF planned spend	LGF updated forecast	LGF updated forecast*	Difference **	Financials RAG rating	Reputational risk RAG rating	Overall
Innovation Park Medway (phase 3)	Pending	Approval pending	31/12/2020	31/03/2021	3	5	£1,518,500	£0	0%	£82,852,000	£82,852,000	0%	0.000000	£0	£0.000000	£0	£0	5	4	5
Southend																				
Southend Growth Hub	2015	LGF project delivered	31/12/2016	01/03/2017	2	1	£720,000	£720,000	100%	£4,562,000	£7,092,000	55%		£0	£0	£0	£0	1	1	1
Southend Forum 2	Feb-18	Design in progress	01/09/2021	01/09/2021	0	1	£6,000,000	£937,652	16%	£17,298,000	£17,298,000	0%	1.000000	£1,000,000	£1	£967,171	£-32,829	1	1	1
TGSE LSTF - Southend	Mar-15	LGF project delivered	01/08/2016	01/03/2017	7	1	£1,000,000	£1,000,000	100%	£1,000,000	£1,000,000	0%	0.000000	£0	£0	£0	£0	1	1	1
A127 Kent Elms Corner	Jun-16	LGF project delivered	19/05/2017	31/05/2019	24	1	£4,300,000	£4,300,000	100%	£7,150,000	£5,700,000	-20%	0.000000	£0	£0	£0	£0	1	1	1
A127 The Bell	Nov-18 and Feb-19	Design in progress	31/03/2021	31/03/2021	0	1	£4,300,000	£1,141,137	27%	£5,229,000	£5,020,000	-4%	0.800000	£800,000	£1	£832,428	£32,428	2	1	2
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19	Design in progress	31/03/2021	31/03/2021	0	2	£8,000,000	£1,630,352	20%	£8,000,000	£8,000,000	0%	2.000000	£2,000,000	£0	£273,246	£-1,726,754	3	1	2
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	Construction in progress	31/03/2021	31/03/2021	0	2	£7,000,000	£3,062,286	44%	£7,600,000	£7,000,000	-8%	2.000000	£2,000,000	£0	£424,063	£-1,575,937	5	2	3
London Southend Airport Business Park	Feb-16, Sep-17 and Sep-18	Construction in progress	31/03/2021	30/09/2021	5	4	£23,090,000	£15,961,513	69%	£31,090,000	£31,070,000	0%	12.693000	£12,693,000	£12	£11,842,947	£-850,053	3	2	3
Southend Town Centre Phase 1	Nov-19	Design in progress	28/02/2021	28/02/2021	0	1	£867,708	£0	0%	TBC	£2,000,000			£0	£0	£200,000	£200,000	1	1	1
Thurrock																				
TGSE LSTF - Thurrock	Mar-15	Construction in progress	31/03/2016	31/03/2020	48	5	£1,000,000	£988,011	99%	£1,000,000	£1,243,000	24%	0.163000	£163,000	£0	£124,976	£-38,024	3	1	3
Thurrock Cycle Network	Apr-16	LGF project delivered	31/03/2019	31/03/2019	0	1	£5,000,000	£5,000,000	100%	£6,000,000	£6,000,000	0%	0.000000	£0	£0	£0	£0	1	1	1
London Gateway/Stanford le Hope	Feb-17	Design in progress	31/12/2018	01/08/2021	31	5	£7,500,000	£5,824,238	78%	£12,050,000	£19,090,000	58%	0.547000	£547,000	£2	£1,647,481	£1,100,481	4	3	4
A13 - widening development	Feb-17	Construction in progress	31/12/2019	31/12/2020	12	2	£5,000,000	£5,000,000	100%	£5,000,000	£5,000,000	0%	0.000000	£0	£0	£0	£0	1	1	2
Purfleet Centre	Jun-16	Design in progress	01/09/2027	01/01/2030	28	4	£5,000,000	£2,818,900	56%	£122,000,000	£122,000,000	0%	0.000000	£0	£3	£3,158,843	£3,158,843	3	1	3
Grays South	Feb-19	Design in progress	01/07/2022	01/02/2023	7	4	£10,840,274	£2,925,055	27%	£27,436,981	£27,440,000	0%	3.700000	£3,700,000	£4	£3,700,000	£-0	1	2	3
A13 widening	Apr-17	Construction in progress	31/12/2019	01/06/2021	17	5	£66,057,600	£51,323,622	78%	£78,900,000	£85,879,000	9%	25.011000	£25,011,000	£32	£32,174,607	£7,163,607	5	5	5
Tilbury Riverside	Sep-19	Approval pending	01/04/2021	01/04/2021	0	1	£2,360,000	£9,812	0%	£5,118,000	£5,118,000	0%	0.000000	£0	£0	£9,812	£9,812	1	1	1
Managed Centrally																				
Capital Skills	Mar-15	LGF project delivered	31/03/2017	31/03/2018	12	3	£21,974,561	£21,974,561	100%	TBC	TBC		0.000000	£0	£0	£0	£0	5	3	4
M20 Junction 10a	Feb-17	LGF project delivered	31/09/2020	31/09/2020	0	1	£19,700,000	£19,700,000	100%	£104,400,000	£104,400,000	0%	0.000000	£0	£0	£0	£0	1	1	1
							* Updated forecast spend as reported in January 2020 ** Difference between the planned LGF spend at outset of 2019/20 and current spend forecast for 2019/20 (Positive values shows increase in planned spend and negative values shows decrease in planned spend).													

Appendix 2 - Changes to 2019/20 LGF spend forecast

SELEP number	Project Name	Promoter	Updated LGF spend forecast 2019/20 (January 2019)	Difference between planned LGF spend and forecast LGF spend (January 2020)	Changes to 2019/20 spend previously reported to the Board	Changes to 2019/20 spend to be approved by the Board
East Sussex						
LGF00002	Newhaven Flood Defences	East Sussex	0.000	0.000	0.000	0.000
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	1.137	-0.645	-0.755	0.110
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	0.949	-0.830	0.067	-0.897
LGF00036	Queensway Gateway Road	East Sussex	1.570	1.570	1.570	0.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.000	0.000	0.000	0.000
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.000	0.000	0.000	0.000
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	0.000	0.000	0.000	0.000
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	1.476	-2.804	-0.052	-2.752
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex	0.000	0.000	0.000	0.000
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	1.050	-0.455	-0.170	-0.285
LGF00073	A22/A27 junction improvement package	East Sussex	0.000	0.000	0.000	0.000
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.000	0.000
LGF00097	East Sussex Strategic Growth Project	East Sussex	0.350	0.350	0.350	0.000
LGF00099	Devonshire Park	East Sussex	0.000	0.000	0.000	0.000
LGF00108	Bexhill Enterprise Park North	East Sussex	0.440	0.440	1.940	-1.500
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	1.384	1.384	2.134	-0.750
LGF00110	Churchfields Business Centre (previously known as Sidney Little Road Business Incubator)	East Sussex	0.292	0.292	0.381	-0.089
LGF00116	Bexhill Creative Workspace	East Sussex	0.700	0.700	0.960	-0.260
LGF00117	Exceat Bridge Replacement - phase 1	East Sussex	0.000	0.000	0.000	0.000
Essex						
LGF00004	Colchester Broadband Infrastructure	Essex	0.000	0.000	0.000	0.000
LGF00025	Colchester LSTF	Essex	0.000	0.000	0.000	0.000
LGF00026	Colchester Integrated Transport Package	Essex	0.000	0.000	0.000	0.000
LGF00027	Colchester Town Centre	Essex	0.000	0.000	0.000	0.000
LGF00028	TGSE LSTF - Essex	Essex	0.000	0.000	0.000	0.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	0.000	0.000	0.000	0.000
LGF00032	A414 Maldon to Chelmsford RBS	Essex	0.000	0.000	0.000	0.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	0.000	0.000	0.000	0.000
LGF00034	Basildon Integrated Transport Package	Essex	4.203	0.000	0.000	0.000
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	0.000	0.000	0.000	0.000
LGF00048	A131 Chelmsford to Braintree	Essex	1.160	0.896	0.896	0.000
LGF00049	A414 Harlow to Chelmsford (removed from programme)	Essex	0.000	0.000	0.000	0.000
LGF00050	A133 Colchester to Clacton	Essex	2.215	0.845	0.845	0.000
LGF00051	A131 Braintree to Sudbury (removed from programme)	Essex	0.000	0.000	0.502	-0.502
LGF00063	Chelmsford City Growth Area Scheme	Essex	4.000	0.000	0.000	0.000
LGF00064	Chelmsford Flood Alleviation Scheme (removed from programme)	Essex	0.000	-0.800	-0.800	0.000
LGF00070	Beaulieu Park Railway Station	Essex	0.000	0.000	0.000	0.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.000	0.000	0.000
LGF00095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000	0.000	0.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	0.000	0.000	0.000	0.000
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	0.000	0.000	0.000	0.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	2.747	-0.253	-0.253	0.000
LGF00102	A127/A130 Fairglens Interchange new link road	Essex	0.673	0.000	0.000	0.000
LGF00103	M11 Junction 8 Improvements	Essex	0.525	-0.375	0.000	-0.375
LGF00105	Mercury Rising Theatre	Essex	1.000	1.000	1.000	0.000
LGF00111	Basildon Digital Technologies Campus	Essex	0.850	0.850	1.150	-0.300
LGF00112	Colchester Institute training centre (Groundworks and scaffolding)	Essex	0.050	0.050	0.050	0.000
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learning, Basildon	Essex	0.000	0.000	0.800	-0.800
LGF00114	Flightpath Phase 2	Essex	1.422	1.422	1.058	0.364
LGF00118	Basildon Innovation Warehouse	Essex	0.000	0.000	0.000	0.000
LGF00119	University of Essex Parkside (Phase 3)	Essex	0.000	0.000	0.000	0.000
Kent						
LGF00003	I3 Innovation Investment Loan Scheme	Kent	1.189	0.189	0.188	0.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	0.000	0.000	0.000	0.000
LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.000	0.000	0.000	0.000
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.000	0.000	0.000	0.000
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd)	Kent	0.249	-0.307	-0.307	0.000
LGF00010	Kent Thameside LSTF	Kent	0.453	0.073	0.073	0.000
LGF00011	Maidstone Gyrratory Bypass	Kent	0.000	0.000	0.000	0.000
LGF00012	Kent Strategic Congestion Management programme	Kent	0.893	0.093	0.093	0.000
LGF00013	Middle Deal transport improvements	Kent	0.000	0.000	0.000	0.000
LGF00014	Kent Rights of Way improvement plan	Kent	0.195	0.045	0.000	0.045
LGF00015	Kent Sustainable Interventions Programme	Kent	0.647	-0.108	-0.108	0.000
LGF00016	West Kent LSTF	Kent	0.471	-0.229	-0.229	0.000
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.000	0.000	0.000	0.000
LGF00038	A28 Chart Road - on hold	Kent	0.000	-3.119	-3.119	0.000
LGF00039	Maidstone Integrated Transport	Kent	1.832	-1.453	-0.184	-1.270
LGF00040	A28 Sturry Link Road	Kent	0.390	0.390	0.390	0.000
LGF00053	Rathmore Road	Kent	0.000	0.000	0.000	0.000

Appendix 2 - Changes to 2019/20 LGF spend forecast

LGF00054	A28 Sturry Rd Integrated Transport Package (removed from programme)	Kent	-0.084	-0.300	-0.300	0.000
LGF00055	Maidstone Sustainable Access to Employment	Kent	0.000	0.000	0.000	0.000
LGF00059	Ashford Spurs	Kent	2.143	0.511	0.511	0.000
LGF00041	Thanet Parkway	Kent	0.000	-2.355	-2.355	0.000
LGF00058	Dover Western Dock Revival	Kent	0.000	0.000	0.000	0.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent				
LGF00062	Folkestone Seafront (non-transport)	Kent	0.000	0.000	0.000	0.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	0.000	0.000	0.000	0.000
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.093	0.093	0.093	0.000
LGF00086	Dartford Town Centre Transformation	Kent	3.360	1.756	1.756	0.000
LGF00088	Fort Halsted (removed from programme)	Kent				
LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.000	0.000
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	0.000	0.000	0.000	0.000
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from programme)	Kent				
LGF00094	Leigh Flood Storage Area	Kent	1.366	0.866	0.866	0.000
LGF00106	Sandwich Rail Infrastructure	Kent	1.331	0.093	0.093	0.000
LGF00120	M2 J5 improvements	Kent	0.000	0.000	0.000	0.000
LGF00121	Kent and Medway Medical School - Phase 1	Kent	4.000	4.000	4.000	0.000
Medway						
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improve	Medway	0.381	-3.894	-3.894	0.000
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	3.650	-0.664	-0.014	-0.650
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	0.756	0.358	0.358	0.000
LGF00021	Medway Cycling Action Plan	Medway	0.000	0.000	0.000	0.000
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	0.490	-0.906	-0.836	-0.070
LGF00061	Rochester Airport - phase 1	Medway	0.688	-3.083	0.163	-3.247
LGF00089	IPM (Rochester Airport - phase 2)	Medway	0.218	-2.182	-1.120	-1.062
LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	0.000	0.000
LGF00115	IPM 2 (Rochester Airport - phase 3)	Medway	0.000	0.000	0.000	0.000
Southend						
LGF00005	Southend Growth Hub	Southend	0.000	0.000	0.000	0.000
LGF00107	Southend Forum 2	Southend	0.967	-0.033	0.030	-0.062
LGF00029	TGSE LSTF - Southend	Southend	0.000	0.000	0.000	0.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	0.424	-1.576	-1.500	-0.076
LGF00057	London Southend Airport Business Park Phase 1 and 2 (including Southend and Roch	Southend	11.843	-0.850	-0.850	0.000
LGF00115	Southend Town Centre - Phase 1	Southend	0.200	0.200	0.750	-0.550
Thurrock						
LGF00030	TGSE LSTF - Thurrock	Thurrock	0.125	-0.038	-0.038	0.000
LGF00046	Thurrock Cycle Network	Thurrock	0.000	0.000	0.000	0.000
LGF00047	London Gateway/Stanford le Hope	Thurrock	1.647	1.100	1.100	0.000
LGF00052	A13 Widening - development	Thurrock	0.000	0.000	0.000	0.000
LGF00056	Purfleet Centre	Thurrock	3.159	3.159	3.159	0.000
LGF00104	Grays South	Thurrock	3.700	0.000	0.000	0.000
LGF00123	Tilbury Riverside	Thurrock	0.010	0.010	0.000	0.010
Managed Centrally						
LGF00001	Skills		0.000	0.000	0.000	0.000
LGF00071	M20 Junction 10a		0.000	0.000	0.000	0.000
	Unallocated		0.000	0.000	0.000	0.000
Sub-total			74.979	-4.524	10.444	-14.968

DfT retained schemes						
LGF00079	A127 Fairglens Junction Improvements	Essex	1.500	1.500	0.000	1.500
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex	0.000	0.000	0.000	0.000
LGF00081	A127 Kent Elms Corner	Southend	0.000	0.000	0.000	0.000
LGF00082	A127 The Bell	Southend	0.832	0.032	0.031	0.001
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	0.273	-1.727	-1.427	-0.300
LGF00084	A13 Widening	Thurrock	32.175	7.164	7.164	0.000
Sub-total retained schemes			34.780	6.969	5.768	1.201

Total			109.760	2.445	16.212	-13.766
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Forward Plan reference number: FP/AB/257

Report title: Thanet Parkway LGF Funding Decision	
Report to Accountability Board on 14th February 2020	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 24 th January 2020	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: Kent	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £14m Local Growth Fund (LGF) to the Thanet Parkway project (the Project).
- 1.2 In April 2019, the Board approved the award of £14m LGF to support the delivery of the Project, subject to written confirmation from the Kent County Council Section 151 (S151) officer, following completion of the Governance for Rail Investment Projects (GRIP) Stage 4, to confirm:
 - 1.2.1 that the total cost estimate for the Project did not exceed £27.65m; and
 - 1.2.2 that all funding had been secured to enable the delivery of the Project.
- 1.3 In November 2019, the Board were provided with an updated Project cost estimate, based on the GRIP Stage 4 single option development work. This showed an increase to the total Project cost and was accompanied by an amended funding package which met the updated Project cost.
- 1.4 It was noted that a full Business Case was to be considered by the ITE to confirm that the Project continues to present value for money in light of the increase in Project cost, and that the full funding package is in place for the delivery of the Project.
- 1.5 The full Business Case has now been developed and has been considered through the Independent Technical Evaluation (ITE) process. The ITE assessment confirms that the Project presents high value for money with medium certainty of achieving this.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Agree** that the Project satisfies the five conditions agreed by the Board in February 2019 to allow LGF spend beyond the Growth Deal period, subject to:
 - 2.1.1.1. receipt of written confirmation from the Kent County Council S151 officer that all funding has been secured to enable delivery of the Project; and
 - 2.1.1.2. receipt of written confirmation from Kent County Council that planning permission for the Project has been granted. Written confirmation should be provided by 22nd July 2020 at the latest.
- 2.1.2. **Approve** the award of £14m LGF to the delivery of the Project which has been assessed as presenting high value for money with medium certainty of achieving this, subject to the above conditions in 2.1.1 having been met.
- 2.1.3. **Note** the intention for a grant agreement to be put in place for the transfer of the £14m LGF award to the Project.
- 2.1.4. **Note** that no LGF will be transferred to Kent County Council for the delivery of the Project until the conditions set out in 2.1.1. have been satisfied

3. Background

- 3.1. The Project was provisionally allocated a total of £10m LGF through LGF Round 1. This funding was allocated as a contribution towards the cost of delivering a new railway station in Thanet, with the aim of increasing the attractiveness of East Kent to employers, unlocking new economic development opportunities and improving accessibility and employment opportunities in the Thanet area.
- 3.2. In March 2019, the Investment Panel agreed the prioritisation of the Project for receipt of a further provisional allocation of £4m LGF funding, increasing the total provisional LGF allocation to £14m.
- 3.3. The Project has previously been unable to draw down on the LGF allocation to the Project due to a substantial funding gap. Work has been ongoing to bridge this funding gap and further local funding contributions have been secured to support the delivery of the Project, as detailed in section 8 below.

4. Context

- 4.1. The East Kent area suffers from a higher level of deprivation when compared with West Kent and South East England as a whole, with Thanet being ranked as the most deprived local authority in Kent.

- 4.2. Poor accessibility is one of the key factors that has discouraged major employers from locating in the area, which serves to undermine regeneration and has limited the employment catchment area for local residents.
- 4.3. The journey time from London makes Thanet unattractive for potential employers as the ability for business travellers to be able to get a train from close to their place of work to/from London is important in business location decisions. Thanet has historically performed poorly as it is 'at the end of the line' from London and requires a commute of over one hour to/from London.
- 4.4. In addition, the Thanet area has a lower representation of residents with higher skills levels, which has constrained economic growth. Both of these factors need to be addressed in order to boost economic growth in Thanet and the wider East Kent area.
- 4.5. The provision of the new Thanet Parkway station will reduce the journey time between central London and Thanet to around one hour. Thereby improving the attractiveness of the area to businesses and increasing the employment catchment area for Thanet residents. In addition, the new station will offer greater opportunity to access London via High Speed 1, and will therefore improve access to employment in Canterbury, Ashford and the rest of Kent.
- 4.6. As a result of the improved rail services to London, it is expected that the development of the Thanet Parkway station will stimulate the construction of additional housing in the area. This housing is expected to attract higher skilled residents to the area, as a result of the improved journey times.
- 4.7. Alongside construction of the new station, steps are being taken to ensure that the station will offer good accessibility by car through provision of 299 onsite parking spaces and direct access from the A299, meaning that unnecessary journeys into town centres to use existing stations can be avoided, in turn offering better accessibility to existing stations for local residents. In addition, steps are being taken to ensure that all major employment and potential housing development sites in the area offer easy access to the station encouraging development in the area.

5. Thanet Parkway (the Project)

- 5.1. The proposed new railway station will be located approximately 2 miles west of Ramsgate on the Ashford International to Ramsgate line, south of the Manston Airport site and just to the west of the village of Cliffsend, as shown in Figure 1. This location is considered to be the most suitable as it will improve rail access to both Thanet and the north of Dover district. In addition, a station in this location will be served by High Speed 1 and would offer a journey time to London of around one hour.
- 5.2. The proposed station will provide the following:

Thanet Parkway LGF funding decision

- 5.2.1. two platforms suitable for use by 12 carriage trains;
 - 5.2.2. lighting columns on each platform that host CCTV cameras and public address speakers;
 - 5.2.3. two customer information displays and one passenger help point;
 - 5.2.4. passenger shelters to provide weather protection;
 - 5.2.5. lifts, stairs and a refurbished existing underpass for movement between platforms (which also improves an existing Public Right of Way);
 - 5.2.6. a forecourt with two ticket vending machines, shelters and bus passenger information;
 - 5.2.7. a set down area for two buses, taxis and passenger drop off (20 short stay bays), together with staff parking; and
 - 5.2.8. parking for 299 cars including 16 disabled bays and 19 spaces with electric vehicle charging points, motorcycles spaces and 40 pedal cycle parking spaces.
- 5.3. In addition, a new direct access road will be provided to encourage use of the station. Pedestrian and cycle access will also be provided from Cliffsend village ensuring sustainable access to the station.
- 5.4. The station will provide improved accessibility to key employment sites, whilst also unlocking new economic development and residential opportunities in the Thanet area.

Figure 1 – Thanet Parkway Station Location



- 5.5. It is estimated that delivery of the Project will lead to the creation of an additional 400 to 800 jobs over a 30-year period from station opening, as well as development of 1,600 to 3,200 additional homes over the same period. These outcomes will be driven by improved accessibility both to existing key employment sites and to potential housing and commercial development sites, as well as more desirable commuting times to London.
- 5.6. The intended benefits of the Project include:
- 5.6.1. Accelerating the pace of housing delivery in Thanet;
 - 5.6.2. Positively contributing to economic growth by attracting higher skilled workers to the area;
 - 5.6.3. Stimulating the creation of additional jobs by encouraging business location and expansion decisions based on the existence of the new station and journey times to London of around 1 hour;
 - 5.6.4. Generating over 50,000 new rail journeys from first full operational year (2023) reducing reliance on less sustainable modes of travel;
 - 5.6.5. Provision of improved rail access from Thanet to London, offering a reduced travel time of approximately one hour;
 - 5.6.6. Providing commuters with alternative access to the area of journeys that might otherwise be made on the local and strategic highway network, thereby contributing to a reduction in congestion; and
 - 5.6.7. Providing sustainable access options to the station, including provision for Electric Vehicles, pedal cyclists, pedestrians and bus users.
- 5.7. An updated Planning Application and Environmental Impact Assessment were submitted in November 2019. This application reflected the updated project design, following consideration of responses received in relation to the statutory consultation carried out following submission of the original planning application in May 2018. It is anticipated that the updated planning application will be determined in May 2020, however, there is a risk that determination may be delayed until July 2020.
- 5.8. Given that planning permission has not yet been secured for the Project, there remains a risk to deliverability. Any LGF funding award to the Project will be subject to planning consent being granted, with the LGF funding not available for drawdown until written confirmation has been provided by Kent County Council that planning permission has been secured.
- 5.9. Should the determination of the planning application be delayed until July 2020, this may result in a slight delay to the commencement of the onsite junction works. However, this will not impact on the delivery programme for the station itself as a temporary access is planned to allow these works to progress.
- 5.10. In order to deliver the station in the chosen location, Kent County Council need to acquire the land. Negotiations with the current landowner are ongoing and land acquisition is expected to be complete by July 2020.

6. Options

6.1. Through the development of the Project, consideration has been given to the different options available. These options are considered within the Business Case.

6.2. Six options were initially identified in order to provide better connectivity between the sites planned for development in East Kent and London and the wider Kent area. An iterative process was used to arrive at a preferred option which achieves value for money and delivers the identified objectives.

6.3. The six options identified were:

6.3.1. Deliver a new 'Thanet Parkway' railway station (preferred option) – this option represents the Project detailed in this report;

6.3.2. Increase car parking provision at Ramsgate Station – Ramsgate Station only has a small car park with 44 spaces and as a result commuters park in surrounding residential streets, which causes a nuisance to local residents and limits the accessibility of rail commuting for additional commuters who cannot park there. In addition, due to the limited availability of parking at the station the amount of time needed to drive to the station is unpredictable and creates poor journey time reliability. Provision of additional parking would help to address these issues.

This option was ruled out due to the lack of available land in the residential area around the station.

6.3.3. Increase parking provision at Minster Station – parking provision at Minster Station is currently limited to 20 spaces, with any additional cars being parked in nearby residential streets. Provision of an increased number of parking spaces would make the station accessible to a greater number of potential commuters.

This option was ruled out due to the local highway network being unsuitable for increased levels of traffic, alongside concerns regarding the impact on Minster village. Furthermore, there is a limited train service at Minster Station which would limit the benefits realised by the improvements.

6.3.4. Shuttle bus from Birchington-On-Sea Station – the shuttle bus would be used to serve the Manston Airport site and other commercial development sites, such as Discovery Park and Manston Business Park. Birchington-On-Sea Station would be marketed as the railway station to serve these destinations. Whilst this option would have offered improved accessibility to key employment sites, it was ruled out due to unattractive shuttle bus journey times and a lack of rail

connectivity to Ashford, Canterbury and Maidstone, coupled with a long journey time to London.

- 6.3.5. Direct coach service from London – the provision of a direct coach service between London and the Manston Airport/Discovery Park sites was considered. Whilst this option would have provided a direct link between London and key employment sites in Thanet, it would have resulted in long, often unpredictable, journey times. In addition, this option would only provide a direct link between London and Thanet and would therefore not have served the population in the wider Kent area. It was considered that this option would have a low impact on economic growth in the area and it was therefore ruled out.
- 6.3.6. Shuttle bus from Ramsgate Station – the shuttle bus would be used to serve the Manston Airport site and commercial development sites, including Discovery Park. Ramsgate Station would be marketed as the railway station to serve these destinations. Whilst this option would have offered improved accessibility to key employment sites, it was ruled out due to the lack of a suitable terminus at Ramsgate station, which could not be rectified without substantial refurbishment work. It was also considered that this option did not have the potential to have a significant impact on economic growth in the area.
- 6.4. After analysis of each of the options, options 1 and 2 were shortlisted for further investigation. While the other options would be less expensive, and potentially quicker to deliver, they were not expected to deliver the overall objectives of supporting the growth of the East Kent economy and increasing employment opportunities.
- 6.5. Following further investigation, the decision was taken to discount option 2 due to the unavailability of land to provide additional car parking facilities at Ramsgate Station.
- 6.6. This resulted in option 1 being identified as the preferred option. It is considered that the delivery of Thanet Parkway station is the most appropriate option to achieve Kent County Council's strategic aspirations for East Kent.
- 6.7. This option is viewed by Kent County Council as the preferred option in enhancing the attractiveness of East Kent for investment and a high impact on growth. Thanet Parkway will also provide increased station capacity to support the development of housing and commercial growth in the area.

7. Public consultation and engagement

- 7.1. In 2015, Kent County Council undertook an initial public consultation exercise on the high-level design, impacts and benefits of the Project. This consultation consisted of seven events across East Kent, which were supported by a range

of consultation documents. A total of 529 responses were received, with the Project generally being well received. The outcome of the consultation was used to shape the final scheme design, planning application and Environmental Impact Assessment work.

- 7.2. In early 2017 a second eight-week public consultation exercise was undertaken to inform the planning application. The responses to this consultation were fully considered by Kent County Council through their own governance process as part of taking this Project forward.
- 7.3. Following this public consultation exercise the planning application was submitted in May 2018 and the required statutory consultation was undertaken. This consultation generated a range of responses from local residents and statutory bodies. These responses were considered and lead to the project undergoing further design work. This resulted in a new planning application being submitted in November 2019 which required a further period of statutory consultation.
- 7.4. Whilst the project was undergoing further design work representative groups (such as the East Kent Association for the Blind) were contacted and asked to provide some input into the design.
- 7.5. In October 2019, Kent County Council officers attended a public meeting on Thanet Parkway, at the request of the Cliffsend Parish Council on 10th October 2019.
- 7.6. Kent County Council appreciates the importance of engaging with key stakeholders to gain feedback on scheme proposals, and is committed to incorporating the views of those with an interest in the Project. To this end, a survey was undertaken in January 2020 to capture public opinion in the catchment area of the proposed station in order to determine whether local residents supported the development of the Project. The results of this survey were provided to Kent County Council Cabinet on 27th January 2020 to help inform their decision regarding committing the funding required to enable the Project to progress.

8. Project Cost and Funding

- 8.1. The total capital cost of the Project cost is now calculated to be £34.51m, as set out in Table 1 below.
- 8.2. Network Rail have indicated that, based on the current forecast vehicular flows and changes to the barrier down time of the adjacent level crossings due to trains stopping at the new station, some upgrade work is required to the level crossings at Cliffsend and Sevenscore. The exact specification of the works will need to be approved by Network Rail as part of the GRIP process.

- 8.3. The cost allowance provided by Network Rail is £10.2m for these upgrade works which has been included within the total project cost. The costs of other aspects of the Project have reduced through the GRIP Stage 4 process.
- 8.4. The Project funding package includes funding contributions from the following sources:
 - 8.4.1. £14m LGF allocation (£10m from Round 1 and £4m from LGF3b) – considered in this report;
 - 8.4.2. £2m from Thanet District Council - A funding agreement is currently being drafted between Thanet District Council and Kent County Council in relation to this funding allocation. Subject to completion of the agreement, this funding is secure; and
 - 8.4.3. £700,000 from East Kent Spatial Development Company – this funding has been secured.
 - 8.4.4. The remaining funding (£17.81m) has been committed by Kent County Council, whilst they continue to explore further external funding opportunities.
- 8.5. The contribution from Kent County Council is made up of three different funding allocations consisting of:
 - 8.5.1. £2.65m which has been identified and allocated within Kent County Council's Medium-Term Financial Plan. This funding is therefore secure;
 - 8.5.2. £4.3m which has been allocated in Kent County Council's Capital Investment Plan as underwriting if the funding is needed. This allocation was agreed at the County Council Budget meeting on 14th February 2019.
 - 8.5.3. The remaining funding, up to £10.86m, required to bridge any remaining funding gap was agreed by Kent County Council Cabinet on 27th January 2020. This will be funded through an additional allocation in the Council's Capital Investment Plan, which will be agreed at a budget meeting on 13th February 2020, and other measures such as a loan taken out against income from the station car park and business rates retention. Kent County Council will continue to explore all possible additional external funding opportunities. Efforts will also be made to reduce the cost of the scheme, especially the level crossing works through reduction of the contingency which is still at a high level due to the current stage of design.
- 8.6. The funding profile for the Project following completion of the GRIP4 process is set out in Table 1.

Table 1 – Thanet Parkway Funding Profile (£)

	Up to 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
SELEP LGF				£9.275m	£4.725m		£14.000m
Kent County Council	£0.940m	£0.519m	£0.850m		£13.000m	£2.504m	£17.813m
Thanet District Council					£2.000m		£2.000m
East Kent Spatial Development Company					£0.700m		£0.700m
Total	£0.940m	£0.519m	£0.850m	£9.275m	£20.425m	£2.504m	£34.513m

- 8.7. As set out in section 5.7 of this report, it is expected that the planning application will be determined in May 2020. However, there is a risk that determination may be delayed until July 2020. Should this risk be realised, this may lead to a slight delay in the commencement of the onsite junction works. However, this delay will not impact on the delivery programme for the station itself as a temporary access is planned to allow these works to progress. As a result, it is not anticipated that there will be any significant change to the amount of LGF spent beyond the end of the Growth Deal period should the planning application not be determined until July 2020.

9. Project spend beyond the Growth Deal period

- 9.1. Works are expected to commence on site in November 2020, subject to the full funding package being confirmed (as set out in this report), planning consent being granted and the successful acquisition of the required land. As a result, spend of the LGF allocation to the Project will extend beyond the end of the Growth Deal period as set out in Table 1 above.
- 9.2. The issue of slippage beyond the Growth Deal period has been raised with Central Government on a number of occasions. The Ministry of Housing, Communities and Local Government (MHCLG) has been unable to formally confirm its' position in relation to the impact of LGF funding being spent beyond the Growth Deal period.
- 9.3. In February 2019, MHCLG informally advised the Board that Government would potentially have concerns about LGF funding being spent beyond the Growth Deal period, on projects which were not already progressing onsite on the 31st March 2021. However, MHCLG also noted that if SELEP could provide strong justification for supporting LGF spend beyond the end of the

Growth Deal period, then there is nothing in the grant conditions to prohibit this.

- 9.4. Taking this informal advice into account, on 15th February 2019 the Board agreed that LGF spend could continue beyond the end of the Growth Deal period for certain projects, on an exceptional basis, subject to five conditions being satisfied.
- 9.5. Kent County Council have provided justification as to how the Project meets these five conditions as set out below

9.5.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Accountability Board

The Full Business Case sets out the key milestones within the project programme as determined at GRIP stage 4, as set out in Table 2. It is noted that the construction programme will be further developed during GRIP stage 5 (Detailed Design).

Table 2: Key milestones within the Project programme

Milestone	Start	Finish	Complete
GRIP 2 Sign Off	08/11/2014	08/11/2014	Complete
GRIP 3 Sign Off	17/08/2017	17/08/2017	Complete
Revised Planning Application Submission	15/11/2019	15/11/2019	Complete
KCC Cabinet – Key decision on scheme	27/01/2020	27/01/2020	Complete
GRIP 4 Sign Off	14/10/2018	13/02/2020	
KCC Full Council – Council Budget Approval	13/02/2020	13/02/2020	
SELEP Accountability Board	14/02/2020	14/02/2020	
GRIP 5 to 8 Implementation Agreement signed	31/12/2019	13/03/2020	
Planning Determination	15/11/2019	13/05/2020*	
Land Acquisition Complete	02/09/2019	30/07/2020	
GRIP 5 Sign Off	13/03/2019	04/12/2020	
GRIP 6 Advanced Works	19/09/2020	01/02/2021	
Junction construction (works onsite)	03/11/2020	19/04/2021	
GRIP 6 Implementation (works onsite)	01/02/2021	22/05/2022	
Station Constructed and Commissioned	22/05/2022	22/05/2022	
GRIP 7 Project Hand back	22/05/2022	09/11/2022	
Station in operational service	09/11/2022	30/12/2022	

* There is a risk that planning determination may be delayed until July 2020

The stated milestones assume that Network Rail will be procured to undertake the delivery of the station and car park works, with the junction works being delivered through Kent County Council's Major

Capital Programme Team. It is expected that the onsite works will be completed on 22nd May 2022.

The station can only enter into service in May or December so as to coincide with timetable changes, and it is therefore expected that the station will open in December 2022.

9.5.2. A direct link to the delivery of jobs, houses or improved skills levels within the SELEP area

As set out in the Full Business Case, a number of the Project objectives relate to the delivery of jobs, homes and improved skills levels; including:

- Accelerate the pace of housing delivery in Thanet;
- Positively contribute to economic growth by attracting higher skilled workers to the area; and
- Stimulate the creation of additional jobs by encouraging business location and expansion decisions based on the existence of the new station and journey times to London of around one hour.

It is estimated that the delivery of the project will lead to the creation of an additional 400 to 800 jobs over a 30-year period from station opening, as well as development of 1,600 to 3,200 additional homes over the same period. These outcomes will be driven by improved accessibility both to existing key employment sites and to potential housing and commercial development sites, as well as more desirable commuting times to London.

9.5.3. All funding sources identified to enable the delivery of the Project. Written commitments will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal period

The funding package is set out in the Full Business Case and is detailed in Table 3 below.

Table 3: Funding package for the Thanet Parkway Project

Source	Amount (£m)
SELEP LGF	14.000
Kent County Council	17.813
Thanet District Council	2.000
East Kent Spatial	0.700
Total	34.513

The £17.81m contribution from Kent County Council was considered by their Cabinet on 27th January 2020 and the decision was made to

commit to providing this funding, whilst continuing to explore all further potential external funding opportunities.

Following the Cabinet decision, a Kent County Council Budget meeting is due to be held on 13th February 2020. Once this meeting has been held a S151 officer letter will be provided which confirms Kent County Council's financial commitment.

In addition to the £2m that Thanet District Council have committed towards the Project, they have successfully bid for £0.7m from the East Kent Spatial Development Company. A Funding Agreement between Kent County Council and Thanet District Council is being finalised.

The S151 Officer letter will reaffirm the financial commitment of Thanet District Council to the scheme and will provide further evidence of this commitment.

9.5.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the Project beyond 31st March 2021

At their meeting on 31st January 2020, the SELEP Strategic Board considered a report which set out forecast LGF spend beyond the Growth Deal Period. The report identified 5 projects, including Thanet Parkway, which will need to spend LGF beyond 31st March 2021 to facilitate project delivery.

Following a discussion, the SELEP Strategic Board endorsed LGF spend beyond the Growth Deal Period for the Project, subject to Board agreement that the Project satisfies the five conditions identified in February 2019 as set out in this report.

9.5.5. Contractual commitments being in place with the construction contractors by 31st March 2021 for the delivery of the Project

The Project has two separate construction elements:

- Highway works – junction construction
- Station construction and car park works

In order to minimise rail industry systemic risk, Kent County Council intend to directly procure the services of Network Rail for GRIP stages 5 to 8 (detailed design through to the station entering use) for the station construction and car park works.

An Implementation Agreement will be signed between Kent County Council and Network Rail which will cover the detailed design, construction and commissioning of the station and the design and construction of the car park. The agreement will be subject to planning approval, but otherwise will commit Kent County Council and Network Rail to delivering the Project. It is expected that the

agreement will be signed in February or March 2020, following confirmation of the outcome of the Board decision regarding the award of the £14m LGF allocation to the Project.

The delivery of this scheme is heavily dependent on railway possessions in order to access the railway. Booking of railway possessions has a long lead in time, and a high cost for late bookings or amendments. Possessions have been provisionally booked between April 2020 and May 2021 and therefore the project delivery programme is dependent on this period. The Implementation Agreement will be signed in February or March 2020 to ensure that the possessions programme is met.

The intention is for the highway works for the scheme to be delivered by the Kent County Council Major Capital Programme team. The construction contract for this work is programmed for award in July 2020, enabling construction to begin in November 2020.

- 9.6. As LGF spend on the Project will go beyond the end of the Growth Deal period, it is necessary for the SELEP Accountable Body (Essex County Council) to enter into a grant agreement with Kent County Council in relation to the Project.

10. Options presented for Board consideration

- 10.1. A number of recommendations are set out in this report for the Board to consider, including seeking Board agreement that the Project satisfies the five conditions agreed in February 2019 to allow LGF spend beyond the Growth Deal period and approval of the £14m LGF award to the delivery of the Project. Both of these recommendations are dependent upon two conditions being satisfied, as set out below:
- 10.1.1. receipt of written confirmation from the Kent County Council S151 officer that all funding has been secured to enable delivery of the Project; and
 - 10.1.2. receipt of written confirmation from Kent County Council that planning permission for the Project has been granted.
- 10.2. It is anticipated that the required written confirmation from the Kent County Council S151 officer will be received shortly after the Kent County Council Budget meeting on 13th February 2020.
- 10.3. As set out in Section 5.7 of this report, it is anticipated that the planning application will be determined in May 2020, however there is a risk that determination of the planning application may be delayed until July 2020. Following planning committee Kent County Council should be in a position to provide the written confirmation required by 22nd July 2020 at the latest.

- 10.4. The Board are asked to note that no LGF funding will be transferred to Kent County Council for the delivery of the Project until the above conditions have been satisfied.
- 10.5. Should these conditions not be met, the Board will be asked to consider the reallocation of the £14m LGF to projects in the LGF3b project pipeline. The Board will be provided with updates on progress towards meeting these conditions. If Kent County Council are unable to demonstrate that the two conditions have been satisfied the Board will be asked to consider the reallocation of the £14m LGF at the meeting on 18th September 2020.
- 10.6. Kent County Council are continuing to work towards planning determination in May 2020, whilst acknowledging the risk that determination may be delayed until July. Should determination be delayed until July, this will mean that the Board will not be in a position to consider the reallocation of funding if the conditions are not met until September 2020. Delaying the decision increases the risk that the projects brought forward from the LGF3b project pipeline will not be able to spend the LGF funding on project delivery before the end of the Growth Deal period.

11. Outcome of ITE review

- 11.1. In accordance with the Assurance Framework, a full Business Case has been submitted as the Project has an LGF allocation of over £8m. The Full Business Case should reaffirm the total cost of the Project and ensure that sufficient funding is identified to deliver the Project prior to contracts being awarded for the construction of the Project.
- 11.2. The ITE review confirms that a sensible and proportionate methodology has been applied. The Department for Transport's Transport Analysis Guidance (TAG) has been used, with a specific focus on Rail Appraisal. The analysis shows that the additional revenue generated by the delivery of the Project will significantly exceed its operating and capital costs combined.
- 11.3. As a rail project which will generate a revenue income, following Department for Transport Guidance, the cost of the Project to be included within the Economic Case is a negative value (-£34.512m). As such, no matter how positive the Project benefits, the Benefit Cost Ratio value will always be negative.
- 11.4. According to the Department for Transport's Value for Money Supplementary Guidance of Categories, for projects with a negative Present Value Cost, if the Net Present Public Value is positive and the BCR is negative, the Project is considered to demonstrate very high value for money.
- 11.5. The economic appraisal for the Project generates a Net Present Public Value of £18.08m and a negative BCR value. The ITE assessment therefore confirms that the Project presents high value for money, based on the Department for Transport guidance.

- 11.6. At Full Business Case stage, the Financial and Commercial cases should include tendered costs or should be based on an ongoing procurement process. The costs set out in the Full Business Case for the Project are based on the outcome of GRIP stage 4 – Single Option Development stage, meaning that the costs are based on the outline design for the project. Under GRIP stage 5 the detailed design will be completed which will give greater certainty in relation to the cost of the project.
- 11.7. Due to the relatively early stage of the Project the ITE assessment indicates that there remains some uncertainty around the total project cost, although it is noted that the cost of the works required at the level crossings as set out in the outcome of GRIP stage 4 includes 57% contingency which provides greater cost certainty and assurance around deliverability on that element of the Project.

12. Project Compliance with SELEP Assurance Framework

- 12.1. Table 4 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework. The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

Table 4 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The objectives presented align with the objectives identified in the Strategic Economic Plan.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are detailed in the Economic Case. The Department for Transport's TAG guidance have been used to assess the expected outputs and outcomes of the Project.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Amber	A quantified risk assessment has been provided which provides itemised mitigation measures. There are a number of factors that could influence the deliverability of the project including land

		acquisition, planning consent and environmental constraints.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	The Business Case sets out the Net Present Public Value, which is based on the impact on the overall transport budget. This demonstrates very high value for money. This is, however, based on outline design costs and therefore there remains some uncertainty in relation to the total Project cost.

13. Financial Implications (Accountable Body comments)

- 13.1. All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been received, however, funding for 2020/21 remains indicative.
- 13.2. Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 13.3. It is noted that in advance of any LGF being drawn down or spent on this Project, all conditions in 2.1.1 must be met.
- 13.4. All LGF is transferred to the sponsoring authority under the terms of a Grant Agreement which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 13.5. The Grant Agreement will set out the circumstances under which funding will be transferred and may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the Decisions of the Board.

14. Legal Implications (Accountable Body comments)

- 14.1. There are no legal implications associated with this report.

15. Equality and Diversity implication

- 15.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;

- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not;
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

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

16. List of Appendices

16.1. Appendix 1 - Report of the Independent Technical Evaluator (as attached to Agenda Item 6).

17. List of Background Papers

17.1. Business Case for the Thanet Parkway Project

17.2. Accountability Board Agenda Pack 12 April 2019 (original LGF funding decision (with conditions))

17.3. Accountability Board Agenda Pack 15 November 2019 (Project update report)

(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
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	 06/02/2020

Independent Technical Evaluator - Local Growth Fund Business Case Assessment – Q4 2019/20 Report

Independent Technical Evaluator - Local Growth Fund Business Case Assessment – Q4 2019/20 Report

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1 Independent Technical Evaluation of Q4 2019/20 Growth Deal Schemes

Overview

- 1.1 Steer was reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluator. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 This report is for the review of final Business Cases for schemes which are seeking funding through Local Growth Fund Rounds 1 to 3. Recommendations are made for funding approval on 14th February 2020 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

Method

- 1.3 The review provides commentary on the Business Cases submitted by scheme promoters, and feedback on the strength of business case, the value for money likely to be delivered by the scheme (as set out in the business case) and the certainty of securing that value for money.
- 1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make a 'go' / 'no go' decisions on funding, but to provide evidence to the South East Local Enterprise Partnership Board to make such decisions based on expert, independent and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where value for money is not assessed as being high (i.e. where a benefit to cost ratio is below two to one and / or where information and / or analysis is incomplete).
- 1.5 The assessment is based on adherence of scheme business cases to Her Majesty's Treasury's *The Green Book: Central Government Guidance on Appraisal and Evaluation*¹, and related departmental guidance such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance) or the DCLG/MHCLG Appraisal Guide. All of these provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a 'checklist for appraisal assessment from Her Majesty's Treasury, and WebTAG and DGLG/MHCLG Appraisal Guide.

¹ Source:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf

- 1.7 Individual criteria were assessed and the given a 'RAG' (Red – Amber – Green) rating, with a summary rating for each dimension. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
 - **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment, but should be amended in future submissions (e.g. at Final Approval stage).
 - **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.
- 1.8 The five dimensions of a government business case are:
- **Strategic Dimension:** demonstration of strategic fit to national, Local Enterprise Partnership and local policy, predicated upon a robust and evidence-based case for change, with a clear definition of outcomes and objectives.
 - **Economic Dimension:** demonstration that the scheme optimises public value to the UK as a whole, through a consideration of options, subject to cost-benefit analysis quantifying in monetary terms as many of the costs and benefits as possible of short-listed options against a counterfactual, and a preferred option subject to sensitivity testing and consideration of risk analysis, including optimism bias.
 - **Commercial Dimension:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
 - **Financial Dimension:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms, and how the deal will impact on the balance sheet, income and expenditure account, and pricing of the public sector organisation. Any requirement for external funding, including from a local authority, must be supported by clear evidence of support for the scheme together with any funding gaps.
 - **Management Dimension:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice, and contains strong project and programme management methodologies – this includes the need for a Monitoring and Evaluation Plan and Benefits Realisation Plan.
- 1.9 In addition to a rating for each of the five dimensions, comments have been provided against Central Government guidance on assurance – **reasonableness** of the analysis, risk of error (or **robustness** of the analysis), and **uncertainty**. Proportionality is applied across all three areas.
- 1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails during November and December 2019 and January 2020.

Evaluation Results

1.11 Three business cases have been assessed for schemes seeking a Local Growth Fund allocation. Below are our recommendations to the Accountability Board, including key findings from the evaluation process and details of any issues arising.

1.12 With all schemes at outline business case stage there remains a residual risk to value for money and deliverability until the contractor costs are confirmed, however this should not present a barrier to approval of funding at this stage.

High value for money, high certainty

1.13 The following LGF 3b schemes achieve **high value for money** with a **high certainty** of achieving this.

University of Essex Parkside Phase 3

1.14 This project involves constructing a four-storey building with a total area of 4,772m² (GIA), which can be subdivided in a flexible manner. The facility is designed to provide further accommodation for growing businesses and will complement phases 1 and 2 of the Parkside Office Village.

1.15 The scheme costs are £10.5m, of which £3.0m is an allocation from the Local Growth Fund (Tranche 1) for which the business case assessed here seeks approval for. A requirement for a further £2.0m (Tranche 2) remains in the pipeline. This amount has been underwritten by Essex County Council, who will recoup this amount if further funding becomes available and approved. The remaining contribution of £5.5m is from the University of Essex.

1.16 The value for money assessment is based on estimating the GVA impacts. A reasonable case has been provided to justify the use of this approach over the Land Value Uplift methodology now recommended by MHCLG, since covenants limit the use to which the land can be put. The approach is also robust, but a more comprehensive Benefits Realisation Plan would be beneficial.

High value for money, medium certainty

1.17 The following LGF 3b schemes achieve **high value for money** with a **medium certainty** of achieving this.

M2 Junction 5

1.18 The scheme consists of a major junction improvement at the junction of the A249 with the M2 (Junction 5). The A249 is a road managed by the Local Authority carrying substantial vehicle volumes and serving strategic traffic and links the two major economic hubs of Maidstone and Sittingbourne. It is a key link between the M2 and M20 motorways for traffic heading from the Midlands and North to the Channel ports. The A249 leads to the Port of Sheerness at its easternmost extent.

1.19 An improvement scheme at this junction was a commitment in Highways England's Road Investment Strategy 1 (RIS1) and consequently Highways England held a public consultation on scheme options in September 2017. An at grade 'hamburger' roundabout junction was promoted as the only option within budget that met the scheme objectives (Option 12A). However, Kent County Council and other stakeholders stated a preference for the discounted option (Option 4), including a flyover arrangement to permit free-flow on the A249. This is forecast to unlock future housing and employment growth, as well as provide additional safety benefits (the junction is one of the top 50 national casualty locations on Highways England's network).

- 1.20 Consequently, Highways England reviewed Option 4 and produced a revised scheme (Option 4H1) that was forecast to meet the RIS1 objectives, increases safety benefits, and ensures free-flow on the A249. This was the subject of the Department for Transport's Preferred Route Announcement; however, it remains above the allocated budget.
- 1.21 The estimated total scheme cost is £94.5m and there remains a funding gap of £20.0m of which £17.5m has been sought from the National Roads Fund in a bid made earlier this year to the Department for Transport's initial Major Road Network (MRN) scheme funding. The outcome of this funding bid to the DfT is expected in Financial Year 2020/2021 and could still revert to RIS2 allocation. The remaining £2.5m will be met from Kent County Council (£0.9m) and SELEP Local Growth Fund (£1.6m).
- 1.22 The value for money assessment has been conducted in a reasonable and robust way, and results in a Benefit-Cost Ratio of 3.28:1. However, further consideration should be given to the maintenance costs and the impact on the value for money assessment. In addition, there remain some areas of uncertainty around the funding gap that exists and particularly the likelihood and timing of the National Roads Fund grant coming forward. There is the additional risk that planning permission has not yet been secured and that application is currently subject to a Public Inquiry (scheduled for March 2020 with the Planning Inspector's report in June 2020). A Monitoring and Evaluation Plan is required.
- Thanet Parkway*
- 1.23 The proposed station will provide two platforms to cater for 12-car rolling stock. Parking will be provided for 299 cars plus 20 short stay bays for passenger drop off and taxis (319 total car parking spaces including 16 disabled bays and 19 spaces with electric vehicle charging points), motorcycles spaces, 40 pedal cycle parking spaces and a set down area for two buses.
- 1.24 Each platform will be fitted with lighting columns that host CCTV cameras and Long Line Public Address speakers; two customer information displays and one passenger help point; and shelters to provide weather protection. Lifts, stairs and an underpass (a refurbished subway as part of an existing Public Right of Way) will provide access to the platforms.
- 1.25 The station forecourt will include two ticket vending machines, two bus shelters and bus passenger information. A set down area will be provided for buses, taxis and passenger drop off, together with staff parking.
- 1.26 The value for money assessment has been conducted in a reasonable and robust way, and the value for money category is "Very High" (NB. A 'conventional' Benefit-Cost ratio is not reported as the scheme generates revenues that are greater than the costs resulting in a net 'negative' cost, and, therefore, provides a 'negative' benefit cost ratio). Whilst Kent County Council has agreed to bridge the funding gap, should additional funding be required, the scheme is still subject to planning permission and there is uncertainty over the rail franchise and requirement within.

Change requests

- 1.27 The SELEP Assurance Framework states that any variations to a project's costs, scope, outcomes or outputs from the information specified in the Business Case must be reported to the Accountability Board. When the changes are expected to have a substantial impact on forecast project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment, it is expected that the business case should be re-evaluated by the ITE.
- 1.28 One scheme has come forward for this Accountability Board for decision – Colchester Institute's 'Groundworks and Scaffolding Training Centre' project (to be renamed 'Groundworks Training Academy').
- Groundworks Training Academy*
- 1.29 Essex County Council is seeking approval to reduce the scope of 'Groundworks and Scaffolding Training Centre' project (to be renamed 'Groundworks Training Academy') and to reduce the Local Growth Fund contribution by £50,000 from £100,000 to £50,000.
- 1.30 The original of scope the project was to fund site clearance and preparation, design and planning approvals, plant and machinery purchase, signage, modular storage units and secure compound, tools and equipment, scaffolding sets, car park re-instatement, and reconfiguration and upgrade of classrooms to develop a standalone Groundworks and Scaffolding Training Centre at Colchester Campus.
- 1.31 The original business case for Groundworks and Scaffolding Training Centre, as reviewed by Steer in June 2019 was based on a scheme cost of £250,000, with a BCR of 5.64:1. This represented very high value for money, with a medium/high level of certainty of that value for money.
- 1.32 As a result of the change to scope the project outcomes relating to the scaffolding training would not be delivered. However, the groundworks element delivered the majority of the project outcomes. Given the fact that outputs are reducing by one third while project costs are reducing by more than a third, we are confident that the scheme, in its changed form, will continue to represent very high value for money.
- 1.33 Given the fact that the scheme is in its delivery phase, any uncertainty about the delivery and benefits realisation can be reduced. Therefore, this scheme, with the reduced scope considered, represents very high value for money with high certainty of achieving that value for money.

Table 1.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q4 2019/20

Scheme Name	LGF Allocation	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Outline business cases										
University of Essex Parkside Phase 3	£3.00m, but up to £5.00m if required and available (of a £10.50m scheme).	Gate 1: Initial BCR: 0.96 Adjusted BCR: 72.1	Amber	Red	Amber	Green	Red	The value for money assessment is based on the GVA impacts of additional jobs. The rationale for following such an approach is not clear/convincing.	Justification for assumptions in the Economic Case required.	Considerable uncertainty in Economic Case, particularly regarding additionality and the double-counting of job and GVA impacts.
		Gate 2: Adjusted BCR 7.3:1	Green	Amber	Green	Green	Amber	A reasonable case has been provided to justify the use of a GVA-based approach over the LVU methodology (recommended by MHCLG).	Some outstanding queries regarding the assumed level of additionality included within the business case.	Despite clarifications, some uncertainty remains over the double-counting of benefits between the GVA approach and the jobs approach used. Also, uncertainty over the case for LGF funding given the anticipated operating surplus. A benefits realisation plan has not been provided.
		Gate 2 Update: 11.2:1	Green	Green	Green	Green	Green	A reasonable case has been provided to justify the use of a GVA-based approach over the LVU methodology (recommended by MHCLG).	Outstanding queries have been addressed and approach is now robust with assumptions made clear and justified.	Low levels of uncertainty and strong track record of delivery.

Scheme Name	LGF Allocation	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
M2 Junction 5	£1.60m (of a £94.50m scheme)	Gate 1: 3.28:1	Green	Green/ Amber	Green	Amber	Amber	A reasonable approach has been followed in line with the Department for Transport's Transport Assessment Guidance, and benefits, costs and assumptions are reasonable and justified.	The methodology has been applied accurately, however, maintenance costs have not been included in the Cost Benefit Analysis.	Uncertainty still remain regarding maintenance costs, securing funding, planning permission and Public Inquiry outcome. A Monitoring and Evaluation Plan is also required.
		Gate 2: 3.28:1	Green	Green/ Amber	Green	Amber	Amber	As above.	As above.	As above.
Thanet Parkway	£14.00m (of a £34.50 scheme)	Gate 5: Very High (if revenues assumed to be a 'negative cost')	Green	Green	Red	Red	Red	A reasonable approach has been followed in line with the Department for Transport's Transport Assessment Guidance, and benefits, costs and assumptions are reasonable and justified.	The methodology has been applied accurately.	Certainty would be improved with confirmation of funding from KCC.
		Gate 6: Very High (if revenues assumed to be a 'negative cost')	Green	Green	Green	Green	Amber	As above.	As above	Uncertainty still remain regarding planning permission and from the uncertain future of rail franchising.

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Report title: M2 Junction 5 LGF funding decision	
Report to Accountability Board on 14th February 2020	
Report author: Howard Davies, SELEP Capital Programme Officer	
Date: 22 January 2020	For: Decision
Enquiries to: Howard Davies, howard.davies@southeastlep.com	
SELEP Partner Authority affected: Kent and Medway	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £1.6m Local Growth Fund (LGF) to contribute toward the delivery of the M2 Junction 5 (the Project).
- 1.2 The Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.

2. Recommendations

2.1. The Board is asked to:

2.1.1. **Agree** the award of £1.6m to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainties of achieving this .This is subject to written confirmation being provided to SELEP Secretariat and Accountable Body by Kent County Council (KCC) to confirm:

2.1.1.1. the Secretary of State for Transport's approval of the Project following Public Inquiry; and;

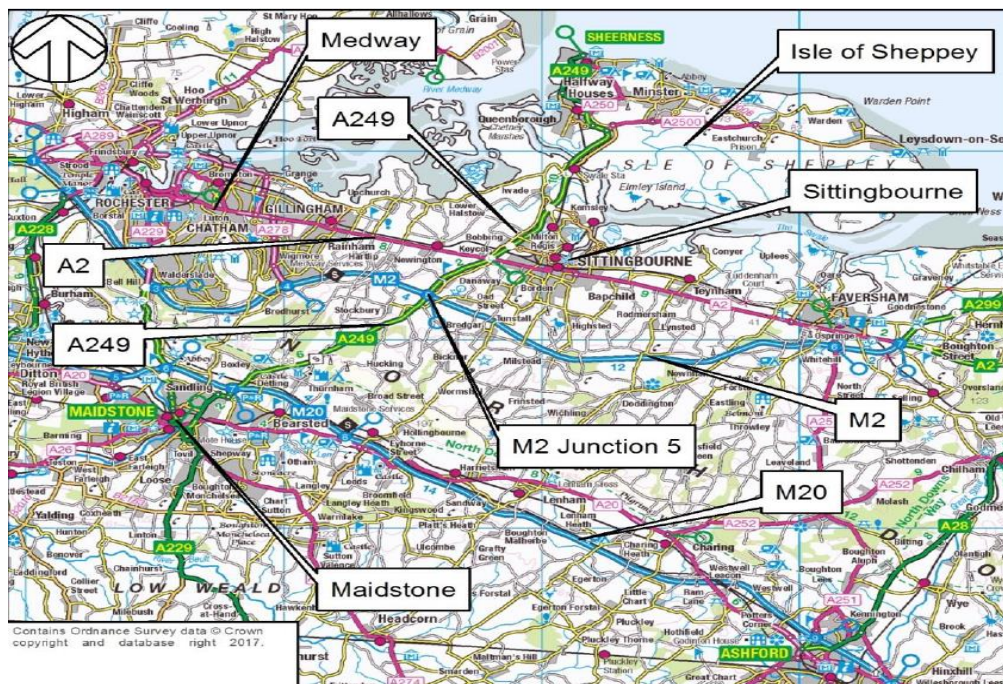
2.1.1.2. the Highways England Project Business Case confirms that the Project presents high value for money, with a benefit cost ratio of over 2:1.

2.1.1.3. the full funding package is in place to deliver the Project.

2.1.2. **Note** that LGF cannot be drawn down by KCC until the two funding conditions set out in 2.1.1. have been satisfied.

2.1.3. **Note** that if the two funding conditions set out in 2.1.1 are not satisfied then the Board will agree to reallocate the funding to the next LGF project identified on the SELEP's LGF3b pipeline.

3. M2 Junction 5 Project (the Project)



- 3.1 The Project consists of a major junction improvement at the junction of the A249 with the M2 (junction 5). The image above shows the existing junction layout. The A249 is on the Department for Transport's (DfT) indicative Major Road Network (MRN), as a road managed by the Local Authority carrying substantial vehicle volumes and serving strategic traffic. It is a key link between the two motorways (M20 and M2) for traffic heading from the Midlands south to the Channel Tunnel and the Port of Dover (the Channel ports), in East Kent. In addition, the A249 leads to the Port of Sheerness at its easternmost extent (which is part of the Strategic Road Network). Furthermore, the A249 links the two major economic hubs of Maidstone and Sittingbourne.
- 3.2 There is a significant level of traffic flow at this junction, which is expected to rise with the proposed opening of the new Lower Thames Crossing and forecast growths of 5% per year at the ports. High levels of housing and employment growth planned for the areas adjacent to the junction are also going to exacerbate congestion at the junction.
- 3.3 The A249 intersects the M2 at Junction 5 and forms part of the strategically important corridor linking Dover with London. The M2 Junction 5 / A249 Stockbury Roundabout has been identified to have capacity and network performance issues, in terms of both M2 east-west movements on and off the M2 mainline and A249 north-south Sittingbourne / Maidstone movements.
- 3.4 The A249 is a strategically important link between the M2 and M20 corridors used to re-route traffic when there is disruption on one corridor, be it a road accident, planned road closures or Operation Stack. The A249 and M2 J5 is the route that freight traffic bound for the Port of Dover will be directed to

use, to transfer from the M20 to the M2 (and then along the A299) if Manston Airport is used as part of Operation Stack. Use of 'Manston Stack' is part of the current traffic management plan when there is disruption at the Channel ports and is also part of the Brexit contingency plans if there is disruption due to a No-Deal Brexit scenario. Use of the A249 and M2 J5 for this purpose will put further pressure on this junction.

- 3.5 Existing safety issues at this junction mean that it is one of the top 50 national casualty locations on England's major A roads and motorways. There were 111 personal injury accidents between January 2011 and December 2015 and nearly half occurred during morning and evening peak periods.
- 3.6 People currently use rural roads to avoid the congestion, putting undue pressure on local roads not suited to large volumes of traffic and increases safety risks. The junction of Oad Street and the A249 has a history of accidents as people use this route as a cut through and therefore the closure and relocation of the junction of Oad Street as part of this scheme will improve safety at the junction. With the current levels of congestion, traffic is diverting from the junction and using alternative rural routes, putting pressure on these local roads that are not suited to large volumes of traffic. Such local roads are more likely to be used by cyclists.
- 3.7 In addition, the Channel ports are forecasting significant growth of around 5% per annum, and as such, the need for resilience between these corridors linking the Channel ports to the rest of the UK will be further increased. The A249 is also part of the Strategic Road Network linking the Port of Sheerness, which is also forecasting significant growth.
- 3.8 There are high levels of car use in the area and there are currently no significant plans to improve bus or rail services either between Sittingbourne/Sheppey and Maidstone or between the Medway towns and Sittingbourne/Sheppey.

4. Policy Context

- 4.1 Improvements to M2 Junction 5 are identified in Highways England's (HE) Road Investment Strategy (RIS 1) 2015-2020 and the scheme is partly funded.
- 4.2 The Shadow Sub-National Transport Body (STB) and Transport for the South East (TfSE) support the Project, as the Shadow Board endorsed the bid for the gap funding to the DfT for early entry into the Major Road Network (MRN) programme through the National Roads Fund.
- 4.4 Improvements to this junction are a strategic priority in KCC's Local Transport Plan 4: Delivering Growth without Gridlock (2016-31).

- 4.5 The Kent and Medway Growth and Infrastructure Framework (GIF) forecasts that between 2011 and 2031 the authorities of Swale, Maidstone, Medway and Canterbury will collectively deliver an increase of 65,800 homes and 59,000 jobs. Improvements to this junction are essential to enable delivery of this growth.
- 4.6 Funding has been sought through the Housing and Infrastructure (HIF) Forward Fund for the two other key junctions on the A249, north of M2 Junction 5). This will enable the delivery of new homes and jobs in the recently adopted Swale Borough Council Local Plan. However, this could in turn cause further congestion at the A249 junction with the M2 (Junction 5), therefore this Project is needed to deliver Swale Borough Council's Local Plan.

5. Options Considered

- 5.1 The Project consists of a major junction improvement at the junction of the A249 with the M2 (Junction 5). The A249 is a road managed by the Local Authority carrying substantial vehicle volumes and serving strategic traffic and links the two major economic hubs of Maidstone and Sittingbourne.
- 5.2 An improvement scheme at this junction was a commitment in Highways England's Road Investment Strategy 1 (RIS1) and consequently Highways England held a public consultation on scheme options in September 2017. An at grade 'hamburger' roundabout junction was promoted as the only option within budget that met the scheme objectives (Option 12A). However, KCC and other stakeholders (the local MP, Maidstone and Swale Borough Council, all stated a preference for the discounted option (Option 4), including a flyover arrangement to permit free flow on the A249. This would unlock future housing and employment growth, as well as provide additional safety benefits (the junction is one of the top 50 national casualty locations on Highways England's network).
- 5.3 Consequently, Highways England reviewed Option 4 and produced a revised scheme (Option 4H1) that meets the RIS1 objectives, increases safety benefits, and ensures free-flow on the A249. The Project represents high value for money with a Benefit to Cost Ratio (BCR) of 3.28:1 and was the subject of the Department for Transport's (DfT) Preferred Route Announcement; however, it remains above the allocated budget.
- 5.4 Planning permission for the Project has not been secured and is currently subject to a Public Inquiry which is due to commence on 10 March 2020 and last for 8 days. Following the Public Inquiry, the Planning Inspector will publish a report with their recommendations regarding the orders to the Secretary of State for Transport, who will subsequently announce their decision. The Secretary of State for Transport announcement is expected around July 2020.

- 5.5 It is recommended to the Board, that approval of the £1.6m LGF award to the Project should be subject to written confirmation being provided by KCC of the Secretary of State's approval following the Public Inquiry.
- 5.6 An update report will be provided by KCC to the 3 July 2020 Board meeting, to detail the progress of this Project and pending decisions.

6. Project Cost and Funding

- 6.1 The estimated total Project cost is £94.5m. The Road Investment Strategy (RIS1) has allocated £74.5m toward the Project.
- 6.2 There remains a funding gap of £20m of which £17.5m has been sought from the Governments Road Infrastructure Strategy 2 (RIS 2). Confirmation of the award is expected prior to the Public Inquiry, due to commence on 10th March 2020 (see 5.4). It is therefore recommended that the funding decision should be made subject to written confirmation being provided, that the funding gap has been bridged and that the Secretary of State for Transport has approved the Project.
- 6.3 KCC has committed a £900,000 contribution to the Project. The £1.6m LGF will provide an additional funding contribution towards the Project. The LGF allocation to the Project will not be transferred to KCC until the Secretary of State for Transport has granted approval for the Project to proceed.
- 6.4 If there is not a positive outcome to the Public Inquiry or the additional RIS 2 funding is not confirmed as anticipated prior to the Public Inquiry, it is recommended that the LGF will be relocated from the Project to the next LGF project identified on SELEP's LGF3b pipeline.

- 6.4 Table 1 below sets out the funding contributions to the Project.

Table 1 - Funding contribution breakdown

Funding Source	19/20 £m	20/21 £m	21/22 £m	22/23 £m	23/24 £m	Total Funding
LGF		1.6				1.6
KCC		0.9				0.9
HE RIS 1			74.5			74.5
HE RIS 2 (to be confirmed)			17.5			17.5
Total Funding		£2.5	£92.0			£94.5

- 6.5 Highways England will produce an accurate spend profile when the Start of Works strategy has been approved.

- 6.6 As the LGF is only a relatively small proportion of the overall funding package for the Project, it is anticipated that the LGF can be spent by 31 March 2021. The LGF will be spent in advance of other funding contributions to the Project. This will include spend of the LGF on further project development work, prior to the expected start of construction work works in January 2021.
- 6.7 Any LGF spend beyond 31 March 2021 will require approval by the SELEP Strategic and Accountability Board. If the Project does not progress, as per the timescales set out in Table 2 below, there is a risk that the Project may not meet the five conditions for LGF to be spent beyond 31 March 2021, as the five conditions include the requirement for the delivery partner to enter into contract for the construction of the Project by 31 March 2021.

7.0 Programme

- 7.1 Table 2 below sets out the Outline Project Programme only

Table 2 Outline Project Delivery Programme

Project development stages completed to date			
Task	Description	Outputs achieved	Timescale
Initial public consultation launched and completed	Highways England publicly consulted on options for improvements to the M2 J5 and promoted Option 12A	Non-statutory public consultation	October 2017
Preferred Route Announcement	Due to a strong objection to option 12A in the public consultation, Highways England announced the new alternative option 4H1	Preferred Route Announcement (PRA)	May 2018
Consultation on Statutory Orders	A public consultation was held on Side-Roads Orders, Compulsory Purchase Orders and Environmental Orders	TBC	July 2019
Project development stages to be completed			
Task	Description		Timescale
Start of construction			Jan 2021
Completion date			Jan 2023

8. Outcome of the ITE Review

- 8.1 The business case has been reviewed through the Independent Technical Evaluation (ITE) process, which demonstrates that the Project represents high Value for Money with a BCR of 3.28:1.

- 8.2 A sensible and proportionate methodology has been applied, although Highways England have not yet provided information about the non-user benefits, renewal costs or maintenance costs which means t According to the update provided by KCC, the maintenance and renewal costs will not be known until January 2021, when the detailed design work has been completed. However, it is expected that assumptions will be applied within Highways England's own business case for the Project.
- 8.3 Highway England's business case for the Project is due to be updated prior to a funding decision by the Secretary of State for Transport (expected in July 2020). Confirmation will be sought from KCC that the Highway England business case for the Project also demonstrates that the Project presents high value for money, with a benefit cost ratio of 2.0:1.
- 8.4 The Project aligns with local, regional and national policy. Both the expected benefits of the Project and the impact of non-intervention have been clearly articulated.
- 8.5 A Monitoring and Evaluation plan has not yet been developed by Highways England but will need to be provided to SELEP once available. It is standard practice for Highways England to put in place post-opening project evaluation (POPE). Details of the intended approach to completing this evaluation will be shared with SELEP once it had been produced as part of the next stage of work on the Project following the Public Inquiry.
- 8.6 The key risks for this Project are its reliance on a National Road Fund bid. Mitigation to lower this risk are in place to seek alternative funding sources within KCC and HE.
- 8.7 The other major risk for this Project is that planning consent has not yet been secured and this is currently subject to a Public Inquiry, as set out in section 5.4 above.

9. Project Compliance with SELEP Assurance Framework

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

Table 3 Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the SELEP Assurance Framework to approve the Project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The project objectives align with both national and regional policy, including the SELEP Skills Strategy. The objectives presented align with those identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. Further evidence will be clear once the Highways England business case is produced.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Amber	The Business Case demonstrates experience of delivering similar schemes. A comprehensive risk register has been developed which provides an itemised mitigation. There are concerns around funding and obtaining planning permission for the Project
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	The scheme represents High Value for Money. BCR of 3.28: 1. However, uncertainty remains around the ongoing maintenance and operational costs until the full Highways England business case is finalised (Summer 2020)

10. Financial Implications (Accountable Body Comments)

- 10.1 All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been

received, however, funding for 2020/21 remains indicative.

- 10.2 Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 10.3 All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 10.4 The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the Decisions of the Board.
- 10.5 The project's construction phase is not due to commence until January 2021 using LGF funding. If there is a delay in the outcome of the Public Enquiry or the Secretary of State's approval of this project, there could be a delay in the start of the project and there is a risk of LGF spend going beyond the Growth Deal. Spend of LGF beyond the 31st March 2021 is subject to the Board agreeing that five specific conditions have been met by a project (including endorsement by the Strategic Board).

11. Legal Implications (Accountable Body Comments)

- 11.1 There are no legal implications arising from this report.

12. Equality and Diversity Implications

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

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

13. List of Appendices

- 13.1 Appendix 1 - Report of the Independent Technical Evaluator (as attached to Agenda Item 6)

14. List of Background Papers

- 14.1 Business Case for the M2 Junction 5

(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
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	 6/2/20

Report title: Innovation Park Medway Update Report	
Report to Accountability Board on 14th February 2020	
Report author: Rhiannon Mort SELEP LGF Capital Programme Manager and	
Date: 03/01/2020	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com or	
SELEP Partner Authority affected: Medway Council	

1. Purpose of Report

- 1.1 The purpose of this report is to provide the Accountability Board (the Board) with an update on the delivery of the Innovation Park Medway project (the Project).

2. Recommendations

- 2.1. The Board is asked to:

2.1.1. **Note** the update on the delivery of the Project;

2.1.2. **Agree** that the £1.519m Local Growth Fund (LGF) allocation to the Phase 3 Project should be reallocated to the next project on the LGF pipeline.

2.1.3. **Agree** that by the Board meeting on the 3rd July 2020, Medway Council must:

- 2.1.3.1. demonstrate how the Phase 2 Project meets the five conditions set out in 8.3; and
- 2.1.3.2. provide evidence that satisfactory progress has been made towards meeting the Project milestones, set out in Table 2 below; and
- 2.1.3.3. provide an update on the mitigation sought by Highways England and the extent to which this will impact the overall deliverability of the Project, as set out in section 6 below.

If the condition set out in 2.1.3.1 to 2.1.3.3 are not satisfied by 3 July 2020, the Board will be asked to consider the reallocation of the £3.7m LGF award to Phase 2.

2.1.4. **Note** the risk to Medway Council of abortive LGF spend on the Phase 2 project, if the LDO is not approved to enable the delivery of the Project. If LGF spend on the Project becomes an abortive revenue cost, this must be repaid to SELEP by Medway Council under the terms of the Service Level Agreement with the SELEP Accountable Body.

3. Executive Summary

- 3.1. Through the last few Board meetings the Board has been made aware of the challenges which have come to light in the process of developing and adopting the Local Development Order (LDO) for the Innovation Park Medway site.
- 3.2. Specifically, concerns have been raised by Highways England (HE) about the impact of the Project on the Strategic Road Network.
- 3.3. HE's engagement with Medway Council in relation to the Project has improved and positive discussions have been held to consider the issues which HE raised in response to the consultation on the LDO for the Project. However, additional time is required for Medway Council to undertake a series of tasks prior to the adoption of the LDO and the project being able to progress. These tasks are set out in Table 2 below.
- 3.4. Due to these project deliverability issues, the Board is asked to consider its position in relation to SELEP's LGF contributions to the Project. This includes a £3.7m LGF award which has been made to Phase 2 Project but cannot progress until the LDO has been adopted.
- 3.5. An additional £1.519m LGF was also prioritised by the Investment Panel to Phase 3 of the Project. This additional funding was allocated by the Investment Panel subject to the Board being satisfied with the deliverability of the Project. As Phase 3 is also dependent on the LDO being adopted, this £1.519m LGF allocation has not yet been awarded to the Project and it is recommended that this funding should be reallocated to the next project on the LGF3 pipeline, as set out in section 7 below.

4. Innovation Park Medway

- 4.1. The Innovation Park Medway is one of three sites across Kent and Medway which together forms the North Kent Enterprise Zone.
- 4.2. The vision for Innovation Park Medway is to attract high GVA businesses focused on the technology, engineering and knowledge intensive sectors. These businesses will deliver high value jobs in the area and contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.
- 4.3. Innovation Park Medway consists of two parcels of land, either side of Rochester Airport. The northern site is currently part of Rochester Airport. The southern site is south of Innovation Centre Medway and is currently partially used as an overflow car park for the Innovation Centre but is primarily an unused site.
- 4.4. A substantial amount of funding has been identified for investment across the Innovation Park Medway site by SELEP through the LGF programme and Growing Places Fund (GPF). A total of £10.269m SELEP funding has been allocated to the Project, as set out in Table 1 below.

Table 1 SELEP funding allocation – Innovation Park Medway

	Status	LGF spend to date (to end of Q3 2019/20)	Total LGF allocation
Rochester Airport Phase 1	Approved June 2016 (change of scope agreed June 2018)	£0.853m	£4.400m
Innovation Park Medway Northern Site (Phase 2)	Approved February 2019	£0.167m	£3.700m
Innovation Park Northern Site – Extended Enabling Infrastructure (Phase 3)	Awaiting approval Due to be considered February 2020	No LGF spend to date	£1.519m
Innovation Park Southern Site GPF loan	Approved September 2018	£0.046m	£0.650m
Total		£1.066m	£10.269m*

*Of which £8.750m has been approved to date.

5. Rochester Airport Phase 1

- 5.1. In June 2016, the Board awarded £4.4m LGF, to the delivery of the Rochester Airport Phase 1 project. This investment will change the configuration of Rochester Airport, whilst also delivering improvements to the airport infrastructure to help safeguard the future of the airport.
- 5.2. The Rochester Airport Phase 1 enabling works are required to enable the Innovation Park northern site (Phase 2 and 3) and GPF project, at the southern site, to progress. The Phase 1 works both release the land required for development on the northern site and free the southern site from current Civil Aviation Authority flightpath safeguarding restrictions, through the closure of one of the two existing runways.
- 5.3. To date, there have been substantial delays to the Project and slippage to spend of LGF. At the last Board meeting, an update was provided to explain that works were now underway for Phase 1, with the contractor site compounds having been set up and archaeological works having got underway.
- 5.4. In the update to the Board in November 2019, it was expected that the Phase 1 Project would complete by March 2020, dependent on progress with the archaeological works. However, the expected completion date for Phase 1

has now slipped to September 2020. This updated programme for the delivery of the Phase 1 works is primarily the result of an additional four months being required for the completion of the archaeological works, as a result of finds including three iron age round houses and an early roman age enclosure being discovered at the site.

- 5.5. To date, £0.853m LGF has been spent on Phase 1 of the Project to the end of Q3 2019/20, of the £4.4m LGF allocation to Phase 1.
- 5.6. The Phase 2 Project was dependent on the closure of the second runway as part of the Phase 1 delivery. As the second runway has now been closed, the timing of the start of the Phase 2 works is no longer dependent on the timing of the completion of Phase 1.

6. Innovation Park Phase 2

- 6.1. In February 2019, the Board approved the award of £3.7m LGF to the Innovation Park Northern Site (Phase 2) which will deliver the enabling infrastructure required to bring forward development on this section of the Innovation Park. This includes the delivery of:
 - 6.1.1. access road, with associated footpath, cycle path and public realm improvements;
 - 6.1.2. lighting and directional signage;
 - 6.1.3. new drainage piping and soakaways;
 - 6.1.4. new water main for potable water;
 - 6.1.5. electricity – ring main and secondary substation;
 - 6.1.6. gas main provision;
 - 6.1.7. trenching for and provision of fibre cabling;
 - 6.1.8. site surveys; and
 - 6.1.9. associated capital project consultancy.
- 6.2. The enabling infrastructure will support the delivery of the Masterplan, which has been developed for the Innovation Park Medway site.
- 6.3. A Local Development Order (LDO) is being developed for the delivery of the Innovation Park Medway Masterplan.
- 6.4. Approval of the LDO is subject to statutory consultees' approval. Through the first public consultation on the LDO, concerns were raised by Highways England (HE) and Natural England. HE has an interest in the Project due to the potential traffic impact of the Project on the Strategic Road Network. HE raised queries regarding the trip generation methodology and requested further modelling, beyond the scope of the Medway Strategic Transport Assessment (STA). The methodology has been confirmed by
- 6.5. At the point of funding approval, in February 2019, it was expected that the LDO would be approved by July 2019, infrastructure works would start on site in September 2019 and the Phase 2 Project would complete in December 2020.

- 6.6. At the point of the last update being presented to the Board in November 2019, it was expected that the LDO would be approved in January 2020, to enable the construction works to commence in April 2020. This timescale is no longer feasible and updated milestones for Phase 2 are set out in Table 2 below.
- 6.7. Following several letters having been sent to senior officers in HE to call for stronger engagement with Medway Council in relation to the Project, meetings have been held to agree the scope of the transport modelling which Medway Council are required to complete for the LDO, as set out in Table 2 above.
- 6.8. The transport modelling work will be used to inform the mitigation required to offset the impact of the Project on the Strategic Road Network. The mitigations work will require approval from HE and Kent County Council, as the junction itself is located in Kent. The new statutory consultee comments will also mean that a further stage of public consultation will be required prior to the LDO being adopted.
- 6.9. As a result of the additional tasks, set out in 6.8, it is now not expected that the LDO will be agreed before October 2020 and the completion of the Project will extend until Summer 2021. It is therefore now expected that a minimum of £500,000 LGF spend will extend beyond the Growth Deal period; ending on 31 March 2021.
- 6.10. The spend of LGF beyond the Growth Deal period was considered by the SELEP Strategic Board at its last meeting on the 31st January 2020. The Strategic Board have sought further reassurances around the deliverability of the Project and have asked for a further update to be provided to the Strategic Board prior to LGF spend being endorsed beyond the Growth Deal for the Project.
- 6.11. The potential requirement for mitigation works to be delivered, to offset the traffic impact of the Project on the Strategic Road Network, increases the project deliverability risk. The scope and potential cost of the mitigation works have not yet been confirmed. It is therefore unclear whether these potential works can be delivered within the available Project budget or if additional funding sources will need to be identified prior to the Project being in a position to proceed.

Table 2 Phase 2 Project Milestones to adopt LDO

Steps to be taken (timescale subject to statutory authorities' engagement and agreement):	Duration (estimated)	Timescale (anticipated)
Modelling scenarios undertaken by consultants: 1. Baseline - current baseline scenario without proposed development across the borough or the IPM.	6-8 weeks	February to mid/end of March 2020

Steps to be taken (timescale subject to statutory authorities' engagement and agreement):	Duration (estimated)	Timescale (anticipated)
<p>2. Baseline + growth - baseline plus all proposed development across the borough. This will be used to determine the impact of the IPM and help identify the necessary mitigation.</p> <p>3. Baseline + growth + Mitigation – baseline plus all proposed development across the borough, assuming implemented mitigation to negate the impact of the IPM.</p>		
Assess and agree final mitigation design with statutory authorities based on modelling.	2 months	April to end of May 2020
Amendments to LDO documentation and any further modelling required based on mitigation discussions.	1 month	June 2020
LDO updated public consultation.	30 days	July 2020
Amendments to LDO if needed based on updated public consultation.	2 weeks	Early August 2020
Medway Council approvals.	TBC dependent on meeting dates	Late August into September 2020
Adoption of LDO	TBC dependent on meeting dates	October 2020
Design of infrastructure and utility works	14 months	April 2019 to May 2020
Tender and appointment process for works contractor	6 months	June 2020 to November 2020
Mobilisation and delivery	9 months	November 2020 to July 2021

7. Innovation Park Medway – Northern site extended enabling infrastructure (Phase 3)

- 7.1. A further £1.519m has been sought by Medway Council through the LGF3b process. This funding was allocated by the Investment Panel, subject to the Board being satisfied that the delivery concerns raised by the Independent Technical Evaluator (ITE) through the LGF3b process could be satisfied.
- 7.2. Phase 3 seeks to deliver enabling works on a wider section of the northern site of the Innovation Park. This aims to allow accelerated development of

commercial space and maximising the number of businesses who can benefit from establishing themselves within the North Kent Enterprise Zone.

7.3. Phase 3 is expected to deliver the following outputs:

- 7.3.1. Extended access road/footpath, lighting and signage;
- 7.3.2. Utility infrastructure including electricity, gas, fibre trenching, water and drainage;
- 7.3.3. Primary substation; and
- 7.3.4. Secondary substations as required.

7.4. Phase 3 is expected to bring forward 38,500m² (gross external area) of commercial workspace and 1,300 highly skilled jobs in the engineering and technology sector. This is in addition to the jobs which will be delivered as a result of the LGF2 funded Innovation Park Medway (northern site) – Enabling Infrastructure project.

7.5. The RAG rating produced by the ITE for the Project for the Investment Panel is shown in Table 3 below.

Table 3: RAG rating for Innovation Park Medway – Extended Enabling Infrastructure project

Match/ Leverage	Scale of impact	Need for intervention	Value for money	Deliverability	Benefits realisation
Green	Green	Amber/ Green	Green	Amber	Amber/ Green

7.6. Within the accompanying report the ITE set out the reasons for the Project RAG rating, as outlined below:

- 7.6.1. The scheme is dependent upon the delivery of earlier phases of work which have come up against public opposition and have not yet been implemented; creating a risk to the spend of the current LGF allocation to the wider package of works; however to note, the beginning of the Phase 1 works has released the runway to enable the beginning of Phase 2 works.
- 7.6.2. The Rochester Airport – Phase 1 project was awarded £4.4m LGF in June 2016. A further £3.7m LGF has also already been allocated to the Innovation Park Medway (northern site) – Enabling Infrastructure project;
- 7.6.3. SELEP have previously been made aware of the intention to deliver the Innovation Park Medway (northern site) – Enabling Infrastructure project using developer contributions (along with the £3.7m LGF which is currently allocated to the project). It is therefore unclear why further public sector funding contributions are being sought;

- 7.6.4. Development partners have yet to be identified; and
- 7.6.5. If considered as a whole scheme, the total spend on Innovation Park Medway will be difficult to achieve in the timescales.
- 7.7. In April 2019, the Board were provided with updated information from Medway Council on the delivery of the Project, including an updated schedule for the delivery of the Project by 31 March 2021.
- 7.8. In response to the concerns raised by the ITE, Medway Council have confirmed that the “However, the original business case outlined reasons of speed and economies of scale to accelerate the delivery of the jobs, by ensuring the site is ready sooner. This will allow more extensive marketing and early occupation of businesses across the site. In addition, this allows flexibility should businesses wish to locate strategically outside of the northern cluster funded by LGF3.
- 7.9. “There are at least 35 companies that have expressed an interest in the site, the majority of which would fit the qualitative criteria of innovation and high GVA jobs. Marketing the site to confirm development partners, would happen in parallel with the adoption of the LDO and start of works”.
- 7.10. The Board resolved that Medway Council had satisfactorily addressed the deliverability concerns raised by the ITE in their initial assessment of the Project, which was presented to Investment Panel on 8 March 2019. Having done so, Medway Council were required to bring forward an updated Business Case to satisfy the ITE process prior to a Board decision to award the funding to the Project.
- 7.11. Medway Council have prepared a Business Case to be considered by the ITE. However, the issues in relation to the adoption of the LDO were not considered by the Board as part of this update on the deliverability of the Project in April 2019.
- 7.12. In November 2020, the report stated that, “If Highways England’s position in relation to the Local Development Order (LDO) for the Project hasn’t been confirmed by January 2020, it is recommended that the Board should consider the reallocation of the LGF3b funding at its meeting in February 2020 to the next project on the LGF3b pipeline”.
- 7.13. The LDO is now not expected to be agreed until at least October 2020 and there remain a number of activities required, as set out in Table 2, prior to Phase 2 and 3 being able to proceed. These activities create a deliverability risk as the scale and cost of the mitigation works have not yet been confirmed.
- 7.14. The Phase 3 allocation was prioritised by the Investment Panel on the condition that the deliverability issues could be resolved, and the Project would progress to delivery within the Growth Deal period, however, assurances can no longer be provided to the Board that this condition has been satisfied.

- 7.15. It is therefore recommended to the Board that the £1.519m LGF allocation to the Phase 3 Project is reallocated to the next Project on the LGF3b pipeline.

8. Next steps for Phases 1 and 2 of the Project

- 8.1. The last update report to the Board on the 14th November 2019, also stated that, “depending on the outcome of discussions with HE in relation to the adoption of the LDO, the impacts on the earlier phases of the Project will need to be considered”.
- 8.2. Whilst the planning consent for Phase 1 has been secured separately from the LDO, the rationale of the LGF investment in this first stage was to unlock the Innovation Park Medway site for investment. As such, the benefits of the Phase 1 Project are dependent on the commercial space at the Innovation Park Medway materialising.
- 8.3. The delivery of the Phase 2 Project is fully dependent on the LDO being approved. The delays in approving the LDO for the development mean that it is no longer feasible to spend the full £3.7m LGF allocation to Phase 2 by the end of the Growth Deal period. The Phase 2 Project must therefore demonstrate that it meets the following five conditions for LGF spend beyond 31st March 2021:
- 8.3.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
 - 8.3.2. A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
 - 8.3.3. All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal;
 - 8.3.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021; and
 - 8.3.5. Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project.
- 8.4. It is therefore recommended to the Board, that by the Board meeting on the 3rd July 2020, Medway Council must:
- 8.4.1.1. demonstrate how the Phase 2 Project meets the five conditions set out in 8.3; and
 - 8.4.1.2. provide evidence that satisfactory progress has been made towards meeting the Project milestones, set out in Table 2 below.
 - 8.4.1.3. Provide an update on the mitigation sought by Highways England and the extent to which this will impact the overall deliverability of the Project, as set out in section 6.
- 8.5. In providing evidence that the full funding package is in place, is it expected that this evidence will include the funding to deliver the infrastructure works, set out in the Phase 2 business case and the cost of any additional works

required to mitigate the impact of the development, as agreed with HE and Kent County Council.

- 8.6. If the conditions set out in 8.4 cannot be satisfied, the Board will be asked to consider the reallocation of the £3.7m LGF award to the Project on the 3rd July 2020.
- 8.7. In November 2019, the Board resolved that they did not wish to put LGF spend on the Phase 2 project on hold until the LDO had been agreed, but the Board noted the risk to Medway Council of abortive LGF spend on the Phase 2 project, if the LDO is not approved to enable the delivery of the Project.
- 8.8. The grant conditions from central government strictly specify that the LGF must be spent on capital expenditure in delivering the Project. If LGF spend on the Project becomes an abortive revenue cost, this must be repaid to SELEP by Medway Council under the terms of the Service Level Agreement with the SELEP Accountable Body (Essex County Council).
- 8.9. Under the terms of the SLA, the Board is also required to approve any changes to the Project. As such, if any changes are made to the scope of the Phase 2 project as a result of amendments to the Masterplan and LDO, these changes must be agreed by the Board.

9. Financial Implications (Accountable Body comments)

- 9.1. There remain continued significant delays in the delivery of the initial phases of this Project and this update confirms the risk raised in previous reports to the Board that the Project is now forecast to complete beyond the Growth Deal period, in July 2021. Further, the timelines set out in Table 2 above provide limited scope for slippage to meet this revised completion date.
- 9.2. Delivery of the Growth Deal forms part of the Annual Performance Review assessment undertaken by Government in advance of confirming the annual LGF funding allocations. The significant slippage experienced by this Project detrimentally impacts on this delivery assessment and potentially on future funding allocations.
- 9.3. The Board is advised to keep under review the delivery progress of this Project and to take this into account with regard to any further funding decisions made.
- 9.4. It is noted that the condition for prioritisation of LGF for Phase 3 of the Project is no longer satisfied as the deliverability of the Project has been detrimentally impacted by the delay in agreeing the LDO; as a result, this funding is recommended for reallocation to the next project on the LGF pipeline. Should the Board choose not to agree this recommendation, then Medway Council would need to submit a business case that meets the requirements for funding in advance of a decision to award the LGF by the Board; such requirements include ensuring all issues with regard to the LDO are addressed; confirming that a full funding package is in place, including any mitigation works required

by HE; and that demonstrates value for money (VFM).

- 9.5. The potential requirement for mitigation works to be delivered, to offset the traffic impact of the Project on the Strategic Road Network, increases the overall project deliverability risk. The scope and potential cost of the mitigation works have not yet been confirmed. It is therefore unclear whether these potential works can be delivered within the available Project budget or if additional funding sources will need to be identified prior to the Project being in a position to proceed. Should an increase in the Project Budget be identified as a result of the mitigation works, a reassessment of VFM may be required by the ITE, alongside confirmation of the funding package.
- 9.6. Should these risks be insurmountable and Phase 2 of the Project unable to be addressed, then LGF spend on the Project may become an abortive revenue cost; in this circumstance, the LGF must be repaid by Medway Council under the terms of the Service Level Agreement with the Accountable Body. At the Board meeting on the 15th November 2019, Medway Council acknowledged and agreed to this risk, which was noted by the Board.

10. Legal Implications (Accountable Body comments)

- 10.1. Any abortive costs will need to be repaid under the terms of the SLA and the processes and procedures for doing so would need to be followed.

11. Equality and Diversity implication

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

12. List of Background Papers

- 12.1. Business Case for the Rochester Airport (Phase 1)
- 12.2. Business Case for the Innovation Park Medway (Phase 2)
- 12.3. Business Case for Innovation Park Medway (Phase 3)

(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
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	6/2/20

Forward Plan reference number: FP/AB/254

Report title: A289 Four Elms Roundabout to Medway Tunnel Project Update	
Report to Accountability Board on 14th February 2020	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 30 th January 2020	For: Decision
Enquiries to: Helen Dyer, helen.dyer@southeastlep.com	
SELEP Partner Authority affected: Medway	

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 A289 Four Elms Roundabout to Medway Tunnel project (the Project).
- 1.2 The Project has previously been approved by the Board for the award of £3.5m of LGF funding, with a further £7.6m LGF allocated to the delivery of the Project subject to approval of the Full Business Case by the Board.
- 1.3 Medway Council have submitted a Housing Infrastructure Fund (HIF) bid to the Ministry of Housing, Communities and Local Government (MHCLG) which incorporates the proposed LGF improvements to the A289, therefore eliminating the need for LGF investment in the Project. As a result, the Project has been put on hold, whilst awaiting the outcome of the HIF bid.

2. Recommendations

- 2.1. The Board is asked to agree one of two options:

Option 1 (Recommended Option)

- 2.1.1. **Agree** that the £9.279m unspent LGF is reallocated through the LGF3b pipeline development process; and
- 2.1.2. **Agree** that there is compelling justification for SELEP not to recover the £1.821m LGF spent on the Project to date; and
- 2.1.3. **Agree** that should the HIF funding not be secured that the Project is considered for future funding opportunities, should such funding opportunities become available.

Option 2

- 2.1.4. **Agree** that the LGF should remain allocated to the Project and a further update will be provided to the Board on the 3rd July 2020 to confirm whether the HIF Grant Determination Agreement has been signed, to enable the reallocation of the unspent LGF.

3. Background

- 3.1. The Project was initially considered by the Strategic Board in March 2015 (prior to the establishment of the Accountability Board) and was awarded £11.1m LGF. The original Project Business Case indicated that the Project would focus on three roundabouts on the A289 route in Medway – Four Elms, Sans Pareil and Anthonys Way roundabouts. The Project sought to enlarge each roundabout to provide additional carriageway space with increased entry lanes and some free flow slips where possible.
- 3.2. The Project Business Case set out a funding package including £7.129m of S106 funding in relation to the proposed Lodge Hill Development. The decision to award planning approval to the development was called in by the Secretary of State, which led to the developer withdrawing the planning application. As a result, the expected S106 contribution was no longer forthcoming and the Project could no longer be delivered in line with the agreed scope.
- 3.3. In February 2018, a revised Business Case which set out a smaller scale scheme (as detailed in section 4.6 of this report) was presented to the Board. The Board approved an initial award of £3.5m LGF to the Project to enable further scheme development.
- 3.4. In line with the SELEP Assurance Framework for projects with an LGF allocation in excess of £8m, it was noted that a Full Business Case would be brought forward for Board approval, to secure the remaining funding allocation, prior to construction commencing to illustrate that the Project remained affordable and continued to offer High value for money. It was expected that this Business Case would be considered by the Board in 2019/20, with the Project expected to be complete by December 2020.

4. A289 Four Elms Roundabout to Medway Tunnel (the Project)

- 4.1. The Project focuses on a section of the A289 corridor which links the M2 Junction 1 with the Medway Tunnel. The A228 is the sole route linking the Hoo Peninsula with Strood. The A289 connects with the A228 at the Four Elms roundabout, which is a key traffic interchange in Medway.
- 4.2. The Hoo Peninsula has been identified as an area of growth in the emerging Medway Local Plan. Due to the limited transport infrastructure available to the residents of the Hoo Peninsula, any growth in the area will have an immediate and direct impact on traffic flows on the A289.
- 4.3. Currently the route is used by approximately 5,000 vehicles per hour in the peak periods. There are two key points along the corridor which cause significant delays for traffic using the route – the Four Elms roundabout and the Sans Pareil roundabout.

- 4.4. The aim of the Project is to provide a highway network between the M2 Junction 1 and the Medway Tunnel which can cater for the likely housing growth on the Hoo Peninsula that has been identified in the emerging Local Plan. In doing so, the Project will support the delivery of 5,284 new homes and 9,628 new jobs as set out in the revised Project Business Case.
- 4.5. The Project will offer improved journey time reliability, reduced journey times (through reducing delays) and improved journey quality for all modes of travel including pedestrians and cyclists. The reduction in delays will also contribute to an improvement in air quality, which is particularly important given that Four Elms Hill, which leads to Four Elms roundabout, falls within an Air Quality Management Area.
- 4.6. The specific interventions to be delivered through LGF investment in the Project include:
 - 4.6.1. increased capacity and full signalisation (including pedestrian crossing facilities) at Four Elms roundabout;
 - 4.6.2. free flow slip road from Wainscott Bypass to Four Elms Hill;
 - 4.6.3. additional lanes on Wulfere Way between Sans Pareil and Four Elms roundabout;
 - 4.6.4. free flow slip road from Frindsbury Hill to Wulfere Way;
 - 4.6.5. realignment of Wainscott Road junction (from Sans Pareil roundabout to Frindsbury Hill);
 - 4.6.6. additional exit lane onto Berwick Way for right turning traffic; and
 - 4.6.7. enforced reduced speed limit along the entire route.

5. Update on Project delivery

- 5.1. Work has been ongoing on the Project since March 2015 when the LGF funding was originally allocated. Initially design work was progressed in relation to the larger scale scheme, as outlined in the original Project Business Case. This included enlargements to three roundabouts on the A289 route - Four Elms roundabout, Sans Pareil roundabout and Anthonys Way roundabout in order to provide additional carriageway space.
- 5.2. In October 2016, a planning application was submitted to Medway Council as the Local Planning Authority (LPA) which sought planning consent for the larger scale scheme. Whilst the planning application was being processed, the risk regarding receipt of the expected S106 contribution from the Lodge Hill development was identified which cast doubt on the deliverability of the proposed scheme. As a result, the planning application was put on hold and did not proceed to determination.
- 5.3. In September 2017, the planning application for the Lodge Hill development was withdrawn, which confirmed that the expected £7.129m S106 contribution would no longer be forthcoming. As a consequence, an alternative smaller scale scheme was developed which fitted the reduced budget. In line with the

SELEP Assurance Framework a revised Business Case was prepared to demonstrate that the new scheme proposals offered high value for money. This Business Case was considered by the Board in February 2018.

- 5.4. Following the Board decision to approve the change in scope for the Project in February 2018, work continued to develop the design for the amended scheme. Alongside this design work, initial discussions were held with Medway Council as the LPA regarding the planning requirements for the new scheme of works and high-level discussions were held regarding the required land acquisition.
- 5.5. In March 2019 Medway Council submitted a HIF Business Case to MHCLG. The LGF works, as set out in Section 4.6 of this report, were included within the scope of the HIF bid as part of a wider scheme of works. As a result of this overlap, Medway Council took the decision to place the LGF project on hold until the outcome of the HIF bid was known.
- 5.6. Whilst the Project was on hold, Medway Council took the decision to progress the LGF scheme to detailed design stage, but no further work was undertaken in relation to securing planning consent or acquiring the land required to deliver the Project. The rationale for progressing with the detailed design of the Project was that the design would be required regardless of whether the Project was delivered using the LGF or HIF funding, whereas planning consent and land acquisition requirements varied depending upon the scale of the project being delivered.
- 5.7. In November 2019 Medway Council were informed by MHCLG that they had been awarded the HIF funding, subject to a Grant Determination Agreement being signed. It is anticipated that this agreement will be signed in July 2020.
- 5.8. It is Medway Council's expectation that should the Grant Determination Agreement not be signed, and therefore the HIF funding not secured, that the Project will be delivered through the LGF funding stream as originally intended. An updated delivery programme has been provided, as shown in Table 1 below. This LGF delivery programme assumes that the Project will recommence in August 2020, should the Grant Determination Agreement not be signed in July 2020. It should also be noted that the delivery programme assumes that the land acquisition can be achieved through negotiation. Should a CPO be required this will have a significant impact on the programme, potentially extending it by up to 18 months.

Table 1 – estimated timescale for delivery of the Project using LGF funding

Workstream	Expected timetable
Land acquisition by negotiation	August 2020 to April 2021
Planning consent	September 2020 to October 2021
Ecology Surveys	August 2020 to September 2020 January 2021 to March 2021
Business Case submission and SELEP Accountability Board approval	November 2021 to March 2022
Tender Period	April 2022 to July 2022
Mobilisation of works	August 2022 to October 2022
Construction of works (includes 2 month float)	November 2022 to March 2024
Project completion	By March 2024

- 5.9. Based on the updated delivery programme, there will be significant LGF spend beyond the end of the Growth Deal period with works not expected to start onsite until November 2022 and project completion expected in March 2024.
- 5.10. In February 2019, the Board agreed that LGF spend could continue beyond the end of the Growth Deal period for certain projects, on an exceptional basis, subject to the following five conditions being satisfied:
- 5.10.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Accountability Board;
 - 5.10.2. A direct link to the delivery of jobs, houses or improved skills levels within the SELEP area;
 - 5.10.3. All funding sources identified to enable the delivery of the Project. Written commitments will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal period;
 - 5.10.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the Project beyond 31st March 2021; and
 - 5.10.5. Contractual commitments being in place with the construction contractors by 31st March 2021 for the delivery of the Project.
- 5.11. The updated delivery programme indicates that the construction contractor tender period will commence in April 2022, with the contract being awarded in July 2022. Based on the updated timelines for the programme, condition 5 – contractual commitments in place with the construction contractors by 31st March 2021 – will not be met.

6. Project Cost and Funding

- 6.1. The total Project cost as set out in the revised Business Case is £11.564m. Medway Council have secured an award of £3.5m LGF towards the delivery of the Project, with a further £7.6m LGF allocated to the Project subject to Board approval of a Full Business Case which demonstrates that the Project remains affordable and continues to offer high value for money.
- 6.2. The remaining cost will be funded through S106 contributions in relation to the Liberty Park development and Damhead Creek Power Station, as shown in Table 2.

Table 2 – Project funding package and spend profile as set out in revised Business Case

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
LGF funding	£0.500m	£1.100m		£1.601m	£4.000m	£3.899m	£11.100m
S106 – Liberty Park	£0.142m	£0.060m					£0.202m
S106- Damhead Creek Power Station				£0.262m			£0.262m
Total funding requirement	£0.642m	£1.160m		£1.863m	£4.000m	£3.899m	£11.564m

- 6.3. The spend profile set out in Table 2 was based on a delivery programme which led to Project completion in December 2020, meaning that all LGF spend would be within the Growth Deal period. Based on the updated delivery programme, as set out in section 5.8, it is anticipated that approximately £8m of LGF funding would be spent beyond the Growth Deal period should the Project progress using the LGF funding stream.
- 6.4. Medway Council has forecast LGF spend totalling £1.821m to the end of Q4 2019/20, with the balance of £9.279m forecast for spend in future years as the Project progresses to delivery. Medway Council has also reported spend of the S106 funding contribution in relation to the Liberty Park development. The remaining S106 contribution is currently profiled for spend in 2020/21.
- 6.5. The breakdown of LGF spend to date is shown in Table 3.

Table 3 – LGF spend to end 2019/20 on the delivery of the Project

Workstream	LGF spend to end 2019/20
Design and internal fees	£0.8m
Consultancy support and legal fees	£0.075m
Building works	£0.352m
Project Management fees	£0.594m
Total	£1.821m

- 6.6. Medway Council have confirmed that, should the Project be delivered using HIF funding, the £1.821m spent to date will remain as a capital cost as the Project will still progress to delivery.

7. Housing Infrastructure Fund bid – major infrastructure developments on the Hoo Peninsula

- 7.1. In March 2019, Medway Council submitted the Business Case for their HIF project 'New Routes to Good Growth' to MHCLG, seeking the award of £170m of capital funding. The HIF investment will support the creation of a small rural town at Hoo St. Werburgh and the expansion of some neighbouring villages.
- 7.2. The HIF works will enable the delivery of 10,600 new homes on the Hoo Peninsula by 2035, through delivery of essential enabling infrastructure including:
- 7.2.1. Highway improvements – a new road linking the A289 with the Hoo Peninsula, junction capacity improvements to service the new developments and improvements to the A289 to improve traffic flow and capacity;
 - 7.2.2. Rail investment – delivery of a new train station, improvements to the existing railway line to Grain including re-signalling and a new mainline connection. As a result of these works, passenger services to and from London and other Medway towns will be reintroduced, which will alleviate pressure on the road network and will promote modal shift; and
 - 7.2.3. Green infrastructure - investment in country parks on the Hoo Peninsula which will benefit local wildlife, as well as offering opportunities to open the river for residents to enjoy.
- 7.3. The HIF project generates a land value uplift in excess of £600m overall. Alongside the HIF funding Medway Council is also assessing means of building a robust and viable case for securing bespoke S106 contributions from developers enabling sustainable growth and the delivery of necessary social infrastructure. This would lead to additional infrastructure investment for improvements across the area and would be managed through the emerging Local Plan.
- 7.4. It is anticipated that the HIF works will be delivered by March 2024, in line with the timescales set by MHCLG.
- 7.5. The highway improvements outlined in the HIF Business Case incorporate the proposed LGF improvements to the A289 within a wider package of works. The funding package outlined within the HIF application does not include the LGF funding allocation to the Project. This reflects Medway Council's

preference to use one funding stream to deliver the full project scope, rather than a combination of LGF and HIF funding.

- 7.6. On this basis it was agreed with Medway Council, when the HIF application was submitted, that the unspent LGF funding would be returned to SELEP for reallocation through the LGF3b pipeline development process if the HIF application was successful, as the need for LGF funding would then be eliminated.

8. Housing Infrastructure Fund bid – current position and next steps

- 8.1. Medway Council were notified on 1st November 2019 that their bid for HIF funding had been successful, subject to a Grant Determination Agreement being signed.
- 8.2. MHCLG have written to Medway Council and have set out 33 conditions which have been attached to the award of funding. Officers are continuing to work through these conditions, however, at this stage none of the conditions have been identified as high risk by Medway Council.
- 8.3. It is expected that the HIF Grant Determination Agreement will be signed in July 2020, however, based on the experience of other local partners there is a risk that it could take substantially longer than anticipated to formally secure the funding.
- 8.4. The HIF delivery programme is currently being developed, meaning it is not clear at this stage when the highway works outlined in the revised LGF Business Case would be delivered as part of the HIF project. However, as MHCLG have indicated that all HIF projects should be delivered by March 2024, the Project would need to be progressed broadly in line with the updated LGF delivery programme as set out in section 5.8 in order to meet this completion date.

9. Options available

- 9.1. This report provides the Board with an update on the delivery of the LGF Project, an update on Medway Council's HIF application and sets out a recommendation for the Board to consider in relation to the LGF funding allocation to the Project.

- 9.2. The recommendation is that the Board agree one of two options:

Option 1

- 9.2.1. **Agree** that the £9.279m unspent LGF is reallocated through the LGF3b pipeline development process; and
- 9.2.2. **Agree** that there is compelling justification for SELEP not to recover the £1.821m LGF spent on the Project to date; and

- 9.2.3. **Agree** that should the HIF funding not be secured that the Project is considered for future funding opportunities, should such funding opportunities become available.

Option 2

- 9.2.4. **Agree** that the LGF should remain allocated to the Project and a further update will be provided to the Board on the 3rd July 2020 to confirm whether the HIF Grant Determination Agreement has been signed, to enable the reallocation of the unspent LGF.
- 9.3. Based on the updated delivery programme for Project progression using the LGF funding stream, as set out in section 5 of this report, approximately £8m of LGF will be spent on Project delivery beyond the end of the Growth Deal period. In line with the Board decision in February 2019, only projects which satisfy the five conditions set out below can continue to spend LGF funding beyond 31st March 2021:
- 9.3.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Accountability Board;
- 9.3.2. A direct link to the delivery of jobs, houses or improved skills levels within the SELEP area;
- 9.3.3. All funding sources identified to enable the delivery of the Project. Written commitments will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal period;
- 9.3.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the Project beyond 31st March 2021; and
- 9.3.5. Contractual commitments being in place with the construction contractors by 31st March 2021 for the delivery of the Project.
- 9.4. Medway Council are unable to demonstrate that the Project meets all five of these conditions, as according to the updated delivery programme a construction contractor will not be appointed until July 2022, meaning that the final condition will not be met. For that reason, it is recommended that the unspent LGF funding as at the end of 2019/20 is reallocated through the LGF pipeline of projects (Option 1).
- 9.5. Reallocation of the unspent LGF funding is likely to help reduce forecast spend beyond the end of the Growth Deal period as the projects on the LGF3b pipeline list were prioritised based on their ability to deliver by 31st March 2021. Whilst acknowledging that seven months have passed since the pipeline of projects was agreed by the Investment Panel reducing the likelihood of delivery by the end of the Growth Deal period, all projects on the pipeline list present with a shorter delivery timetable than the Project.

- 9.6. Successful delivery of the Project, either through the LGF or HIF funding streams, is important for Medway as it supports the delivery of their emerging Local Plan. Reallocation of the unspent LGF funding presents a risk to the delivery of the Project, should the Grant Determination Agreement not be signed and the HIF funding therefore not be secured, as the LGF funding forms the majority of the existing funding package.
- 9.7. Through the National Assurance Framework 2019, Central Government has stated that, "The LEP is expected to have in place appropriate arrangements to recover non-compliant funding. Where the LEP decides not to pursue recovery where it has identified non-compliance and has legal grounds to do so it must provide a compelling justification for its decision."
- 9.8. As Medway Council has not yet completed the delivery of the Project there are provisions under the Service Level Agreement, for the recovery of the £1.821m LGF spend to date by SELEP. However, it is not recommended to the Board that the LGF spend to date should be recovered at this stage, as it is still intended that the Project will progress to delivery on a similar timescale through the HIF funding. This is on the basis that Medway Council continue to account for the LGF spend to date as a capital cost, which is a condition of the funding.
- 9.9. Should Medway Council reach a point of agreeing that the Project will no longer progress to delivery as a result of the HIF funding not being secured, the £1.821m LGF spend to date would be likely to become a revenue cost and will therefore need to be returned to SELEP, as grant conditions from Central Government stipulate that LGF funding can only be spent on capital expenditure. Should this situation arise then the Board will be provided with an update.
- 9.10. The £9.279m LGF which is yet to be spent on delivery of the Project will be considered for reallocation to projects which have been identified as priorities through the LGF3b single pipeline development process. This provides the opportunity for the funding to be reinvested in projects which have the potential for quicker delivery and a faster pace of benefits realisation, whilst acknowledging that the alternative projects brought forward through LGF3b may not deliver the same scale of benefits as the Project, which according to the revised Business Case will support the delivery of 5,284 new homes and 9,628 new jobs.
- 9.11. At the Investment Panel meeting on 28th June 2019, a pipeline of projects was identified with the intention that these projects would be progressed should additional LGF funding become available. The pipeline of projects is set out in Table 4.

Table 4 – LGF pipeline of projects

Project	Federated Board	LGF ask	Cumulative LGF ask
University of Essex – Parkside Phase 4	Success Essex	£2,000,000	£2,000,000
Southend Town Centre Phase 2	OSE	£632,292	£2,632,292
Kent and Medway Medical School Phase 2	KMEP	£4,000,000	£6,632,292
Exceat Bridge Replacement Phase 2	TES	£610,579	£7,242,871
Eastbourne Fisherman's Quayside and Infrastructure Development Project	TES	£1,080,000	£8,322,871
New Construction Centre, Chelmsford	Success Essex	£1,295,200	£9,618,071
Colchester Grow-on Space, Queen Street	Success Essex	£3,777,451	£13,395,522
NIAB	KMEP	£1,750,000	£15,145,522

- 9.12. The reallocation of £9.279m LGF would enable the full LGF funding allocation to be assigned to all projects on the list up to and including New Construction Centre, Chelmsford. This takes into account other updates provided in the Board Agenda Pack in relation to the Marks Farm roundabout and the Groundworks and Scaffolding Training Centre at Colchester Institute projects.
- 9.13. In line with agreed governance processes, the Board would be asked to formally approve the award of funding to these projects at their meetings in May and July 2020.
- 9.14. If the LGF funding were to remain allocated to the Project until the HIF Grant Determination Agreement is signed (option 2), this would mean that these projects would not be able to come forward for funding approval until the Board meetings in September and November 2020 at the earliest given the identified risk to the timescale for signing the HIF agreement. Delaying the reallocation of funding would significantly impact on the ability of the projects to either deliver during the Growth Deal period or progress to the point where all five conditions for spend beyond the 31st March 2021 are met, whilst also likely leading to an increase in the amount of LGF spent beyond the end of the Growth Deal period.
- 9.15. It is recommended that should the HIF funding not be secured following reallocation of the LGF funding, that the Project is considered for future funding opportunities, should such funding opportunities become available. However, at this stage, the timescales and criteria for expected future funding streams, such as the Shared Prosperity Fund are unknown.
- 9.16. Should the Board choose to support Option 2, the Strategic Board will need to consider whether to endorse spend on the Project beyond the end of the

Growth Deal period, given that the Project does not meet the five conditions previously agreed by the Board.

10. Financial Implications (Accountable Body comments)

- 10.1. In considering the recommendations of this report, the Board is advised to assess the risk of further delay in spend of LGF in ensuring best use of funding and securing value for money in the use of the grant.
Delays in the delivery of the Project increases the risks associated with the overall Project completion within the Growth Deal period.
- 10.2 Delivery of the Growth Deal forms part of the Annual Performance Review (APR) assessment undertaken by Government in advance of confirming the annual LGF funding allocations. The slippage experienced by this Project detrimentally impacts on this delivery assessment, placing a risk over the outcome of the APR.
- 10.3 It should be noted that delivery of this project beyond the Growth Deal in March 2021 is subject to meeting the five conditions agreed by the Board on 15 February 2019, including obtaining endorsement from the Strategic Board.
- 10.4 If the Board agrees to Option 2, this would delay the potential release of £9.279m that could be re-allocated to support delivery of projects on the LGF3b pipeline; this delay would decrease the ability for these projects to come forward and spend the LGF by March 2021.
- 10.5 It is noted that £1.821m of LGF expenditure has already been incurred towards the delivery of the Project. In consideration of whether the Board wishes to seek to reclaim this funding, it should be noted that the conditions of the Grant will continue to be met provided that the Project expenditure remains capitalised by Medway Council. In the instance that the funding is no longer capital, Medway Council will be required to repay it in full to Essex County Council (ECC), as the Accountable Body for the SELEP, under the terms of the SLA in place for allocation of LGF.
- 10.6 ECC is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 10.7 All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 10.8 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.

11 Legal Implications (Accountable Body comments)

11.1 There are no substantive legal implications arising out of this decision.

12 Equality and Diversity implication

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

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

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

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

13 List of Background Papers

13.1 Revised Business Case for the A289 Four Elms roundabout to Medway Tunnel project

13.2 Accountability Board Agenda Pack 23rd February 2018, including decision to approve change of scope of the Project and to award initial £3.5m LGF funding to the Project

13.3 Accountability Board Agenda Pack 15th February 2019, including the agreement of five conditions for spend beyond the end of the Growth Deal period.

(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)

A289 Four Elms Roundabout to Medway Tunnel Update Report

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	06/02/2020

Forward Plan reference number: FP/AB/242

Report title: University of Essex Parkside Phase 3 LGF funding decision	
Report to Accountability Board on 14th February 2020	
Report author: Howard Davies, SELEP Capital Programme Officer	
Date: 3 February 2020	For: Decision
Enquiries to: Howard Davies, howard.davies@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of up to £5m Local Growth Fund (LGF) to the delivery of the University of Essex Parkside Phase 3 development (the Project).
- 1.2 This Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process. A total of £5m LGF has been sought by the University of Essex toward the delivery of the Project. However, at Investment Panel, the Project was split into two tranches.
- 1.3 The Investment Panel allocated an initial £3m LGF to the Project (tranche 1), based on the amount of unallocated LGF available for investment at the time of the meeting.
- 1.4 A further £2m LGF is sought towards the delivery of the Project (tranche 2), should additional LGF become available.
- 1.5 In order to ensure that the Project will be delivered, Essex County Council have agreed to underwrite the additional £2m expenditure in advance of additional LGF becoming available to the Project.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of £3m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this; subject to planning consent being secured for the delivery of the Project.
 - 2.1.2. **Agree** a further £2m LGF to Tranche 2, subject to:
 - 2.1.2.1. sufficient LGF being reallocated by the Board from other LGF projects; and

- 2.1.2.2.** planning consent being secured for the delivery of the Project.

2.3.5 Note that a comprehensive Benefits Realisation Plan will be expected prior to commencement of works

3. University of Essex Parkside Phase 3

- 3.1. The University of Essex has a vision for the Knowledge Gateway for it to become a national centre of excellence for businesses in high-value, knowledge-based sectors linked to the University's research expertise, employing over 2,000 people. This facility is intended to form the next logical development of the Knowledge Gateway, both providing further accommodation for growing businesses and enabling larger businesses to come to site for the first time, driving growth in the wider economy.
- 3.2. This Project will be an extension of the Parkside Office Village on the Knowledge Gateway site which is already home to Parkside Phase 1, consisting of nine units, Parkside Phase 1a, consisting of three units and Parkside Phase 2, consisting of seven Units. Parkside Phase 1 completed in June 2014 and has been a significant success. Phase 1a completed in September 2016 and Phase 2 completed in November 2018.
- 3.3. There are now 25 businesses located at Parkside Office Village, employing 270 people, of whom 34 are graduates or students of the University, demonstrating how the Knowledge Gateway is providing an effective mechanism for retaining highly skilled individuals within the local economy who would otherwise move away from the area post-graduation. Market interest in the units within Parkside Phase 2, comprising an additional 1,353 sq. m net internal area (14,571 sq. ft.), was strong and all the units were pre-let before opening.
- 3.4. SELEP has previously provided Growing Places Fund (GPF) loan funding to support earlier phases of development at Parkside. This includes a £3.250m GPF loan to enable the initial phase of the SME business space as the University of Essex Parkside development. The £3.250m GPF loan has been repaid to SELEP in full.
- 3.5. The aim of the Parkside Phase 3 development is to support growth in the region by providing high quality office space on the main campus of a world leading University, with the unique potential to attract and sustain high-value employment within the region.
- 3.6. Previous developments have focused on start-up and smaller office units. Parkside Phase 3 has design flexibility where a single tenant could occupy a single unit in its entirety, or the space could be sub divided into 14 units.

Through the development of this project, the Knowledge Gateway aspires to secure an anchor tenant occupying the entire unit.

- 3.7. The delivery of the Project will, based on one single unit occupier or up to 14 office units with a total area of 3,775 sqm net and assuming an employment density of 12 sq m per FTE, create in the region of 300 jobs by 2022
- 3.8. Parkside Phase 3 aims;
- 3.8.1. To leverage research expertise of the University of Essex more effectively, for the benefit of the local and regional economies.
 - 3.8.2. To create more jobs in the region, high-value employment opportunities which are under-represented within Essex economy
 - 3.8.3. To provide additional grow-on space to complement the current business eco-system available on the Knowledge Gateway, including the Innovation Centre which opened Spring 2019, further enabling the University to achieve its aim of developing Parkside into a technology cluster and SME hotspot
 - 3.8.4. To enable the Knowledge Gateway to become the 'location of choice' for innovative companies seeking business premises and innovation services to support their growth
 - 3.8.5. To stimulate and support University/business collaboration across the stages of the business cycle, from early-stage, small, and innovative businesses to larger, more established companies
 - 3.8.6. To facilitate close collaboration and interchange between business and academic researchers, graduates and placement students both in the University and through extended academic networks, nationally and internationally
 - 3.8.7. To facilitate recruitment of skilled graduates by businesses within the local economy
 - 3.8.8. To overcome a shortage of private investment in office space suitable for businesses within the knowledge economy
 - 3.8.9. To provide and facilitate access to business support to enable businesses on Knowledge Gateway to thrive
 - 3.8.10. To stimulate international collaboration and investment through SELEP, Essex County Council, Colchester Borough Council, academic, industry and other networks
- 3.9. The business case over a 10-year period generates 300 jobs at a GVA per job of £43,200, which is the average for Colchester. The Project delivers present value benefits of £75.6m and a Benefit-Cost Ratio of 11.2:1.

4. Programme

- 4.1. The time taken to bring forward the Project for the funding decision since the Investment Panel prioritised the Project has resulted in delays to the

submission and determination of the planning application, relative to the schedule set out in Table 1 below.

- 4.2. It is the ambition of the Project to mitigate this delay by running certain activities in parallel, to ensure the LGF award to the Project is spent in full within the Growth Deal period.
- 4.3. No LGF spend is currently planned beyond the Growth Deal period (ending 31 March 2021). If there is any slippage to the Project delivery programme, the Project will be required to satisfy the five conditions, set out in agenda item 3 for LGF spend beyond 31 March 2021.

Table 1 Programme

Parkside Phase 3 Timeline	Start	Period (months)	End
Planning - Pre-Application	18/01/2019	0	18/01/2019
Planning Submission/Determination	25/09/2019	5	03/03/2020 (Committee)
Detailed Design following Planning	25/09/2019	5	30/03/2020
Procurement – OJEU (Two Stage Process)	31/01/2020	5	26/06/2020
Construction	17/08//2020	12	03/09/2021 (anticipated)
Occupation/Opening			31/03/2022

5. Options Considered

- 5.1. The University of Essex has developed a long-term strategy for the development of business incubation and growth space on its Colchester campus. The creation of the Innovation Centre and the Office Village has created a pipeline of new business to feed future developments. This strategy was developed in 2012, based on an options appraisal of various potential uses for this part of the University's Colchester campus. At the time, alternative uses of the land such as leisure, residential housing etc. were discounted; while they provided cash inflows to the University, they did not help the University grow in its mission of 'excellence in Education and excellence in Research'. Uses which promoted collaboration with business and provided student and graduate opportunities provided benefits that were better aligned to the mission of a University and providing wider benefit to the region.
- 5.2. Without the intervention from SELEP the scheme will not proceed in the short term. Only with the availability of this funding will the University be able to progress the scheme and, as a consequence, deliver a step change in the quantum of net lettable space available on the Knowledge Gateway and in the opportunities for larger, more established employers to locate onto the site bringing high value jobs to the region.

- 5.3. The University wishes to proceed with the Parkside Phase 3 development to both maximise the impact that its own activities can have on the local and regional economy and to support partners in the region succeed with their own growth agenda. The Essex Economic Commission report, “Enterprising Essex: Meeting the Challenge” identified characteristics within the Essex economy requiring concerted action by partners within the county. In particular, the report highlighted that fewer people within the local economy were employed within the highest occupation groups compared with the national average (42.5% against 44% nationally); low GVA growth within the Essex economy, at 0.6% per annum since 2004 against 1.2% nationally and up to 1.5% in some other counties in the South East; a net outflow of 18-24 year olds from the local economy; and a lower incidence of larger employers than the national average (0.29% of the total compared to 0.41% nationally).
- 5.4. The location of Parkside Phase 3 will provide support to the development of the east of Colchester, with the planned A120/A130 link road enhancing the road access to the Knowledge Gateway.
- 5.5. To date planning consent has not been obtained, however an application was submitted to the planning authority on the 2nd October 2019 with a decision expected in March 2020. A pre-application was submitted to the local planning authority in December 2018 and a response was issued confirming the principle of developing the site. It is recommended to the Board that the award of funding should be subject to planning consent being secured for the delivery of the Project.

6. Public Consultation and Engagement

- 6.1. A number of stakeholders who have involvement with or interest in the Project have been identified in the Business Case. The list of stakeholders includes:
- University of Essex – Student and Academic Communities
 - Essex County Council
 - Colchester Borough Council
 - SELEP
 - Invest Essex
 - Haven Gateway
 - Essex Chambers of Commerce
 - Oxford Innovation
 - Existing tenants of Parkside
 - Future tenants of Parkside and Innovation Centre
 - Commercial Letting Agents

- 6.2. Initial discussions have already been held with all the key stakeholders. Engagement will continue throughout delivery in order to maximise the benefit offered by the Project.

7. Project Cost and Funding

- 7.1. The total capital cost of the Project is estimated at £10.5m, as set out in Table 2 below.
- 7.2. University of Essex is seeking a £5m LGF contribution towards the delivery of the Project. The remaining cost will be funded by the College through cash reserves.
- 7.3. SELEP Investment Panel allocated £3m LGF Tranche 1 funding to the Project at the Investment Panel meeting in June 2019. A further £2m LGF Tranche 2 funding is identified for the Project within the LGF3b pipeline.
- 7.4. The £2m Tranche 2 funding for the Project was identified by the Investment Panel as the top priority for LGF investment, if additional LGF underspend or unallocated funding is identified.
- 7.5. Under agenda items five, nine and 10, the Board is asked to consider the reallocation of funding from certain Projects. If this reallocation of funding is agreed and results in the return of £2m LGF to the pipeline, this will enable the £2m LGF Tranche 2 funding to be made available to the Project. As such, the recommendations of this report ask the Board to agree the award of £2m LGF to the Project subject to sufficient LGF being made available to SELEP.
- 7.6. In advance of this additional £2.0m LGF potentially becoming available, Essex County Council has agreed to underwrite the remaining £2.0m LGF sought to complete the funding package for the Project. If the remaining £2.0m LGF does not become available, this funding will be funded by Essex County Council.
- 7.7. In line with the existing SLA, the LGF funding will be allocated to Essex County Council, who will need to arrange for the funding to be transferred to the University in line with an agreed back to back funding agreement between the two parties.

Table 2 – University of Essex Parkside Phase 3 Capital Spend Profile (£)

Funding source	Expenditure Forecast					Total £000
	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	
SELEP LGF3b Tranche 1 funding				3,000		3,000

SELEP LGF3b Tranche 2 funding (or Essex County Council in the event that this is unavailable)				2,000		2,000
University of Essex		450	1,321	1,500	2,229	5,500
Total Funding		450	1,321	6,500	2,229	10,500

8. Outcome of ITE Review

- 8.1. The Project Business Case has been considered through the ITE process and has been assessed as presenting high value for money, with high certainty.
- 8.2. The Project offers high value for money, with a high certainty of achieving this with a Benefits Cost Ratio (BCR) of 11.2:1
- 8.3. The value for money assessment is based on estimating the GVA impacts. A reasonable case has been provided to justify the use of this approach over the Land Value Uplift methodology now recommended by MHCLG, since covenants limit the use to which the land can be put.
- 8.4. Whilst a Benefit Realisation Plan has been prepared for the Project, improvements should be made to this document to ensure that the approach to evaluating the Project has clearly been understood. This document will help ensure the University of Essex are able to report back to Essex County Council and SELEP about the impact of the Project following the Project completion. Post scheme evaluation information will need to be submitted to SELEP, one year and three years after Project delivery.

9. Project Compliance with SELEP Assurance Framework

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

Table 3 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives	Green	Yes, a shortage of appropriate office space has been identified and the proposed scheme helps to address this problem. The

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
identified in the Strategic Economic Plan		objectives presented align with those identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	A reasonable case has been provided to justify the use of a GVA-based approach over the LVU methodology (recommended by MHCLG).
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case shows low levels of uncertainty and strong track record of delivery.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	Outstanding queries have been addressed and the approach is now robust with assumptions made clear and justified. The BCR is 11.2:1

10. Financial Implications (Accountable Body comments)

- 10.1 All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been received, however, funding for 2020/21 remains indicative.
- 10.2 Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 10.3 All LGF is transferred to the sponsoring authority, Essex County Council, under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 10.4 The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the requirements of

the grant or in accordance with the Decisions of the Board.

11. Legal Implications (Accountable Body comments)

- 11.1. There are no legal implications arising out of this decision. The allocation will be released to the relevant Upper Tier Authority in accordance with the terms and conditions of the SLA already in place. It will be the responsibility of the Upper Tier Authority to ensure that there is a sufficient back to back agreement in place with the College ensuring that the conditions of the SLA are reflected and formulate the basis of any agreement put in place.

12. Equality and Diversity implication

- 12.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
 - b) Advance equality of opportunity between people who share a protected characteristic and those who do not;
 - c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 12.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.
- 12.4. A formal EqIA has not been undertaken for this project in isolation from recent developments on the Knowledge Gateway.
- 12.5. The design developed by the architects includes a summary of access considerations and strategies for the building. In terms of users of the site, the only formal limitation in place is a tenant selection criteria document which ensures that space is only rented to businesses which have a link or benefit to the University and its strategic objectives. The EqIA will be completed once the design is finalised

13. List of Appendices

- 13.1. Appendix 1 - Report of the Independent Technical Evaluator (as attached to Agenda Item 6).

14. List of Background Papers

- 14.1. Business Case for University of Essex Parkside Phase 3
- 14.2. Independent Technical Assessors Report

(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
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	6/2//20

Forward Plan reference number: FP/AB/265

Report title: Groundworks and Scaffolding Training Centre LGF funding decision	
Report to Accountability Board on 14 February 2020	
Report author: Howard Davies, Capital Programme Officer	
Date: 3 February 2020	For: Decision
Enquiries to: Howard Davies, howard.davies@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of Report

- 1.1 The purpose of this report is to bring forward the revised scope of the Colchester Institute Groundworks and Scaffolding Training Centre (the Project) for consideration by the Accountability Board (the Board).
- 1.2 The Project was awarded £100,000 Local Growth Funding (LGF) by the Board on 7 June 2019.
- 1.3 The Project proposed to deliver a Groundworks and Scaffolding Training Centre at Colchester Institute (the College), Essex.
- 1.4 A change request has been submitted to SELEP by the College which seeks approval from the Board to rework the Project scope to remove the scaffolding element from the Project.
- 1.5 The new downgraded Project scope would reduce the Project funding ask, commensurate to the level of project outcomes but increasing the scope of the Groundworks programme. This will deliver a three month 'Entry to Apprenticeship' programme to help ensure that candidates are committed to the apprenticeship over the long term. The new Project is to be renamed 'Groundworks Training Academy'
- 1.6 The Change Request provided by the College has been considered through the Independent Technical Evaluation (ITE) process and the amended scope of the Project has been assessed as representing very high value for money.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Approve** the change of scope for the Project which has been assessed by the ITE as presenting high value for money with high certainty of achieving this.
 - 2.1.2. **Approve** the reduction of funding to be awarded to £50,000 LGF to support the delivery of the Project.

2.1.3. **Note** that the remaining £50,000 will be returned to the LGF pot to be reallocated to the next project on the LGF3b pipeline.

3. Background – Groundworks and Scaffolding Training Centre

- 3.1 The original Project scope, reviewed by the Board in June 2019, was aimed at complementing the existing construction training facilities and looked to counter the identified barriers facing the construction sector.
- 3.2 The previous report highlighted that in Essex alone, Employment and Skills Board evidence suggests the need for 44,000 new recruits from within the Essex construction sector by 2021 and within Greater London there is already a shortfall of 40,000 skilled construction workers.
- 3.3 With a large number of construction projects planned, including the three large North Essex garden communities and associated infrastructure, there would be a real pressure to create jobs in this sector.
- 3.4 The scope identified challenges around the following:
- A lack of people looking to pursue careers in this sector
 - Few people in training
 - Challenges in recruiting tutors and assessors
 - Training provision currently provide is not always what the industry wants
- 3.5 The Project proposed to create self- contained training areas supporting both industry sectors with modular buildings to replicate site conditions. This would provide a fit for purpose training centre that would introduce new entrants to apprenticeships and up skill the existing workforce.

4. Groundworks Training Academy – Methodology behind the Change

- 4.1. Since the original Strategic Outline Business Case (SOBC) was written priorities for the College, driven by local employer needs, has shifted.
- 4.2. The College's commercial team has reported a drop in the level of employer interest/need in formal scaffolding training since the expression of interest (EOI) was first developed in August 2018 to seek LGF investment.
- 4.3. There is an apparent lack of support for participation in the scaffolding steering group – the main project employer sponsor has fallen away, and the College has been unable to replace them.
- 4.4. There is a lack of interest in off-the-job scaffolding training generally as evidenced by a review of training being delivered by others in the region including the Construction Industry Training Board (CITB), Bircham Newton.

The College has identified that businesses are preferring on-site assessments to gain individual accreditations and re-accreditations.

- 4.5. The College have now realised that there is a high level of difficulty needed to achieve accreditation to deliver the approved programmes for the scaffolding elements, including:

- 1) Facilities: There was a need to construct a building to house a minimum of 3 x 70 square metre bays (plus storage space) 3 storeys high.
- 2) Staff: There was a requirement to provide a training instructor that has 10 years on site experience, 5 years supervisor experience with a whole host of accredited qualifications

- 4.6. There is a reduced requirement for scaffolding training over the longer term as new methods of building come to the fore (modular housing)

- 4.7. There would also be difficulty in attracting appropriate lecturing and assessing staff to deliver course content at pay rates that would make the Project non-viable financially.

5. New Project Scope – Colchester Groundworks Academy

- 5.1. Project funding will still allow for site clearance and preparation, design and planning approvals. Reconfiguration and upgrade of classrooms adjacent to the site that will create a genuine first-class training facility for Essex businesses.
- 5.2. The Project will continue to provide self-contained areas, supporting the Groundworks element, with modular buildings to replicate site conditions.
- 5.3. The output of qualified Groundwork apprentices will be retained in this Project. Indeed, it is expected that the number of training courses provided as part of the Groundworks programme will increase.
- 5.4. A new course aimed at delivering a three month 'Entry to Apprenticeship' programme. The inclusion of this additional; course will help ensure that candidates are committed to the apprenticeship over a longer term.
- 5.5. The revised Project will address feedback from key employers participating in the programme, that they are experiencing difficulties in recruiting apprentices for the Scaffolding element of the Project.
- 5.6. Table 1 below shows a comparable between the original Project and revised Project. The table shows a reduction in outcomes pertaining to the scaffolding element, but it should be noted that these were mostly one day short course/accreditations as opposed to the longer courses being offered as part of the Groundworks Academy.

6. Alternative Options Considered

- 6.1. At the stage of the LGF award being made for the Project, the scaffolding element of the Project was less well developed than the groundworks aspect.
- 6.2. As a result of the change of scope, the number of apprenticeships starts will still see a net increase of 12.
- 6.3. Options were considered that offered a 'condensed scheme' that still awarded an accreditation of Construction Industry Scaffolders Record Scheme (CISRS), however the requirements needed for this 'minimum' centre included the provision of a 400 sq.m covered space which would require three separate platform areas, plus storage areas which would be beyond the financial scope of this Project.
- 6.4. Table 1 below sets out the change to the Project outcomes as a result of the change to the Project's scope.

Table 1 Change to project outcomes

Change to project outputs - Apprenticeship Starts	Original				Updated				Total
	2019 - 20	2020 -21	2021 - 22	Total	2019 - 20	2020 -21	2021 - 22	Total	variance
Apprenticeship Starts (Groundworks)	36	36	36	108	36	36	36	108	0
Apprenticeship Starts (Scaffolding)	12	24	24	60	0	0	0	0	-60
16 - 19 Entry Apprentice Programme Learners	0	0	0	0	0	36	36	72	72
									0
Total	48	60	60	168	36	72	72	180	12

Change to project outputs - Other Outputs	Original				Updated				Total
	2019 - 20	2020 -21	2021 - 22	Total	2019 - 20	2020 -21	2021 - 22	Total	variance
Construction Industry Training Scheme (CITB)									
Construction Industry Scaffolders Record Scheme (CISRS) qualified scaffolding operatives	20	60	60	140	0	0	0	0	-140
CITBB Scaffold Inspection Training (SITS) candidates	10	20	20	50	0	0	0	0	-50
Other CITB accredited training course candidates upskilling	20	36	72	128	0	0	0	0	-128
Additional Working at Heights and Confined Space Training candidates	12	24	24	60	0	0	0	0	-60
East Cheshire Training Assessment (ECTA) supported training candidates	10	30	40	80	0	0	0	0	-80
Construction Skills Certification Scheme (CSCS) Card Candidates	25	50	75	150	0	0	0	0	-150
Additional Employers engaged with the College	12	20	30	62	10	15	22	47	-15
Additional training-led jobs in construction	48	60	60	168	36	36	36	108	-60
Total	157	300	381	838	46	51	58	155	-683

7. Consultation

- 7.1 The lead employer on the Scaffolding element is no longer interested in leading on this part of the Project and the College have been unable to source an alternative employer. Essex County Council (ECC) as scheme sponsor has been made aware of the need to vary the Project.

8. Revised Project Cost and Funding

- 8.1 The total cost of the Project is reduced to £150,000, as set out in Table 2 below.

- 8.2 The College is seeking a reduced amount of LGF funding, from £100,000 to £50,000 as a contribution towards the delivery of the Project. The remaining cost of the Project will be met by the College and through Employer Groups.

Table 2 – Groundworks Training Academy Spend Profile (£)

	2019/20	2020/21	Total
SELEP LGF	50,000	-	50,000
Colchester Institute	30,000	20,000	50,000
Employer Groups	50,000		50,000
Total	£130,000	£20,000	£150,000

- 8.3 The recommendation is for the Board to approve the LGF allocation to reduce by 50% from £100,000 to £50,000 (from 40% to 33% of remaining project cost)

9 Outcome of ITE Review

- 9.1 SELEP Assurance Framework states that any variations to a project's costs, scope, outcomes or outputs from the information specified in the Business Case must be reported to the Accountability Board. When the changes are expected to have a substantial impact on forecast project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment, it is expected that the business case should be re-evaluated by the ITE.
- 9.2 The original business case for the Project, as reviewed by the ITE in June 2019 was based on a Project cost of £250,000, with a benefit to cost ratio (BCR) of 5.64:1. This represented very high value for money, with a medium/high level of certainty of that value for money.
- 9.3 Given the fact that the Project is in its delivery phase, the uncertainty about the delivery and benefits realisation from the Project has been reduced. The change request for the Project has been reviewed by the ITE. The ITE assessment confirms that the Project continues to represent very high value for money with high certainty of achieving that value for money.

10 Project Compliance with SELEP Assurance Framework

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

Table 3 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The objectives presented align with the objectives identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. An additionality assessment has not been completed but this would not be expected for a Project of this size.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates experience of delivering similar schemes. A risk register has been developed which provides itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	Given the fact that outputs are reducing by one third while project costs are reducing by more than a third we are confident that the scheme, in its changed form, will continue to represent very high value for money.

11 Financial Implications (Accountable Body comments)

- 11.1 The LGF funding of £100,000 originally allocated to the Project has not been drawn down and transferred to ECC for delivery of the Project.
- 11.2 Should the change in scope of the Project be approved and the reduction of LGF allocated be approved, the remaining £50,000 will be returned to the LGF pot to be reallocated to the next project on the LGF3b pipeline.

12 Legal Implications (Accountable Body comments)

- 12.1 There are no legal implications arising out of this decision. The allocation will be released to the relevant Upper Tier Authority in accordance with the terms and conditions of the SLA already in place. It will be the responsibility of the Upper Tier Authority to ensure that there is a sufficient back to back agreement in place with the College ensuring that the conditions of the SLA are reflected and formulate the basis of any agreement put in place.

13 Equality and Diversity implication

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

14 List of Appendices

- 14.1 Appendix 1 - Report of the Independent Technical Evaluator (as attached to Agenda Item 6).

15 List of Background Papers

- 15.1 Business Case for the Groundworks and Scaffolding Training Centre, Colchester Institute

Change Request for the Colchester Groundworks Training Academy

Groundworks and Scaffolding Training Centre, Colchester Institute LGF funding decision

(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
Accountable Body sign off Stephanie Mitchener On behalf of Nicole Wood (S151 Officer Essex County Council	 6/2/20

Forward Plan reference number: FP/AB/259

Report title: Queensway Gateway Road Project Update	
Report to Accountability Board on 14th February 2020	
Report author: Helen Dyer, SELEP Capital Programme Officer and Marwa Al-Qadi, Project Co-ordinator – East Sussex Growth, East Sussex County Council	
Date: 27 th January 2020	For: Information
Enquiries to: Helen Dyer, helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	

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 Queensway Gateway Road project (the Project).

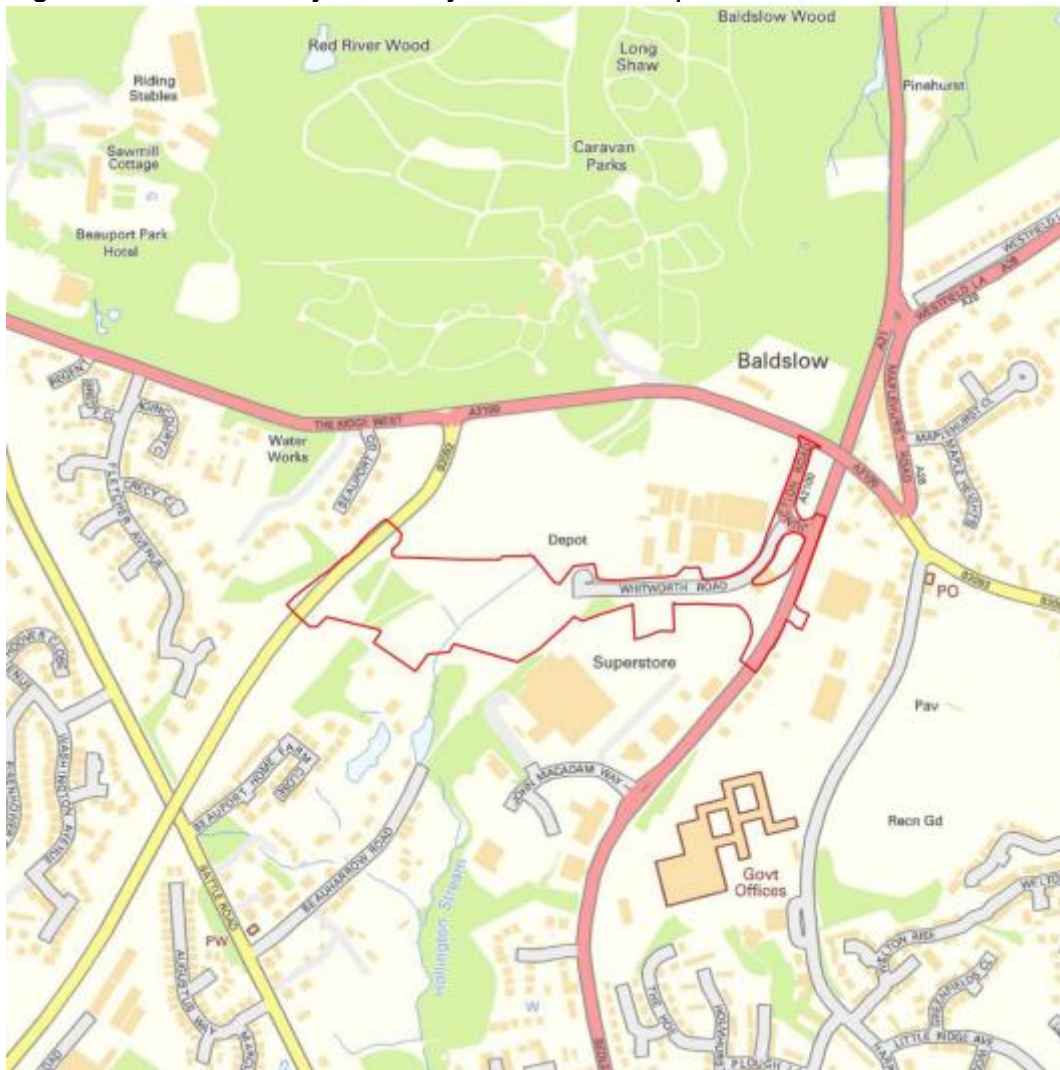
2. Recommendations

- 2.1. The Board is asked to
- 2.1.1. **Note** the latest position on the delivery of the Project; and
- 2.1.2. **Note** that the Board will be provided with a further update on the Project at its next meeting on 15th May 2020.

3. Queensway Gateway Road (the Project)

- 3.1. The Project was approved by the Strategic Board on 20th March 2015, prior to the establishment of the Accountability Board. The Project has an LGF allocation of £10m.
- 3.2. The Queensway Gateway Road scheme comprises a single carriageway road link between A21 Sedlescombe Road North and Queensway. The road will connect with Queensway running south of its junction with the Ridge West, crossing the Hollington Stream valley on an embankment and then running south of Whitworth Road to join the A21 at a new junction north of the existing Sainsbury's store, as shown in Figure 1 below. The road will include roundabout junctions at either end and a roundabout junction with Whitworth Road facilitating access to employment sites to the north and south.

Figure 1 – Queensway Gateway Road location plan



- 3.3. The road will connect the Bexhill Hastings Link Road (BHLR) to the A21, redistributing traffic from the BHLR and The Ridge heading towards the A21. The opening of the BHLR will change the balance of traffic movements in the Hastings and Bexhill area, increasing traffic volumes along the Ridge and Queensway. By relieving congestion, the Queensway Gateway Road will improve strategic connectivity in the Bexhill Hastings Growth Corridor, improving employment development potential in Queensway and employment and housing growth potential in North Bexhill.
- 3.4. The Queensway Gateway Road provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward.
- 3.5. The new road allows land to be released for employment development, as set out within Hastings Local Plan 2004 and Hastings Planning Strategy. Specifically, the road opens up the development potential of key sites south of The Ridge, with capacity for up to 12,000sqm of employment floorspace.
- 3.6. The key objectives of the Project are:

- 3.6.1. to support the development and employment potential of the Bexhill Hastings Growth Corridor;
 - 3.6.2. to improve strategic access between the A21 and Queensway/BHLR and thereby strategic access to employment and housing sites in North Bexhill and Hastings; and
 - 3.6.3. to alleviate congestion at junctions to the A21 enabling the BHLR to perform to its full potential as a driver of economic growth.
- 3.7. It is expected that the Project will lead to the creation of 900 new jobs. In addition, the development of Queensway Gateway Road and the BHLR are expected to directly contribute to the delivery of at least 60,000 sqm of new employment workspace and construction of 3,100 new homes in North Bexhill by 2028 as a result of improved connectivity.

4. Project delivery update

- 4.1. The original Project Business Case set out the intention to complete the Project by November 2016. However, delivery of the Project has been slower than anticipated due to planning delays in acquiring the land required to complete the entire route.
- 4.2. The Project is being delivered in phases with the first phase having started early in 2017. In March 2019, the western section of road was completed (70% of the total length of the road) and was opened for access to local businesses only.
- 4.3. The final section of the road, to connect the already completed sections with the A21, requires the purchase of remaining properties on the route. These acquisitions are under negotiation, however, there is currently no clear timeline as to when the acquisitions will be completed. This issue has delayed the completion of the Project and is identified as a significant risk to delivery.
- 4.4. In light of the delays encountered with the required acquisition, a temporary connection to the A21 is being progressed which will enable vehicles to use the road for access to the A21 as an interim solution until the permanent connection can be delivered. The temporary solution should have the resilience to deliver significant transport benefits and will provide the traffic management infrastructure to complete the on-line works on the A21.
- 4.5. The delivery programme set out within the original Project Business Case indicated that land acquisition would be completed by March 2016, with the Project complete by the end of November 2016. Whilst there have been substantial delays to the delivery of the Project, in comparison to these dates, it is still expected that the overall scheme can be delivered within the £12m funding package currently available.

- 4.6. The Project has an LGF allocation of £10m. LGF spend reported to the end of Q3 2019/20 by East Sussex County Council totalled £9.368m, with further spend on the next section of the permanent road link and the associated professional fees profiled for Q4 2019/20. It is expected that the balance of approximately £0.22m will be spent in 2020/21.
- 4.7. Sea Change Sussex will be funding the remainder of the works to be delivered as part of the Project, including the temporary connection.
- 4.8. It is anticipated, that following completion of the permanent connection, the Project will still deliver the benefits as set out in the Business Case and will enable the development of designated employment land within the Bexhill Hastings Growth Corridor.

5. Next steps

- 5.1. Given the strategic importance of the Project, Sea Change Sussex will continue to work towards permanent Project completion. This will be achieved through progressing three main workstreams:
 - 5.1.1. Delivery of the temporary connection with the A21 - Sea Change Sussex is currently working with Hastings Borough Council, East Sussex County Council and Highways England to progress the necessary approvals for the temporary connection. East Sussex County Council are in technical discussions with Sea Change Sussex regarding the temporary solution. Once it has been agreed, it is currently expected that the temporary solution will be in place in Spring 2020. Completion of the temporary connection will allow traffic to use the road as a through route, thereby reducing the volume of traffic currently using the Ridge and helping to address local congestion issues.
 - 5.1.2. Completion of the acquisition negotiations – In order to allow the permanent connection to progress it is essential that the required acquisitions are completed. Sea Change Sussex are working closely with East Sussex County Council who have agreed in principle to promote a Compulsory Purchase Order for the remainder of the required land. In parallel negotiations will continue with the existing property interests to acquire the requisite land required for the delivery of the permanent road connection. Sea Change Sussex are committed to completing the required acquisitions as soon as possible in order to minimise any further delay in the delivery of the permanent connection with the A21.
 - 5.1.3. Delivery of the permanent connection with the A21 - work will continue to progress toward the completion of the permanent connection to the A21 and final completion of the project. At this stage it is not possible to give a definite timeline for the completion of the permanent solution as it is dependent upon the outcome of the

ongoing acquisition negotiations. However, the use of the Compulsory Purchase Order process should ensure that the Project is completed within the 2021/22 financial year. Delivery of the permanent connection will ensure that the required infrastructure is in place to allow the employment sites to be brought forward for development, whilst also permanently addressing congestion issues in the area.

- 5.2. Despite the additional works required to complete the Project, the overall cost of the Project remains below than the original £15m estimated project cost. This has been achieved due to Sea Change Sussex being able to construct the new embankments using material available of circa 50,000m³ from other Sea Change project sites, most notably the North Bexhill Access Road during the 2017-2019 period, thus exploiting the benefits of several projects working in parallel.
- 5.3. The Project currently has an overall risk score of 'amber/red' (i.e. 4 out of 5, with 5 being high), and as a result updates will continue to be provided to the Board, until the Board are satisfied that the overall risk score for the Project has reduced.

6. Financial Implications (Accountable Body comments)

- 6.1. Should there be continued delays in the delivery of the final phase of this Project, there are increased risks associated with the overall Project completion within the Growth Deal period.
- 6.2. Delivery of the Growth Deal forms part of the Annual Performance Review assessment undertaken by Government in advance of confirming the annual LGF funding allocations. Any slippage experienced by this Project will detrimentally impact on this delivery assessment, placing a risk over the outcome of this assessment.
- 6.3. To mitigate the risk of slippage, the Board is advised to keep under review the delivery progress of this project and to take this into account with regard to any further funding decisions made. It should be noted that the full benefits of this Project that support the value for money assessments and subsequent funding decisions, are dependent on successful delivery across all phases of the Project.
- 6.4. It should be noted that any future LGF funding award will be subject to the funding having been received by the Accountable Body and will be transferred under the terms of the SLAs or Grant Agreements in place with the Sponsoring Authority.

7. Legal Implications (Accountable Body comments)

- 7.1. There are no legal implications associated with this report.

8. Equality and Diversity implication

- 8.1. 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.
- 8.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 8.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

9. List of Background Papers

- 9.1. Business Case for the Queensway Gateway Road project
- 9.2. Strategic Board Agenda Pack 20th March 2015, including decision to award funding to the Project

(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
Accountable Body sign off	
Stephanie Mitchener	06/02/2020
(On behalf of Nicole Wood, S151 Officer, Essex County Council)	

Forward Plan reference number: FP/AB/260

Report title: Bexhill Enterprise Park North Project Update	
Report to Accountability Board on 14th February 2020	
Report author: Helen Dyer, SELEP Capital Programme Officer and Marwa Al-Qadi, Project Co-ordinator – East Sussex Growth, East Sussex County Council	
Date: 27 th January 2020	For: Decision
Enquiries to: Helen Dyer, helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	

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 Bexhill Enterprise Park North project (the Project).

2. Recommendations

- 2.1. The Board is asked to

2.1.1. **Note** the latest position on the delivery of the Project;

2.1.2. **Agree one of two options:**

2.1.2.1. Option 1 - **Agree** to pause LGF spend on the delivery of the Project, beyond the £440,000 LGF already transferred to East Sussex County Council, until planning consent has been granted; or

2.1.2.2. Option 2 - **Note** the risk to East Sussex County Council of abortive LGF spend on the Project, if the planning appeal is unsuccessful. If LGF spend on the Project becomes an abortive revenue cost, this must be repaid to SELEP by East Sussex County Council, under the terms of the Service Level Agreement with the SELEP Accountable Body.

2.1.3. **Agree** that a further update on the Project which confirms the outcome of the planning appeal should be provided to the Board at their meeting on 3rd July 2020.

3. Bexhill Enterprise Park North (the Project)

Bexhill Enterprise Park North Update Report

- 3.1. The Project was identified by the Investment Panel as a priority through the LGF3b pipeline development process and was approved by the Board on 7th June 2019 for the award of £1.94m LGF.
- 3.2. Bexhill Enterprise Park North is a key element in the package of developments that have been designed as a direct response to the socio-economic challenges facing the Bexhill area.
- 3.3. The Project will deliver the site and servicing infrastructure required to access individual development plots within the business park from the North Bexhill Access Road. Delivery of this infrastructure will directly enable development on the site to proceed with the benefit of access and enable private sector investment.
- 3.4. The Bexhill Enterprise Park North site gained outline planning approval in May 2018 for 33,500sqm of employment floor space within use classes B1 and B2.
- 3.5. The delivery of the enabling infrastructure will unlock the site and will allow delivery of the first light industrial units which are essential to address the local jobs deficit in the local area. In the first instance 8,000sqm of light industrial (B1) space will be brought forward, with the potential for 8,000sqm of manufacturing (B2) space to follow.
- 3.6. The key objectives of the Project are:
 - 3.6.1. the delivery of employment floorspace;
 - 3.6.2. creation of jobs to benefit economic development;
 - 3.6.3. to enable private sector investment;
 - 3.6.4. to encourage foreign investment; and
 - 3.6.5. to demonstrate market viability.
- 3.7. In total, the wider Bexhill Enterprise Park North site has the capacity to support 493 net FTE jobs when fully delivered. Modelling of the take-up and occupancy of new development at the site suggests that the delivery of the wider project has the potential to generate £341m of GVA towards the economy by 2038.

4. Project delivery update

- 4.1. The original Project Business Case set out the intention to commence site preparation in August 2019, with the LGF funded enabling works being completed by March 2020. Thereby facilitating construction of the first industrial units on the site.

- 4.2. The delivery of the Project has been slower than anticipated due to complications encountered in the planning process.
- 4.3. It was indicated in the Project Business Case that outline planning permission had been granted in May 2018 for up to 33,500 sqm (net internal area) of employment floor space (classes B1 and B2) with roads and ancillary infrastructure and services. Planning permission was granted subject to a number of conditions being satisfied.
- 4.4. In October 2018, an application for approval of reserved matters following outline planning approval was submitted by a private sector development partner to Rother District Council. After a lengthy period of engagement and consultation, the application was considered by Rother District Council planning committee on 10th October 2019.
- 4.5. The planning committee resolved to refuse the reserved matters application for a number of stated reasons including: unacceptable phasing of the development, lack of master-planning for the site, poor design, impact on landscape character, detrimental impact on existing protected trees and failure to mitigate impacts on biodiversity.
- 4.6. On 24th December 2019, an appeal was lodged with the Planning Inspectorate in respect of the refusal of the reserved matters application. The appeal documentation includes a request for an inquiry to be held as this approach will allow for examination of expert witnesses who have input into the planning application.
- 4.7. To date £440,000 of the LGF allocation to the Project has been transferred to East Sussex County Council to support delivery of the Project. Sea Change Sussex have reported total spend to date of £0.389m, which includes spend on design, site investigation works and land acquisition. Of the £0.389m spend to date, Sea Change Sussex have sought to claim LGF funding of £0.27m in the 2019/20 financial year from East Sussex County Council.
- 4.8. The decision to refuse the reserved matters application presents a significant deliverability risk to the Project. In light of this risk to delivery, it is considered prudent to place any further LGF spend on the Project on hold until such time as the deliverability risk has reduced to an acceptable level through resolution of the planning issues. It is noted that placing LGF spend, beyond the £440,000 already transferred to East Sussex County Council, on hold until the planning appeal has concluded, would further delay delivery of the Project increasing the risk of LGF spend beyond the end of the Growth Deal.
- 4.9. Following the decision by Rother District Council planning committee to refuse the reserved matters application, Sea Change Sussex, as scheme promoter, have taken advice from a number of leading consultants and are confident in the case to be presented.

- 4.10. It is still anticipated that if the planning issues can be satisfactorily resolved the Project will deliver the benefits as set out in the Business Case, albeit to a delayed timetable.

5. Next steps

- 5.1. Following submission of the appeal, the Planning Inspectorate will now determine whether they consider that an inquiry is the most appropriate approach to conducting the appeal.
- 5.2. Whilst a timescale for the appeal has not yet been confirmed, based on average timescales for planning appeals through inquiry as published by the Planning Inspectorate, it is likely to take approximately 25 weeks from submission of the appeal to final decision. Taking into account this information, the appeal is unlikely to be decided before June 2020.
- 5.3. The delay in securing the required planning consent will have a significant impact on the delivery programme. The original Project Business Case set out the intention to commence site preparation in August 2019, with the LGF funded enabling works due to be completed by March 2020. Based on the estimated timescale for the planning appeal, it is now unlikely that site preparation will commence prior to July 2020 increasing the risk of LGF spend beyond the Growth Deal period. A revised delivery programme will be developed once the timescales for the completion of the planning appeal have been confirmed. However, based on estimated timescales it is expected that the LGF enabling works will be completed by February 2021.
- 5.4. In light of the changes to the Project delivery programme, a revised LGF spend profile has been provided, as set out in Table 1. Based on the current estimated programme all LGF funding will be spent by the end of 2020/21, however, there remains a risk that spend will continue beyond the Growth Deal period if there is any delay to the consideration of the planning appeal. A revised LGF spend profile will be provided once the timescales for the completion of the planning appeal have been confirmed.

Table 1 – Bexhill Enterprise Park North LGF spend profile

	2019/20	2020/21	Total
Original spend profile	£1.94m	-	£1.94m
Revised spend profile	£0.27m	£1.67m	£1.94m

- 5.5. In January 2020, the Strategic Board received a report which identified those projects where there is a risk of spend beyond the 31st March 2021. The Project is included within that report. Should the updated delivery programme show that LGF spend will extend beyond the Growth Deal period, East Sussex County Council and Sea Change Sussex will be asked to demonstrate how the Project meets the five conditions for spend beyond 31st March 2021, as agreed by the Board in February 2019 and as set out below:

- 5.5.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
- 5.5.2. A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
- 5.5.3. All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal period;
- 5.5.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021; and
- 5.5.5. Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project.
- 5.6. Based on the estimated timetable for the planning inquiry, it will not be feasible for a full Project update to be provided at the next Board meeting on 15th May 2020, as the planning appeal is likely to still be ongoing.
- 5.7. It is therefore recommended that a full Project update is provided at the Board meeting on 3rd July 2020 subject to confirmation of the expected timescales for the planning inquiry. It is expected that this update will:
 - 5.7.1. Confirm the outcome of the planning appeal;
 - 5.7.2. Provide an updated delivery programme if the appeal is successful;
 - 5.7.3. Demonstrate how the Project meets the five conditions for spend beyond 31st March 2021 if applicable; and
 - 5.7.4. Outline the next steps if the planning appeal is refused, including any alternative options for delivery of the Project. Noting that if there are no alternative options for Project delivery that the recommendation will be made that the funding is reallocated to the next project on the LGF project pipeline. If an alternative approach to delivering the Project is identified, this will need to be presented to the Board for approval before the Project can progress.
- 5.8. Should it not be possible for the Project to progress to delivery, this will have an adverse effect on the economic development of North East Bexhill both in terms of job creation and inward investment by the private sector, which reflects the overarching objectives of both the Project and the adjacent North Bexhill Access Road project.
- 5.9. Two potential options are presented to the Board for consideration in relation to LGF spend on the Project:

- 5.10. **Option 1** – Agree to pause LGF spend on delivery of the Project, beyond the £440,000 LGF already transferred to East Sussex County Council, until planning consent has been granted.
- 5.11. Option 1 would reduce the amount of abortive LGF spend by East Sussex County Council if the planning appeal is unsuccessful and the Project cannot progress to delivery.
- 5.12. Sea Change Sussex have indicated that work needs to continue on both the design and groundworks prior to the conclusion of the planning appeal so as to prevent any further delay to the delivery of the Project. If further LGF spend on the Project is placed on hold until the planning issues have been satisfactorily resolved, this will increase the likelihood of the LGF spend extending beyond the end of the Growth Deal period.
- 5.13. **Option 2** – Note the risk to East Sussex County Council of abortive LGF spend on the Project, if the planning appeal is unsuccessful.
- 5.14. If LGF spend on the project becomes an abortive revenue cost, this must be repaid to SELEP by East Sussex County Council under the terms of the Service Level Agreement with the SELEP Accountable Body (Essex County Council). The grant conditions from Central Government strictly specify that the LGF must be spent on capital expenditure in delivering the Project. As such, if the Board agree to continue LGF spend on the Project in advance of resolution of the planning issues (Option 2), East Sussex County Council should consider this risk.

6. Financial Implications (Accountable Body comments)

- 6.1. Delays in the delivery of this Project increase the risks associated with the overall Project completion within the Growth Deal period.
- 6.2. Delivery of the Growth Deal forms part of the Annual Performance Review (APR) assessment undertaken by Government in advance of confirming the annual LGF funding allocations. The slippage experienced by this Project detrimentally impacts on this delivery assessment, placing a risk over the outcome of the APR.
- 6.3. It should be noted that delivery of this project beyond the Growth Deal in March 2021 is subject to meeting the five conditions agreed by the Board on 15 February 2019, including obtaining endorsement from the Strategic Board.
- 6.4. Option 1 to pause the LGF spend on the Project, potentially increases the risk of further delay to deliver the Project, however, given that planning permission has been refused and the outcome of the Planning Inspectorate appeal is unknown, this could be considered as the prudent approach to avoid the risk of abortive LGF spend to East Sussex County Council.

- 6.5 To mitigate these risks, the Board is advised to keep under review the delivery progress of this project and to take this into account with regard to any further funding decisions made.
- 6.6 If LGF spend on the Project becomes an abortive revenue cost, the funding must be repaid to SELEP by East Sussex County Council, under the terms of the Service Level Agreement with the SELEP Accountable Body.
- 6.7 Essex County Council is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 6.8 All LGF is transferred to East Sussex County Council under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 6.9 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.

7. Legal Implications (Accountable Body comments)

- 7.1. There are no legal implications arising out of this decision.

8. Equality and Diversity implication

- 8.1. 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.
- 8.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 8.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where it is possible to

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

9. List of Background Papers

- 9.1. Business Case for the Bexhill Enterprise Park North project
- 9.2. Accountability Board Agenda Pack 7th June 2019, including decision to award funding to the Project

(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
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	 06/02/2020

Report title: Growing Places Fund update	
Report to Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 20 th January 2020	For: Decision
Enquiries to: Helen Dyer, helen.dyer@southeastlep.com	
SELEP Partner Authority affected: All	

1. Purpose of report

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

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the updated position on the GPF programme.
 - 2.1.2. **Approve** the revised repayment schedule for the North Queensway project
 - 2.1.3. **Approve** the revised repayment schedule for the Workspace Kent project
 - 2.1.4. **Approve** the revised repayment schedule for the Eastbourne Fisherman's Quay and infrastructure development project
 - 2.1.5. **Note** the revised drawdown schedule for the Eastbourne Fisherman's Quay and infrastructure development project
 - 2.1.6. **Note** the removal of the Discovery Park project from the GPF programme
 - 2.1.7. **Note** the increase in GPF funding available for reallocation through GPF Round 3

3. SELEP Growing Places Fund investments

- 3.1. In total, £49.21m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or has been allocated for investment in a total of 21 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 (£2m) has been ring-fenced to support the activities of SELEP's Sector Groups (known as the Sector Support Fund); as agreed by the Strategic Board.

- 3.2. The allocation of GPF funding to the new projects within GPF Round 2 is on the condition that funding will only be awarded to these projects by the Board or transferred to the lead authority if sufficient GPF is available through the repayment of GPF loans from Round 1 projects. The same condition will apply to any funding awarded through GPF Round 3. As such, on a quarterly basis, updates are provided to the Board on the latest position of the GPF projects in terms of delivery progress and any risks to the repayments of GPF loans.

4. GPF repayments

- 4.1. The loan repayment schedule for each GPF project is agreed within the credit agreement in place between Essex County Council, as Accountable Body, and the lead County/ Unitary Authority for each project. A copy of the expected repayment schedule is set out in Appendix 2.
- 4.2. Repayments are now being made on the initial GPF Round 1 investments, with £27.647m having been repaid to date.
- 4.3. In Q4 2019/20 repayments will continue to be made on initial GPF Round 1 investments, with some of the GPF Round 2 projects also starting to make repayments. In total, £14.222m is scheduled for repayment in 2019/20, including repayments which have already made in relation to the Bexhill Business Mall and Discovery Park projects, as set out in Appendix 2.

5. GPF cash flow

- 5.1. Table 1 below sets out the current cash flow position based on the planned GPF investment and the GPF available for investment though loan repayments. This assumes that the repayments are made in accordance with the agreed and proposed repayment schedules.
- 5.2. Proposed changes to repayment schedules for a number of projects, including the North Queensway, Workspace Kent and Eastbourne Fisherman's Quay and infrastructure development projects are set out in this report. These changes have been taken into account in Table 1.
- 5.3. In addition, this report provides an update on the Discovery Park project, with the £5.3m GPF allocation to the project having been returned to SELEP by Kent County Council for reallocation through the current GPF round 3. The cancellation of the project has been taken into account in Table 1.

Table 1: GPF Cash Flow Position assuming approved repayment schedules are met and taking into account proposed changes and project cancellations set out in this report

£	2019/20	2020/21
GPF available at the outset of year	13,663,002	24,250,202
GPF Round 1 planned investments	63,000	-
GPF Round 2 planned investments	3,572,000	1,705,000
Position before GPF repayments are made	10,028,002	22,545,202
GPF repayments expected	14,222,200	7,432,400
Carry Forward	24,250,202	29,977,602

- 5.4. As shown in Table 1 total GPF drawdown of £3.635m is forecast for 2019/20, with a further £1.705m expected to be drawn down in 2020/21. It is expected that by the end of 2020/21 all currently approved GPF projects will have drawn down their full allocation of funding. The drawdown schedule for the GPF programme is set out in Appendix 3.
- 5.5. As all GPF repayments were made in line with the approved repayment schedules during 2018/19 there is no gap between the amount of GPF available in 2019/20 and the project drawdown schedules (as set out in Appendix 3).

6. North Queensway – Proposed revised repayment schedule

- 6.1. The North Queensway project has received GPF investment totalling £1.5m, which has been used to fund junction improvements and preliminary site infrastructure works to prepare the site for development. It is expected that completion of the GPF works will enable the development of a new business park providing serviced development sites with the capacity for approximately 16,000m² (gross) of high quality industrial and office premises.
- 6.2. The GPF funded aspects of the project have been delivered, the GPF has been invested in full and to date repayments totalling £1.0m have been made to SELEP. However, the repayment of the remaining £500,000 remains outstanding.
- 6.3. In March 2017, the Board agreed a revised repayment schedule for the project. This change delayed repayment of the remaining £500,000 from 2016/17 to 2017/18. This was due to the commercial development at the site

not progressing at the expected rate. At that time a risk was identified that further delays to the repayment of the GPF might occur until the commercial space was delivered, as the revenue stream required to enable the final GPF repayment relied on the delivery of this space. This risk did materialise and, in February 2018, the Board were asked to consider a further revision to the repayment schedule delaying the final repayment until 2019/20. The Board took the decision to approve this revised repayment schedule.

- 6.4. A further delay to the repayment of the final £500,000 of GPF funding has now been identified. The development of the site has been delayed as a result of challenges in securing planning consent for the commercial development due to concerns raised by statutory consultees; particularly in relation to drainage issues. Whilst there is high demand from third party developers and occupiers, the challenges in securing planning consent has deterred private sector investment in the site.
- 6.5. Sea Change Sussex, as the delivery organisation for the project, is therefore intending to carry out further site enabling works. This will provide additional infrastructure to address these challenges to enable the stalled development to progress. These infrastructure works include the installation of a pumping station and provision of mains drainage, water and electricity supplies to the site.
- 6.6. Sea Change Sussex are currently working with the utility companies in respect of finalising capacities/costings, with a view to going out to tender for these works in early February 2020. It is anticipated that works will start onsite in mid-April 2020, with the programme for the utility works expected to be a maximum of 6 months.
- 6.7. This additional infrastructure investment is being taken forward by Sea Change Sussex using their own reserves. Sea Change Sussex are also now taking forward a planning application for 4,000m² of industrial accommodation on part of the site to help accelerate the process. This will enable Sea Change Sussex to either sell off development plots as originally envisaged, sell completed buildings or generate rental income in order to make the final GPF repayment.
- 6.8. As extra time is required to complete these additional infrastructure works at the site, Sea Change Sussex have requested that repayment of the final £500,000 is delayed from 2019/20 until 2020/21. Negotiations for the sale of the development plots will be carried out in parallel with these drainage and electrical works to enable plot sales to be concluded once the utility works have been completed. As such, Sea Change Sussex consider the repayment of the final £500,000 of GPF investment at the end of 2020/21, to be achievable based on current market conditions.
- 6.9. As the commercial space has not been developed at the pace originally expected within the GPF application to SELEP, the impact of the project in terms of creating new jobs has also been delayed. Demand for the

commercial space at North Queensway is high, and Sea Change Sussex has received interest from over 40 companies who are seeking industrial premises in the area. It is therefore anticipated that the project benefits will still be delivered, but at a slower pace than originally expected.

- 6.10. The delay to the final repayment of the GPF investment in the North Queensway project will reduce the amount of GPF funding available for reinvestment in 2020/21. However, it will increase the amount of funding available for investment in 2021/22, therefore having no net impact on the total amount of GPF funding available for reinvestment through GPF round 3.
- 6.11. The revised repayment schedule proposed by Sea Change Sussex is set out in Table 2 below, alongside the previous changes considered by the Board in relation to this project.

Table 2 – North Queensway Revised repayment schedule (£m)

	Repaid to date	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Original	1.000	0.500					1.500
Revised Mar 2017	1.000		0.500				1.500
Revised Feb 2018	1.000				0.500		1.500
Updated Nov 2019	1.000					0.500	1.500

- 6.12. At the Strategic Board meeting in March 2018, it was agreed that *‘where delays are identified to a project’s GPF repayment schedule on more than one occasion, this should be brought to the attention of the Strategic Board prior to the recommendation being made to the Accountability Board for approval of any further slippages.’*
- 6.13. In line with this decision, the proposed revised repayment schedule was considered by the Strategic Board at their meeting on 6th December 2019. The Strategic Board resolved to endorse the revised repayment schedule for this project. As a result, the Board are now also being asked to consider the proposed change to the repayment schedule for the North Queensway project.

7. Workspace Kent – Proposed revised repayment schedule

- 7.1. The Workspace Kent Project is a project aimed at unlocking jobs and employment opportunities by enabling increased provision of business incubator space and other workspace. The GPF loan is managed by Kent County Council as a Challenge Fund open to private developers, public sector and third parties, in order to bring forward business premises that would otherwise not be developed.

- 7.2. The Workspace Kent project was brought forward in 2012 during the early rounds of the GPF and was awarded a £1.5m GPF allocation. A loan agreement was put in place in May 2015 between Essex County Council, as the Accountable Body for SELEP, and Kent County Council but as the agreement was put in place prior to the implementation of the current Governance processes it did not set out explicit repayment dates for the loan. Loan repayment dates are, however, specified in the agreements between Kent County Council and the loan recipients.
- 7.3. Over the life of the project a number of variations to the repayment schedule were considered by the Board whilst Kent County Council completed contract negotiations with the loan recipients.
- 7.4. In February 2019, the Board considered an extended repayment schedule which took into account the loan repayment dates set out in the agreements between Kent County Council and the loan recipients. This repayment schedule was approved by the Board and was set as the baseline repayment schedule for the project, and therefore the basis for future monitoring. It was noted that any further updates to the repayment schedule would be managed in accordance with the agreed governance processes applied to all GPF projects and would therefore require a decision from the Board.
- 7.5. The latest update on the project indicates that a further change to the repayment schedule is required.
- 7.6. Through the Workspace Kent programme five projects have been supported. To date, four projects have been completed and the fifth project is due to start shortly. However, a significant risk has been identified in relation to the repayment of one of the loans provided by Kent County Council. The loan recipient is currently behind on their repayments, and despite Kent County Council taking steps to renegotiate the repayment schedule in line with income received by the business, documentation has been submitted in relation to an individual voluntary arrangement (IVA).
- 7.7. Kent County Council has now submitted a Proof of Debt Form in response to the IVA, outlining the value of the loan still owing. The balance outstanding on the loan is £18,767 and there is a risk that this will become a bad debt. Kent County Council are waiting to hear whether all or some of the remaining balance on the loan will be repaid through the IVA. Until the outcome of the IVA is known, whilst a repayment risk will be highlighted, the repayment schedule for the project will continue to indicate full repayment of the GPF loan.
- 7.8. Under the terms of the credit agreement between Essex County Council, as Accountable Body for SELEP, and Kent County Council should the £18,767 become a bad debt, the Board will be updated and asked to agree that the balance is written off. The Board will not be asked to make this decision until there is certainty that the funding cannot be recovered by Kent County Council.

- 7.9. In addition to this risk to repayment, Kent County Council have also agreed a minor adjustment to the repayment schedule with one of the other loan recipients. This change has been made to assist with the cash flow of the loan recipient and has been implemented to minimise the risk of default.
- 7.10. In light of the risk to repayment and the agreed adjustment to one of the loan repayment schedules, Kent County Council are seeking an amendment to the agreed repayment schedule for the project, as set out in Table 3.

Table 3: Repayment schedule for the Workspace Kent project (£)

	Pre 19/20	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	Total
Baseline	1,032,433	145,600	78,000	8,400	8,400	8,600	9,600	11,200	197,767	1,500,000
Updated	1,032,433	144,200	76,400	8,400	8,400	8,600	9,600	11,200	200,767	1,500,000

- 7.11. Due to the nature of the project and Kent County Council's commitment to work with the loan recipients to minimise the risk of non-repayment whilst also taking steps to protect the viability of the recipient businesses, there are likely to be further changes requested to the repayment schedule for the project. In line with agreed governance processes, these changes will first be considered by the Strategic Board before the Board are asked to approve the proposed changes.

8. Eastbourne Fisherman's Quay and Infrastructure Development – Proposed revised repayment and drawdown schedules

- 8.1. The Eastbourne Fisherman's Quayside and infrastructure development project sought GPF funding for the build of a Fisherman's Quay in Sovereign Harbour, to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet.
- 8.2. The project aims to protect the fishing fleet in Sovereign Harbour, safeguarding up to 72 fishing jobs and over £2m revenue per year, as well as the resulting impacts on the local economy.
- 8.3. The Board approved the allocation of £1.15m to the project in December 2017, however, the project has encountered a number of issues which have significantly delayed progress.
- 8.4. The Business Case considered by the Board in December 2017, set out the intention for the Eastbourne under 10m Fisherman's Community Interest Company (Eu10CIC) to purchase the land at Sovereign Harbour where the Fisherman's Quay was to be constructed.

- 8.5. The required land was owned by Carillion, and before the land purchase could be completed Carillion went into liquidation in January 2018. During the liquidation process, the land was sold to Premier Marinas Ltd.
- 8.6. Following this purchase, Premier Marinas entered into discussions with the Eu10CIC regarding the potential for a long leasehold on the site, which would allow the Fisherman's Quay to be constructed thereby protecting the fishing fleet in Sovereign Harbour.
- 8.7. Whilst agreement was reached between Premier Marinas and the Eu10CIC in relation to the leasehold for the site, significant delays have been encountered in relation to formalising and signing the lease. This was initially as a result of ongoing legal discussions regarding the terms of the lease; however, these discussions have been completed and agreement has been reached. It was therefore expected that the lease would be signed in November 2019.
- 8.8. The latest update provided on the project indicates that due to delays in processing Premier Marinas title rights by the Land Registry office, following their purchase of the land from Carillion, it has still not been possible for the lease to be completed. The required documentation was received from the land registry office on 16th January 2020, and as a result both parties are now moving as quickly as possible to achieve completion of the lease.
- 8.9. In the meantime, the Eu10CIC have been working towards discharging all pre-planning obligations to ensure that work can commence onsite as soon as possible after the lease is signed.
- 8.10. Whilst work has been ongoing to progress the lease for the use of the land, the Eu10CIC have been taking all possible steps to ensure the project progresses as quickly as possible, including appointing a construction contractor which would have allowed the project to progress in line with expected timescales. Unfortunately, the preferred contractor entered administration in early 2019 and the Eu10CIC had to appoint an alternative contractor to deliver the project. This issue has now been resolved and a contractor is in place and ready to commence construction as soon as the lease is in place and all the pre-planning obligations discharged.
- 8.11. The latest project update received provided an amended delivery programme. It is now expected that work will commence onsite in February 2020 and will run until October 2020.
- 8.12. Due to the delays encountered by the project, the Eu10CIC are seeking a revision to their drawdown and repayment schedules as set out in Table 4 below.

Table 4: Drawdown and repayment schedules for the Eastbourne Fisherman's Quay and Infrastructure Development project

£m	2017/18	2018/19	2019/20	2020/21	Total
Drawdown schedule					
Original drawdown schedule	0.5	0.65	-	-	1.15
Drawdown schedule as reported to November Board	-	-	1.15	-	1.15
Updated drawdown schedule	-	-	0.575	0.575	1.15
Repayment schedule					
Original repayment schedule	-	-	0.9	0.25	1.15
Updated repayment schedule	-	-	-	1.15	1.15

- 8.13. The Eu10CIC have secured a grant from the European Maritime and Fisheries Fund (EMFF). This funding has been awarded for the construction of the Fisherman's Quay, however, the EMFF grant will only be released to the Eu10CIC upon provision of evidence of spend. Therefore, the GPF funding is required to forward fund these works, with the EMFF grant being used to repay the GPF loan. As a result, the full repayment of the GPF loan in 2020/21 appears realistic, subject to the lease being signed in the near future enabling the works to commence onsite.
- 8.14. It is noted in the project update that the scope of the project and the expected project outcomes are unchanged as a result of the delays to delivery.
- 8.15. The delay to the initial repayment of the GPF investment in the Eastbourne Fisherman's Quay and Infrastructure Development project will reduce the amount of GPF funding available for reinvestment in 2020/21. However, it will increase the amount of funding available for investment in 2021/22, therefore having no net impact on the total amount of GPF funding available for reinvestment through GPF round 3.

9. Discovery Park – removal from the GPF programme

- 9.1. Discovery Park is a multi-business science park, which offers high quality laboratory, office and manufacturing facilities. It occupies the former Pfizer site in Sandwich (Kent), and benefits from Enterprise Zone status. The landowners have plans to bring forward residential development, alongside the commercial facilities, on part of the site.
- 9.2. The Discovery Park project was awarded £5.3m GPF in 2014, for the delivery of enabling infrastructure to support the planned residential development on the site. It was proposed that 250 homes would be built on the site.

- 9.3. The Board received an update on the delivery of the Discovery Park project in September 2019. Delivery of the project has been significantly delayed due to a number of factors including changes in land ownership and concerns raised by the Environment Agency regarding the flood risk at the site.
- 9.4. In September 2019 the Board were asked to consider whether to continue to support the GPF investment in the project or to reallocate the £5.3m assigned to the project through the current round of GPF funding (round 3). The Board resolved to continue to support the delivery of the project, subject to the following conditions:
- 9.4.1. If Kent County Council have not entered into a legal agreement with the project promoter by 31st January 2020, the GPF must be returned in 2019/20 to Essex County Council (as the Accountable Body for SELEP) for investment in new GPF pipeline projects; and
- 9.4.2. Before entering into a legal agreement with the Midos Group (landowner) for the transfer of the loan, Kent County Council must provide the SELEP Accountable Body with confirmation that:
- 9.4.2.1. the £5.3m loan will only be spent on capital;
- 9.4.2.2. the expenditure of the GPF does not constitute State Aid;
- 9.4.2.3. the GPF will be spent on contracts which are competitively procured in accordance with the UK and EU procurement guidelines and regulations, to the extent reasonably expected by a private sector company.
- 9.5. In November 2019, the Board received a further update on the project from Kent County Council, as Upper Tier Local Authority for the project. This report provided an update on progress towards meeting the conditions agreed at the September 2019 Board meeting. In addition, it set out Kent County Council's intention to charge interest on the loan to ensure that the GPF funding did not constitute State Aid and to charge an administration fee to cover the costs associated with facilitating this loan.
- 9.6. The update also sought an extension to the deadline agreed by the Board in September 2019, for Kent County Council to have entered into a legal agreement with the project promoter from 31st January 2020 to 31st March 2020.
- 9.7. The report also noted Kent County Council's intention to write to the project promoter to inform them of the intention to charge market rate interest and an administration fee. It was indicated that a deadline of 1st December 2019 would be given for the project promoter to confirm if they wished to progress with the GPF loan.
- 9.8. The Board agreed to the recommendations within the report in relation to the charging of interest and the extension of the deadline for Kent County Council to enter into a legal agreement with the project promoter. The Board also

agreed that if confirmation was not received from the project promoter by 1st December 2019 that they wished to progress with the GPF loan, that the project would be removed from the GPF programme and that the funding must be repaid to Essex County Council, as Accountable Body for SELEP, by 31st January 2020.

- 9.9. Following the November Board meeting Kent County Council received confirmation from the project promoter that, in light of the additional conditions and charges applied, they did not wish to progress with the GPF loan. Following this decision, the project has been removed from the GPF programme and the £5.3m GPF allocated to the project has been repaid in full by Kent County Council, to Essex County Council, as Accountable Body for SELEP.

10. Growing Places Fund Project Delivery to Date

- 10.1. A deliverability and risk update is provided for each GPF project in Appendix 1. A high delivery risk has been identified for the Innovation Park Medway (southern site enabling works) project, as the adoption of the Local Development Order (LDO) is required prior to commencement of the GPF southern site works. Adoption of the LDO is subject to statutory consultee comments being satisfactorily addressed, including comments raised by Highways England. An update on the delivery of Innovation Park Medway, including the GPF and Local Growth Fund aspects of the project is provided under agenda item 9.
- 10.2. A high repayment risk has been identified for the Workspace Kent project, as one of the loan recipients has fallen behind on their repayment schedule. A full update on this risk is provided in section 7 of this report.
- 10.3. Ten GPF projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 1,777 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 5 below.
- 10.4. Additional benefits are expected to be delivered through the completion of the remaining GPF projects and through the follow-on investment which has been unlocked through the infrastructure delivered with GPF investment. It is expected in many cases that there will be a time lag between spend of the GPF investment and benefit realisation due to the use of the GPF funding to enable wider development at the project location.
- 10.5. Through the regular GPF reporting, updates are sought on the wider outcomes realised as a result of the GPF investment. It has been noted that the Grays Magistrates Court GPF project, which involved the conversion of the Magistrates Court into business space, was part of a wider Grays South regeneration project which aimed to revitalise Grays town centre. Following

the conversion of the building, the additional people working in and using the premises have positively impacted the town centre.

- 10.6. The project update for the Charleston Centenary indicates that completion of the project has enhanced the potential for secondary spend and offers a new attraction to the Charleston site which is independent of the house, potentially appealing to a wider market.
- 10.7. A RAG rating is being used to assess how the completed projects are progressing towards delivering the jobs and homes outcomes stated within the Business Case. To date, it can be seen that the Parkside Office Village project has exceeded the number of jobs stated within the project Business Case, and that the Charleston Centenary project has met the forecast jobs figure for the project.
- 10.8. The North Queensway project has been completed, however, due to slower uptake of land than originally anticipated no jobs outcomes have been delivered to date. Sea Change Sussex are taking steps to accelerate development at the site, as set out in section 6 of this report.
- 10.9. There are also a number of completed projects which are demonstrating progress towards meeting the outcomes defined in the Business Case but have not yet reached the forecast, including Harlow West Essex and Sovereign Harbour.
- 10.10. A mechanism adopted in some cases to facilitate repayment of the GPF funding, is the sale of assets delivered through the GPF investment. For example, as outlined in the Growing Places Fund update report to the September Board meeting, the Sovereign Harbour project received £4.6m of GPF funding for the delivery of high-quality office space in Eastbourne. The GPF investment enabled the delivery of Pacific House, which offers 2,345sqm of office space. Initial repayments against the GPF loan have been made through rental receipts, however, in order to make the final larger repayment the intention is that Pacific House will be sold.
- 10.11. Whilst this approach ensures that the GPF funding is repaid, it does present an issue with the ongoing monitoring of the project post-completion. Once the building has been disposed of, the scheme promoter no longer has access to data regarding the number of jobs created through the delivery of the office space, meaning that the project outcomes can no longer be updated. As a result of this issue, the figures reported below for the Priory Quarter (Havelock House) and Bexhill Business Mall (Glover's House) projects reflect those last reported by the scheme promoter prior to the sale of the respective buildings.
- 10.12. The No Use Empty Commercial project continues to make good progress towards delivery of the benefits outlined in the project Business Case. To date 18 jobs have been created through the project, which exceeds the anticipated 16 new jobs as set out in the Business Case. 17 homes have been delivered to date, against an original forecast of 28. In addition, it has been noted that

15 commercial units have now been contracted to be brought back into use. This significantly exceeds the forecast of 8 commercial units which was set out in the Business Case.

- 10.13. These RAG ratings will be updated in advance of each Board meeting, based on the GPF project update reports submitted by local areas.

Table 5 - Monitoring of GPF project outcomes

Name of Project	Outcomes defined in Business Case		Outcomes delivered to date	
	Jobs	Houses	Jobs	Houses
Round 1 GPF Projects				
Priory Quarter Phase 3	440	0	240	0
North Queensway	865	0	0	0
Rochester Riverside	1,004	374	25	94
Chatham Waterfront	211	159	0	0
Bexhill Business Mall	299	0	98	0
Parkside Office Village	127	0	270	0
Chelmsford Urban Expansion	600	4,000	0	919
Grays Magistrates Court	200	0	206	0
Sovereign Harbour	299	0	218	0
Workspace Kent	198	0	116	0
Harlow West Essex	4,000	1,200	390	200
Discovery Park	Project removed from GPF programme			
Live Margate	0	66	0	38
Round 2 GPF Projects				
Colchester Northern Gateway	81	450	0	0
Charleston Centenary	6	0	6	0
Eastbourne Fisherman	4	0	0	0
Centre for Advanced Engineering	56	0	0	0
Fitted Rigging House	300	0	190	0
Javelin Way Development	311	0	0	0
Innovation Park Medway	307	0	0	0
No Use Empty Commercial	16	28	18	17
Totals	9,324	6,277	1,777	1,268

Key:

	Projects which have been completed and which have delivered the jobs or homes outcomes as defined in the Business Case.
	Projects which have been completed and which have shown some progress towards delivering the jobs or homes outcomes as defined in the Business Case.
	Projects which have been completed but which have not yet shown any progress towards delivering the jobs or homes outcomes as defined in the Business Case.
	Projects which are ongoing/yet to start and would therefore not be expected to be delivering jobs and homes outcomes in line with the figures defined in the Business Case.

10.14. It is apparent from Table 5 that benefits are also now being realised for some of the GPF round 2 projects, including Charleston Centenary and the Fitted Rigging House project.

11. GPF Round 3

11.1. On 4th October the Strategic Board agreed the approach for the prioritisation of the next round of GPF funding (round 3). Following agreement by the Board, the open call for GPF projects was issued on 8th October.

11.2. The agreed approach consists of three stages, as set out below:

11.2.1. Stage 1 – Federated Area assessment, sifting and prioritisation of projects based on Strategic Fit, using information from the Expression of Interest form;

11.2.2. Stage 2 – Independent Technical Evaluator (ITE) assessment and scheme prioritisation by the SELEP Investment Panel, based on the Strategic Outline Business Case;

11.2.3. Stage 3 – SELEP Accountability Board funding decision.

11.3. Stage 1 of the GPF process was completed in December 2019 when each Federated Board met to discuss the Expressions of Interest (EOI's) submitted for their area, to agree the local prioritisation of projects based on Strategic Fit and to decide which projects should progress to Stage 2 of the process.

11.4. Following the conclusion of each Federated Board meeting, the SELEP Secretariat were provided with prioritised lists of those proposed GPF projects which each Board felt should progress to Stage 2 of the process. Table 6 provides an overview of the EOI's received by each Federated Board and those projects which were prioritised for progression to Stage 2.

Table 6 – Summary of all GPF Expressions of Interest received and those projects which have been prioritised for progression to Stage 2 of the process

Federated Board	No of EOI's submitted	Total GPF ask in all EOI's	No of EOI's progressing to Stage 2	Total GPF ask of prioritised projects
KMEP	18	£32.7m	10	£19.2m
OSE	4	£5.1m	3	£4.75m
Success Essex	2	£4.8m	2	£4.8m
TES	8	£23.4m	6	£18.6m
Total	32	£66m	21	£47.35m

- 11.5. All projects which progressed to Stage 2 of the process were invited to produce a Strategic Outline Business Case, which was due for submission to SELEP by 24th January 2020. Of the 21 projects which progressed to Stage 2, 19 submitted Business Cases for consideration.
- 11.6. Stage 2 will initially be led by the ITE and will involve an independent assessment of all Strategic Outline Business Cases. Discussions will be held with scheme promoters, following the completion of an initial assessment by the ITE, to allow clarification questions to be addressed and to provide the opportunity for the scheme promoters to respond to the initial feedback from the ITE.
- 11.7. The ITE will then produce their final assessment of the projects, and this will be presented to the Investment Panel alongside the prioritised lists produced by the Federated Boards based on Strategic Fit. Federated Boards will be given the opportunity to respond in writing to the final assessment presented by the ITE.
- 11.8. An Investment Panel meeting has been scheduled for 17th April 2020 in order to agree the SELEP wide prioritised list of GPF projects.
- 11.9. In line with usual governance processes, the final funding decision will be made by the Board. It is envisaged that the first GPF funding decision will be presented to the Board in July 2020.
- 11.10. At the start of the GPF round 3 process, it was indicated that £20.724m of GPF funding would be available for reinvestment through the process, with £15.595m available in 2020/21 and the remaining £5.129m available in 2021/22. As a result of the cancellation of the Discovery Park project, and the updated repayment schedules for the North Queensway, Workspace Kent and Eastbourne Fisherman's Quay and Infrastructure Development projects, the amount of GPF available for reinvestment and the split between 2020/21 and 2021/22 has changed, as set out in Table 7.

- 11.11. The level of GPF funding available for reinvestment will continue to be reviewed in light of any further changes to agreed repayment schedules.

Table 7 – GPF funding available for reinvestment

	2020/21	2021/22	Total
GPF available for reinvestment (as set out in GPF round 3 Guidance Note)	£15.595m	£5.129m	£20.724m
GPF available for reinvestment (taking into account changes outlined in this report)	£19.163m	£6.318m	£25.481m

12. Financial Implications (Accountable Body Comments)

- 12.1. The 2019/20 forecast cashflow position indicates that there is sufficient funding available to meet the agreed GPF investments due in this financial year. This assumes that all repayments are made as planned and considers the proposed repayment scheduling outlined in this report.
- 12.2. Although non-repayment of the majority of loans has been identified as low risk, it should be noted that any repayments not made in line with their approved profile will put at risk the funding required for the GPF programme to be maintained as an effective recyclable loan scheme. As such, it is recommended that all GPF repayment risks continue to be monitored as part of the regular GPF updates reported to the Board.
- 12.3. If the loan detailed in this paper under 7.6. and 7.7. relating to the Workspace Kent project becomes a bad debt, under the terms of the credit agreement between Essex County Council, as Accountable Body for SELEP, and Kent County Council, the Board will be updated and asked to agree that the balance is written off. The Board will not be asked to make this decision until there is certainty that the funding cannot be recovered by Kent County Council. This will reduce the GPF pot by £18,767 available for reinvestment.
- 12.4. It is noted that actual delivery of jobs and homes reported remains out of line with the expected levels identified in the business cases for most completed projects and there has been some evaluation of why delivery of outcomes is lower than expected. This should continue to form part of the on-going monitoring with reasons for under delivery explained fully to the Board. Where appropriate, these reviews should be used to inform future business case estimations of growth to ensure there is not a pattern of over-ambition.
- 12.5. It is noted that the next round of GPF funding allocations during 2019/20 has begun. A total of £25.481m (table 7) is expected to be available for reinvestment. This is an increase of £4.8m compared to £20.724m which had been agreed by Strategic Board in October 2019 to be allocated in the next funding round. This increase is due to the return of Discovery Park funding of £5.3m which has now been cancelled and allows for the payment rescheduling of certain projects.

13. Legal Implications (Accountable Body Comments)

- 13.1. Each award of GPF approved by the Board is supported by a Loan Agreement, which sets out the terms and conditions of the loan, and sets out the repayment schedule. Where changes are proposed to the project and/or repayment schedules, where an agreement is in place, a Deed of Variation will be required to amend the agreement and place the revisions within the terms of the Agreement.
- 13.2. The Agreements stipulate that the dates provided within the Drawdown Schedule are the earliest date by which a request to draw down the instalments can be made by the recipient authority. Accordingly changes to those dates and instalment values will require a deed of variation to the agreement currently in place, to ensure that the new Drawdown Schedule is brought within the terms of the Agreement.

14. Equality and Diversity implications (Accountable Body Comments)

- 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:
 - 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.
- 14.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 14.3. 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.

15. List of Appendices

- 15.1. Appendix 1 – Growing Places Fund Project Summary
- 15.2. Appendix 2 – Growing Places Fund Repayment Schedule

15.3. Appendix 3 – Growing Places Fund Drawdown Schedule

16. List of Background Papers

- 16.1. Accountability Board Agenda Pack March 2017 (previous North Queensway amended repayment schedule decision)
- 16.2. Accountability Board Agenda Pack February 2018 (previous North Queensway amended repayment schedule decision)
- 16.3. Strategic Board Agenda Pack March 2018 (decision regarding consideration by Strategic Board for GPF projects which have submitted revised repayment schedules on more than one occasion)

(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
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	06/02/2020

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Growing Places Fund Round One									
Priory Quarter Phase 3	East Sussex	The Priory Quarter (Havelock House) project is a major development in the heart of Hastings town centre which has delivered 2,247m ² of high quality office space with the potential to facilitate up to 440 jobs. Havelock House has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.	The Priory Quarter (Havelock House) project is now complete and has delivered 2,247m ² of high quality office space. To date the project has created 240 jobs, with the forecast of 440 jobs still achievable when the building is fully occupied. Havelock House has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.	Project Complete	Project Complete	Havelock House has been sold enabling full repayment to be made in 2018/19.	As the building has now been sold, it is difficult to obtain data regarding the number of jobs created as a result of the project		
North Queensway	East Sussex	The project has delivered the construction of a new junction and preliminary site infrastructure in order to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000m ² (gross) of high quality industrial and office premises.	GPF invested, project complete and repayments are being made.	Project Complete	Project Complete and GPF funding spent in full	Risk to repayment schedule due to continued slow take up of land. A revised repayment schedule has been provided for consideration by the Board.	Slower uptake of land than was initially anticipated has impacted on the delivery of project outcomes.	Planning application for a car showroom on 7,200sqft of the site has been approved. However, there is a risk that occupation of the site will not proceed.	
Rochester Riverside	Medway	The project will deliver key infrastructure investment including the construction of the next phase of the principal access road, public space and site gateways. This development is to be completed over 7 phases and should take approximately 12 years. The scheme will include: 1,400 new homes (25% of which are affordable), a new 1 form entry primary school, 2,200 sqm of new office & retail space, an 81 bed hotel and 10 acres of public open space.	The first housing units were completed in Q2 of 2019. The Plaza launched on 17th October. It is expected that the commercial premises will now be occupied in 2019, rather than 2020 as originally planned. Work has commenced on the planning application for the school.	This project is already on site and the S106 agreement was signed at the end of January 2018.	The GPF Funding has already been spent	Medway Council is happy with the current repayment programme and has made the first two repayments.	The contractor is on site and will be delivering 1,400 homes, 1,200sqm of commercial space, a new school, hotel and various new open spaces. The scheme is now delivering more than was originally intended and there are no delivery risks.		Overall the project is on track to deliver outputs and outcomes.
Chatham Waterfront	Medway	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for the Chatham Waterfront Development. A waterfront development site that can provide up to 115 homes over 6 storeys with ground floor commercial space and 115 parking spaces.	Pre-commencement archaeology onsite works are being carried out. Initial pre-commencement planning conditions submitted for approval. Site set up is continuing.	The location of the new substation is still to be agreed with UKPN. Discussions are ongoing with UKPN.	The GPF Funding has been spent.	Medway Council is comfortable with the current repayment schedule.	Development project will deliver 175 new homes and additional commercial space.		Project currently on time and any risks are being mitigated
Bexhill Business Mall	East Sussex	The Bexhill Business Mall (Glover's House) project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Bexhill Enterprise Park in the A259/A21 growth corridor.	Glover's House has been delivered and is currently occupied by a single tenant. The building has been sold which allowed full repayment of the GPF loan to be made during 2019/20	Project Complete	Project Complete	GPF funding repaid in full	As the building has now been sold, it is difficult to obtain data regarding the number of jobs created as a result of the project		
Parkside Office Village	Essex	SME Business Units at the University of Essex. Phase 1, 14,032 sqft.; 1,303sqm lettable space, build complete June 2014. Phase 1a 3,743 sqft.; 348 sqm - complete September 2016.	Project complete and GPF funding repaid in full. 270 jobs created through the project.	Project Complete	Project Complete	Project Complete and loan repaid in full.	All units fully occupied with enquiry waiting list. Expected job outcomes realised.		Project Complete

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Chelmsford Urban Expansion	Essex	The early phase of development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The fund will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1,350, improving cash flow and the simultaneous commencement of two major housing schemes.	GPF invested, project complete and GPF has been repaid in full.	Project Complete	Project Complete	Project Complete and loan repaid in full.	Expected project outcomes not yet delivered.		Project Complete
Grays Magistrates Court	Thurrock	The project has converted the Magistrates Court to business space as part of a wider Grays South regeneration project which aims to revitalise Grays town centre.	GPF invested, project complete and repayments are being made. The refurbished building is now in use and having a positive impact in the town centre.	Project Complete	GPF funding spent in full	Final repayment will be made in Q4 2019/20		The only significant risk to the project now is a significant economic down turn which impacts on occupancy	
Sovereign Harbour	East Sussex	The Pacific House project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Sovereign Harbour Innovation Park in the A22/A27 growth corridor.	The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2,345m ² of high quality office space. Pacific House is currently 85% let and has delivered 218 jobs.	Project Complete	Project Complete	Revised repayment schedule approved by Accountability Board in September 2019			
Workspace Kent	Kent	The project aims to provide funds to businesses to establish incubator areas/facilities across Kent. The project provides funds for the building of new facilities and refit of existing facilities.	There are five projects within this programme. Of these, one project is due to commence shortly, one project has been completed and has repaid in full, two projects are meeting their repayment schedule and one project is behind on their targeted repayment schedule. Following a successful application in relation to one further project, the remaining funding allocation will be drawn down in Q4 2019/20.	The final project will commence in Q4 2019/20 and will utilise the remaining funding allocation to the project.	The remaining funding will be spent on a fifth project which was approved in December 2019.	Paperwork has been received regarding an Individual Voluntary Arrangement (IVA) in relation to one of the loan recipients. A Proof of Debt form has been submitted by Kent County Council and the outcome of the IVA process is awaited.	Some job numbers have been delayed for approximately one year due to a new project build not completing in accordance with the agreed programme. However, the remainder of the project is on schedule for delivery and outcomes will be realised.		
Harlow West Essex	Essex/Harlow	To provide new and improved access to the London Road site designated within the Harlow Enterprise Zone.	Project delivered to a reduced scope.	Project Complete	Project Complete	Final repayment due in Q4 2019/20	Enterprise zone is operational with 85% of space let.		Further works in the programme ongoing in Harlow that help improve the overall viability and attractiveness of the Enterprise Zone.

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Discovery Park	Kent	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	The project promoter has informed Kent County Council that they no longer wish to proceed with the GPF loan and therefore the project has been removed from the GPF programme. The GPF funding has been repaid in full by Kent County Council and will be reallocated through GPF round 3.	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme
Live Margate	Kent	Live Margate is a programme of interventions in the housing market in Margate and Cliftonville, which includes the acquisition of poorly managed multiple occupancy dwellings and other poor quality building stock and land to deliver suitable schemes to achieve the agreed social and economic benefits to the area.	<p>"Phase 1" has been completed. "Phase 2" is underway.</p> <p>Contracts have been exchanged on a property, which once redeveloped has the potential to create approximately 27 dwellings. Exchange of contracts is awaited on another site, which contains a number of derelict homes that could be refurbished and brought back into use.</p> <p>Other poorly managed multiple occupancy dwellings and other poor quality building stock properties that accord with the loan agreement criteria are being refurbished to bring them back into use.</p> <p>To date the GPF funding is being used to support the creation of 55 new homes. To date 38 units have been completed and occupied.</p> <p>Discussions are ongoing with three other projects, which have the potential to bring a further 5 homes back into use.</p>	Offers have been accepted on two properties, with exchange of contracts complete for one property and anticipated for the second. Other potential investment opportunities are also being examined, that accord with the loan agreement objectives and criteria.	Spend delays would be primarily caused by delays in the acquisitions completing due to nature of the property market, profile of private landowners in the area and the council needing to ensure best consideration is achieved.	Subject to exchanging successfully, the repayment profile should be met.	From the land and sites identified, and positive engagement of partners, there is now greater certainty that the target of 66 homes will be achieved by 24/25.	As with any development project, there is a planning risk, although for the identified properties this is considered to be low risk.	
Revenue admin cost drawn down	n/a		n/a						
Harlow EZ Revenue Grant	n/a		n/a						
Growing Places Fund Round Two									

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Fitted Rigging House	Medway	<p>The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit space initially providing a base for eight organisations employing over 350 people and freeing up space to create a postgraduate study facility elsewhere onsite for the University of Kent Business School. The project also provides expansion space for the future which has the potential to enable the creation of a high tech cluster based on the work of one core tenant and pre-existing creative industries concentrated on the site. The conversion will provide 3,473m² of office space.</p>	<p>Building works to the project are now mostly complete. The building is now fully occupied, with all 8 tenants operating from their new working spaces.</p> <p>Works to Chatham Historic Dockyard Trust Archive, Library and Volunteer Centre have been delayed due to issues with the installation of lifts. However, the lift is now in place and works are expected to complete in March 2020.</p>	Project approaching completion.	GPF allocation spent in full.	Tenant spaces are now fully occupied, generating the income streams needed to meet the GPF repayment schedule. Any shortfall will be offset by charitable reserves.	Tenant spaces are now fully occupied and the businesses continue to grow.		
Innovation Park Medway (southern site enabling works)	Medway	<p>The Project is part of a wider package of investment at Innovation Park Medway. The Innovation Park is one of three sites across Kent and Medway which together forms the North Kent Enterprise Zone.</p> <p>The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing, high value technology and knowledge intensive industries. These businesses will deliver high value jobs in the area and will contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.</p> <p>The Project will bring forward site enabling works on the southern site at the Innovation Park.</p>	<p>Demolition of the disused building is now complete.</p> <p>Consultants have been appointed to undertake design work in line with the Masterplan and draft Local Development Order. The design work is in progress and is on track to meet the programme. Once the Local Development Order has been adopted, the final design will be taken through the self-certification process and work will subsequently begin on site.</p> <p>There remains a risk to the adoption of the LDO as any comments submitted by statutory consultees must be satisfactorily addressed before the LDO can be taken forward. Discussions are ongoing with Highways England and Natural England.</p>	Adoption of the Local Development Order is required prior to commencement of the GPF southern site works. Adoption of the LDO is subject to statutory consultee comments being satisfactorily addressed, including comments raised by Highways England.	<p>Spend of the GPF funding may be delayed depending upon when it is possible to adopt the LDO. The design concept has been agreed and the detailed design is being progressed so that the self-certification process can commence as soon as the LDO is adopted.</p> <p>Options to accelerate delivery of the scheme are being reviewed to minimise spend delay.</p>	Soft market testing to date indicates a high level of interest with businesses ready to take up plots as they become available. Capital receipts/business rates will then become available for repayments. However, development of the site is dependent upon the LDO being adopted.	Delivery of Project outcomes is dependent upon the LDO being adopted. Once the LDO is in place there will be minimal risk to the realisation of Project outcomes as there has been significant interest in the site.		
Centre for Advanced Engineering	Essex	Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on an industrial estate in Leigh on Sea. The project will also facilitate the vacation of the Nethermayne site in Basildon, which has been identified for the development of a major regeneration scheme.	Phase 1 completed and operational for start of 2018/19 academic year including motor vehicle and engineering. Phase 2 was completed in November 2018, allowing student enrolment from December 2018. The project was completed on time, to quality and within the revised budget.	Project delivered	GPF funding spent in full	No risk to repayment schedule	Delivery of project outcomes currently being calculated		

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Colchester Northern Gateway	Essex	<p>This development is located at Cuckoo Farm, off Junction 28 of the A12. The overall scheme consists of: relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes, providing in total around 35% affordable units and on site infrastructure improvements facilitating the development of the Sports and Leisure Hub.</p>	<p>The new sports hub is currently under construction with completion expected in August 2020.</p> <p>Outline planning application has been submitted to the LPA in relation to the proposed development on the site. There are ongoing discussions with Highways England in relation to the traffic impact of the proposals.</p> <p>A full planning application has been submitted to the LPA in relation to the first phase of infrastructure linked with the access roads. Alongside this a procurement process is underway to appoint a contractor to deliver these works. It is expected that work will commence onsite in late April 2020.</p>	Work is continuing onsite to deliver the sports hub	GPF will be drawn down in line with the agreed schedule	There is a risk in relation to concerns raised regarding the impact of the development on traffic flow.	Project outcomes will be delivered as per the Business Case	No update provided	No update provided
Charleston Centenary	East Sussex	The Charleston Trust have created a café-restaurant in the Threshing Barn on the farmhouse's estate. This work is part of a wider £7.6m multi-year scheme – the Centenary Project – which aims to transform the operations of the Charleston Farmhouse museum.	The GPF funded works on the café-restaurant are now complete and the café-restaurant is open.	Project complete	GPF funds spent	No issues identified with agreed repayment schedule			
Eastbourne Fishery	East Sussex	<p>This capital project has secured £1,000,000 European Maritime and Fisheries Fund (EMFF) grant funding to build a Fishermen's Quay in Sovereign Harbour to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet.</p>	<p>There have been delays in relation to the signing of the lease between the landowner and the Fisherman's CIC due to a number of factors, however, all issues have now been resolved and steps are being taken by both parties to ensure that the lease is signed as soon as possible.</p> <p>Due to the delays experienced in commencing construction of this project, a revised repayment schedule has been proposed for consideration by the Board.</p>	There has been a delay in beginning work on the project, however, the project is still deliverable and work will commence onsite in the near future.	Project has experienced a number of delays which have resulted in delayed start of GPF spend. Once the agreement is in place with the landowner work on the project can commence and the GPF funding will be spent in full.	Delays encountered in finalising the lease have resulted in a revised repayment schedule being proposed.	Objectives and deliverables are still as per the original Business Case, but will be delivered to a different timetable due to the delays encountered.		
No Use Empty Commercial	Kent	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	<p>The project has contracted with 12 projects in Dover, Folkestone and Margate.</p> <p>These projects will provide 15 commercial units and 28 residential units in total. To date, 9 commercial and 17 residential units have been brought back into use.</p>	All GPF funds were drawn down by March 2019. Contracts are now in place to ensure delivery of the outcomes stated within the Business Case. Steady progress being made in terms of delivery.	The full £1.0m of GPF funding has been allocated to projects	The individual projects currently supported by No Use Empty Commercial have repayment dates which will fulfil the requirement to repay the first £500,000 by March 2021.	Contracts are now in place to ensure delivery of the outcomes stated within the Business Case	No other risks identified. The number of commercial units in contract exceed the total stated in the Business Case.	

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Javelin Way development project	Kent	The project aims to develop the Javelin Way site for employment use, with a focus on the development of Ashford's creative economy. The project consists of two elements: the construction of a 'creative laboratory' production space and the development of 29 light industrial units.	The procurement process is now underway. Planning permission has been granted and the RIBA stage 4 design is now complete.	Procurement has commenced	No new risks to spend	Full repayment still expected at end of March 2022..	On target to be delivered as per Business Case.	Design has not progressed as quickly as anticipated.	Still on schedule and on budget as set out in Business Case.

Appendix 2 - Growing Places Fund Repayment Schedule

Name of Project	Upper Tier	Total Allocation	Total Drawn Down to date	Total Spent to Date	Total Repaid by 31st March 2019	2019/20 total	2020/21 total	2021/22 total	2022/23 total	2023/24 total	2024/25 total	2025/26 total	2026/27 total	Total
Revenue admin cost drawn down	n/a	2,000	2,000	2,000										2,000
Harlow EZ Revenue Grant	n/a	1,244,000	1,244,000	1,244,000										1,244,000
Round 1 Projects														
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000	7,000,000	7,000,000									7,000,000
North Queensway	East Sussex	1,500,000	1,500,000	1,500,000	1,000,000		500,000							1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000	4,410,000	240,000	1,650,000	2,520,000							4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042	2,999,042	-	1,000,000	1,000,000	999,042						2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000	6,000,000	1,025,000	4,975,000								6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000	3,250,000	3,250,000									3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000	1,000,000	1,000,000									1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000	1,400,000	1,100,000	300,000								1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000	4,600,000	525,000	300,000	300,000	3,475,000						4,600,000
Workspace Kent	Kent	1,500,000	1,437,000	1,437,000	1,032,433	144,200	76,400	8,400	8,400	8,600	9,600	11,200	200,767	1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000	1,500,000	1,200,000	300,000								1,500,000
Discovery Park	Kent	5,300,000	5,300,000	-	-	5,300,000								5,300,000
Live Margate	Kent	5,000,000	5,000,000	2,100,000	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000			5,000,000
Sub Total		46,705,042	46,642,042	38,442,042	17,372,433	13,969,200	5,396,400	5,482,442	1,008,400	1,008,600	1,009,600	11,200	200,767	46,705,042
Round 2 Projects														
Colchester Northern Gateway	Essex	2,000,000	-	-	-	-	-	2,000,000						2,000,000
Charleston Centenary	East Sussex	120,000	120,000	120,000	-	53,000	36,000	31,000						120,000
Eastbourne Fisherman	East Sussex	1,150,000	-	-	-		1,150,000							1,150,000
Centre for Advanced Automotive ar	South Essex	2,000,000	2,000,000	2,000,000	-	-	-	2,000,000						2,000,000
Fitted Rigging House	Medway	550,000	550,000	550,000	-	200,000	300,000	50,000						550,000
Javelin Way Development	Kent	1,597,000	1,597,000	-	-	-	-	1,597,000						1,597,000
Innovation Park Medway	Medway	650,000	120,000	48,948	-	-	50,000	600,000						650,000
No Use Empty Commercial	Kent	1,000,000	1,000,000	900,000	-	-	500,000	500,000						1,000,000
Sub Total		9,067,000	5,387,000	3,618,948	-	253000	2036000	6778000	-	-	-	-	-	9,067,000
Total		55,772,042	52,029,042	42,060,990	17,372,433	14,222,200	7,432,400	12,260,442	1,008,400	1,008,600	1,009,600	11,200	200,767	55,772,042

Appendix 3 - Growing Places Fund Drawdown Schedule

Name of Project	Upper Tier	Total Allocation	Total drawn down to end 2018/19		2019/20 total	2020/21 total	2021/22 total	Total scheduled for drawdown
Round 1 Projects								
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000					7,000,000
North Queensway	East Sussex	1,500,000	1,500,000					1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000					4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042					2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000					6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000					3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000					1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000					1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000					4,600,000
Workspace Kent	Kent	1,500,000	1,437,000		63,000			1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000					1,500,000
Discovery Park	Kent	5,300,000	5,300,000					5,300,000
Live Margate	Kent	5,000,000	5,000,000					5,000,000
Sub Total		45,459,042	45,396,042		63,000	-	-	45,459,042
Round 2 Projects								
Colchester Northern Gateway	Essex	2,000,000	-		1,350,000	650,000		2,000,000
Charleston Centenary	East Sussex	120,000	120,000					120,000
Eastbourne Fisherman	East Sussex	1,150,000	-		575,000	575,000		1,150,000
Centre for Advanced Automotive an	South Essex	2,000,000	2,000,000					2,000,000
Fitted Rigging House	Medway	550,000	550,000					550,000
Javelin Way Development	Kent	1,597,000	-		1,597,000			1,597,000
Innovation Park Medway	Medway	650,000	120,000		50,000	480,000		650,000
No Use Empty Commercial	Kent	1,000,000	1,000,000					1,000,000
Sub Total		9,067,000	3,790,000		3,572,000	1,705,000	0	9,067,000
Total		54,526,042	49,186,042		3,635,000	1,705,000	-	54,526,042

Forward Plan reference number: (N/A)

Report title: SELEP Operations Update	
Report to Accountability Board	
Report author: Suzanne Bennett Chief Operating Officer	
Date: 24 January 2020	For: Information
Enquiries to: Suzanne.bennett@southeastlep.com	
SELEP Partner Authority affected: Pan-LEP	

1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report includes an update on risk management and updates on items of governance. The financial update is now included in a separate report.

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** the risk register at Appendix A and the update included below;
 - 2.1.2. **Note** the update on the LEP Review and Assurance Framework; and
 - 2.1.3. **Note** the update on the Annual Performance Review.

3. Risk Register

- 3.1. As previously reported, programme risks of the LGF are reported as part of the Capital Programme update and more general risks are covered in this report.
- 3.2. There has been a great deal of activity within the Secretariat since the last meeting of the Accountability Board and the progress made has reduced the likelihood of some risks occurring. Therefore, the risks associated with the LEP Review and the production of the Local Industrial Strategy have been downgraded to a medium and low risk respectively.
- 3.3. There have also been a number of changes at a national level following the General Election in early December 2019. This has increased the rating of some risks relating to future funding and policy decisions and the downgrading of others associated with additional work supporting Brexit.

LEP Review

- 3.4. Over the Christmas 2019 period the final decisions were made by the Strategic Board on the governance documentation for the LEP Review. There are now decisions pending in partner organisations, but current timelines are such that SELEP Ltd will be registered on 28 February 2020 should all those approvals be gained. We have worked with partners to ensure that these decisions are programmed in so the likelihood of not reaching this timeline has reduced.
- 3.5. The Deputy Chair recruitment is complete and the preferred candidate has been selected, thus ensuring another LEP Review recommendation has been met. The two remaining Federated Boards that required a refresh of membership have now been through that process. A full and open recruitment was run for both Kent and Medway Economic Partnership (KMEP) and Opportunity South Essex (OSE) in the last couple of months. Confirmation on those members selected to become Directors of SELEP Ltd (pending governance decisions in other organisations in some cases) will be made in February 2020.
- 3.6. With these changes and other small changes to strengthen our governance policy suite, we will be compliant with the majority of the LEP Review recommendations at the end of February 2020. There are governance decisions to be made in other organisations so the likelihood of not being compliant cannot be entirely dismissed, but it has reduced and therefore this risk is downgraded to medium.
- 3.7. However, there is a risk that the recommendation of female representation on the Board being at least 33% might not be met. The Chair of SELEP has been clear that he expects Federated Board nominated representatives to the Strategic Board be gender balanced. It is currently unclear as to what the impact will be if the gender balance representation is not met. Government have informed us that the Annual Performance Review assessment of Governance will be rated as Requires Improvement if the 33% is not achieved but it is not clear whether Government will sanction those LEPs with a Requires Improvement rating.
- 3.8. In order to mitigate the potential impact of not receiving Core Funding (£500,000) from Government, which is the most likely sanction to be taken if a Requires Improvement rating is applied, a renewed assessment of the 2020/21 revenue budget is being made to identify activity that could be deleted or postponed. Additionally, it is now probable that there will be a larger underspend on 2019/20 budget, mainly due to an increased interest receipt on capital funds held and reduced project activity due to a focus on the LEP Review. This underspend could be carried forward to offset the loss of the Core Funding Grant and therefore the impact of this grant not being provided could be largely mitigated. Further information on the Forecast position is included within the Finance Update (Agenda item 17)
- 3.9. If Government chose to withhold Local Growth Fund (LGF) grant in 2020/21 the impact would be much more serious. This would also impact on delivery partners who currently have projects in progress and are in contractual

arrangements with third parties, meaning they may need to meet those obligations from their own budgets. Should this happen there is a very high risk that those partners would choose to not continue their relationship with the LEP. Representations will be made to Government to highlight the severe impact of withholding LGF. This would be a particularly harsh sanction given that best efforts have been made across the Partnership and the target missed only by only a very small margin. There has been considerable improvement shown over the year moving from a 18% female representation in April 2019.

- 3.10. In the event that LGF grant is withheld in 2020/21, a review across the whole programme will be undertaken to assess the impact on projects currently underway and for those yet to start, with an update brought back to the Board at the earliest opportunity.

Local Industrial Strategy

- 3.11. Following a huge effort from members of the team and partners a working draft of the LIS was discussed with Board in January 2020. Discussions have begun with Government in advance of full submission and no major issues have been flagged. The timelines for the LIS have adjusted very slightly in our favour as there is a significant backlog within Government on agreeing those LISs already submitted. Currently we are expecting the LIS to be agreed with Government at some point in the summer., This has meant that the risk of not producing a LIS in line with Government's expectations and timelines has been downgraded to a low but this should be considered in conjunction with the increase in the rating of the risk related to changes in policy by Government.

Other Risks Now Ranked Low

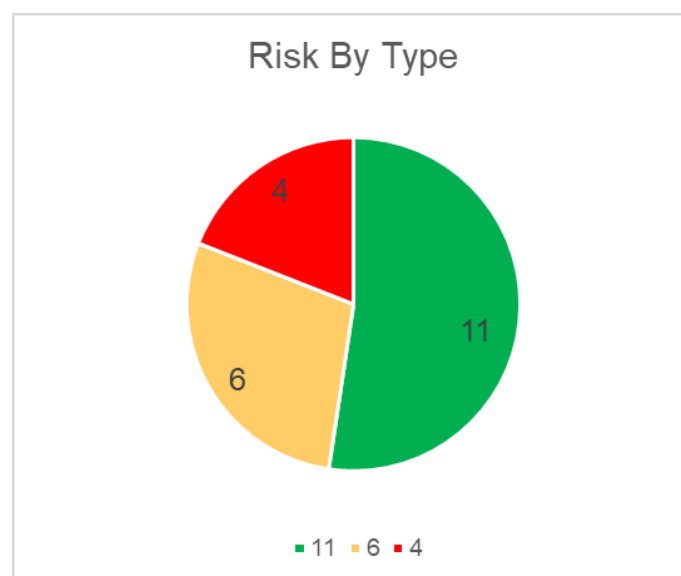
- 3.12. The risk relating to work connected to Brexit is now rated low due to the Withdrawal Agreement and Transition period being in place. However, this could increase again as we move towards the end of Transition at 31 December 2020.
- 3.13. At the meeting of the Strategic Board in January 2020 the Board agreed to extend the Chair's term by a further (and final) two years. A more detailed Succession Planning approach has also been adopted to mitigate the risks of changes to senior members of the Board such as the Chair and Deputy Chair.

Future Policy Direction and Funding

- 3.14. We are now very close to the start of the final year of the LGF Programme and the ESIF funding programme is also coming to an end as the UK withdraws from the EU. Whilst there has been discussion over the last few years of a new fund called the UK Shared Prosperity Fund (UKSPF) being the replacement for both these programmes, there has been no meaningful information shared despite a consultation being promised in the Autumn of 2018.
- 3.15. Following the General Election in December 2019 there has effectively been a change in administration. At time of writing, a Cabinet reshuffle is still pending

as is the March Budget and the Comprehensive Spending Review. However, it would appear that Government's focus is on the northern parts of England at least in the short term. There has also been a marked decrease in references to the National Industrial Strategy and the productivity challenge more generally.

- 3.16. These two events present a number of risks to SELEP. Firstly, there is no new capital investment funding available beyond 31 March 2021. This will also impact the revenue budget as this is largely funded through the interest receipts paid on capital funds that held prior to investment. The Secretariat is currently working with the Accountable Body Finance Team, Essex County Council, to model potential scenarios of how the team could be funded beyond 31 March 2021 and these will be presented to the Board at their next meeting following provisional outturn position on this year's spend and the consequent balances held in reserves, but the opportunities are very limited.
- 3.17. Without further access to capital funding it is very unlikely the ambitions in the LIS could be delivered and the productivity gap faced by the South East and the UK more generally will continue or worsen.
- 3.18. There may be a policy change away from LISs meaning a revised or new strategy will need to be put into place which will both stretch the resource of the team and could create "strategy fatigue" in our partners and business communities meaning they would be less likely to engage.
- 3.19. There is little that the Secretariat can do to mitigate these risks. Further efforts are being made to communicate with MPs in our geography to ensure they are well apprised of the impact of the partnership and understand the partnerships role in driving economic growth. We are also working with our neighbouring LEPs in the southern part of England to build a common case for investment in our areas. Despite this mitigation, the future funding of the LEP remains the highest ranked risk.
- 3.20. There still remains a risk around the workload and pressures on the Secretariat team but this has eased slightly as the LEP Review and LIS programmes of work have advanced. The management team of the Secretariat will continue to work to mitigate the risk through workload planning and support to the team. At time of writing no confirmation of funding for 2020/21 has been received but plans have been constructed on the basis of Government funding continuing. A more stable and structured approach to funding by Government would allow for a better resourcing approach within the team. We will continue to work with our neighbouring LEPs and the LEP Network to lobby for this.
- 3.21. We are currently managing 21 risks, four of which are high and six medium risks. Full details on these risks can be found at Appendix A.



4. Local Assurance Framework Implementation Plan

- 4.1. It is the role of the Accountability Board to oversee the implementation of the requirements of the Local Assurance Framework (LAF). To receive grant funding from central government, SELEP must have in place a LAF which demonstrates full compliance with the National Assurance Framework, published by central Government in January 2019. The LAF Implementation Plan, included at Appendix B sets out the actions required to ensure that SELEP is fulfilling its commitments under the LAF.
- 4.2. The most challenging but pressing actions detailed in the Implementation Plan relate to the recommendations of the LEP Review. Specifically, the requirement for incorporation and the changes to board composition. Government is keen to see these requirements of the LEP Review implemented as soon as possible, so it is crucial that SELEP maintains momentum with this work.
- 4.3. These changes must be implemented by the end of 2019/20 financial year in order to receive SELEP's grant and core funding in 2020/21. As such, the implementation of these changes remains a priority for SELEP.
- 4.4. As highlighted above at 3.4 onwards, a great deal of activity was undertaken on the LEP Review since the last meeting of the Accountability Board. The final decisions required of Board were made and the registration of SELEP Ltd is now dependent on decisions within partner organisations. The Secretariat and the Accountable Body have been working with key organisations to ensure that these decisions are programmed so that they are made before the end of February 2020.
- 4.5. On the basis that those decisions are passed and the company is registered the only outstanding issue on the LEP Review would be gender diversity. Federated Boards have been through open and transparent recruitment processes and we are waiting for final confirmation of who each Board member will be.

- 4.6. Further work will be needed on the diversity agenda as the target becomes even more stretching and requires 50% representation by 2023. The Chair is also committed to considering diversity more generally. It is agreed that a more diverse Board is likely to be a more effective Board and as a partnership we should be looking across all protected characteristics not just gender. We will be sharing learning from the recent Deputy Chair recruitment process and continue to work with the Southern LEPs group that has been formed to consider diversity.
- 4.7. All Board members will be supported through an induction process which will make clear the changes in the governance structures of the LEP and their revised roles and responsibilities, including as Directors of a limited company. Counsel's Advice on the liabilities of Directors has been circulated and Directors' Insurance will be put in place.
- 4.8. The Board has agreed to extend the term of the Chair for a further two years. This is the final extension allowable under the Assurance Framework and Board Recruitment Policy. We have strengthened our Succession Planning Policy and have a process that will begin nine months before the final term ends on 21 March 2022. This will allow sufficient time for the Strategic Board to consider any changes to the role and person specification before launching a full recruitment process.
- 4.9. A revised Assurance Framework has been constructed and approved by Strategic Board which will be adopted when the company is registered and supporting guidance documents such as the Guide to Governance and Board Members' Handbook have been created. At the next meeting of the Board a final report will be made on the current Implementation Plan and a new Implementation Plan/Action Plan to monitor ongoing performance against the revised Assurance Framework will be presented.

Key Performance Indicators

- 4.10. We are tracking a number of KPIs to ensure there is compliance with the governance requirements in the Assurance Framework. These can be found at Appendix C. Generally, all targets have been met but there are still some issues with the publication of minutes for Federated Boards, however it is acknowledged that officers supporting the Federated Boards have been implementing the changes required under the LEP Review which has created additional workloads. The target for the publication of business cases in advance of Accountability Board has been met for the first time for the February 2020 meeting.

5. Annual Performance Review

- 5.1. The Annual Performance Review (APR) formal meeting was held on 27 January 2020. As in earlier years, the Cities and Local Growth Unit (CLGU) has refined the process for the APR. LEPs will continue to be assessed on three categories of performance: Strategic Impact, Governance and Delivery.

The scoring for the three categories differs. Strategic Impact is rated as a binary met/not met requirements. The other two categories have the following possible ratings:

- Inadequate
- Requires Improvement
- Good
- Exceptional

- 5.2. The CLGU will make an assessment based on the information shared at the meeting, alongside template submissions required of each LEP. These templates were submitted in December 2019 and can be updated on 1 March 2020. The templates included information on the current performance across the three categories; this includes investment spend, evidence of strategic impact and evidence of the LEP meeting all requirements under the LEP Review.
- 5.3. Subsequent to the submission of the updated templates on 1 March 2020, CLGU will go through a process of moderation of scoring across all the LEPs and the final scores will be provided to LEPs at the end of that month. No major issues were raised at the meeting on 27 January 2020 and pending all the LEP Review requirements being met by 1 March 2020 then our score is expected to be positive. However, as noted above, if the gender balance target isn't met then the Governance category cannot be rated higher than Requires Improvement.

6. Accountable Body Comments

- 6.1. It is a requirement of Government that the SELEP agrees and implements an assurance framework that meets the revised standards set out in the LEP National Assurance Framework.
- 6.2. The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 6.3. A requirement for the release of the Local Growth Fund (LGF) grant to SELEP for 2019/20, was that the S151 officer of the Accountable Body had to provide confirmation to the Government, by the 28th February 2019, that the SELEP has the following in place:
- 6.3.1. the processes to ensure the proper administration of its financial affairs;
 - 6.3.2. compliance with the minimum standards as outlined in the National Assurance Framework (2016) and the Best Practice Guidance (2018); and
 - 6.3.3. whether or not SELEP was expected to be compliant with the new National Local Growth Assurance Framework (2019) by 1 April 2019.

- 6.4. This confirmation was provided to the Government, by the S151 Officer, on the basis that the revised SELEP Local Assurance framework was agreed by the Board at its March 2019 meeting, with a caveat that the requirement to adopt a legal entity by April 2019 is exempt by Government; this requirement is expected to be met by April 2020.
- 6.5. The S151 Officer of the Accountable Body is required, by the revised Assurance Framework, to ensure that their oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 6.6. In addition, the S151 Officer is required to provide an assurance statement as part of the Annual Performance Review and, by 28 February each year, they are required to submit a letter to the MHCLG's Accounting Officer. This must include:
- Details of the checks that the S151 Officer (or deputies) has taken to assure themselves that the SELEP has in place the processes that ensure proper administration of financial affairs in the SELEP;
 - A statement outlining whether, having considered all the relevant information, the S151 Officer is of the opinion that the financial affairs of the SELEP are being properly administered (including consistently with the National Local Growth Assurance Framework and SELEP's local Assurance Framework); and
 - If not, information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the SELEP to be properly administered.
- 6.7. At present, no significant issues are arising with regards to the financial affairs of SELEP. It should be noted, however, that as SELEP transitions to becoming an incorporated entity, the arrangements with the Accountable Body will be reviewed and formalised as appropriate, to reflect the chosen arrangements agreed by the Strategic Board.
- 6.8. The key risk at present is the time remaining to finalise and implement the revised arrangements for the new company is the implementation of the induction programme for the new Board of Directors, including appropriate advice setting out what it means to be a Director of SELEP Ltd.

7. Financial Implications (Accountable Body comments)

- 7.1. The 2019/20 Core funding and LGF grant payments were confirmed and received in full by the Accountable Body in April 2019.
- 7.2. Given that future grant payments are reliant on continued assurances from the S151 Officer of the Accountable Body, it is essential that efforts continue to be made to ensure appropriate consideration and prioritisation is given to implementing the Assurance Framework in full.

- 7.3. Currently, no significant financial risks have been identified for 2019/20 as the majority of the funding anticipated from Government has been received and planned funding profiles for projects are expected to be met. In addition, SELEP has more than sufficient reserves to offset its revenue commitments should this be required. Uncertainties do, however, remain with regard to the Investments made by SELEP to Hadlow College, which remain subject to investigation; further information in relation to this issue can be found in Agenda item 19.
- 7.4. The main funding risk relates to the receipt of future funding from Government as this continues to be confirmed on an annual basis, undermining future planning and is counter-intuitive to the expectations of Government within the National Assurance Framework.
- 7.5. Essex County Council, as the Accountable Body for the SELEP, is only able to meet funding commitments made by the SELEP, where it is in receipt of sufficient funding to do so and any spend is in line with the requirements of the Local Assurance Framework and any conditions associated with individual funding allocations.

8. Legal Implications (Accountable Body comments)

- 8.1. There are no legal implications arising from this report

9. Equality and Diversity implications

- 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. Through SELEP's activities, SELEP will ensure that any equality implications are considered as part of the Board's decision making processes.

10. List of Appendices

- 10.1. Appendix A – Risk Register
- 10.2. Appendix B – LAF Implementation Plan

10.3. Appendix C – Governance and Transparency KPIs

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)

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	6/2/20

South East LEP

Risk Register - medium and high risks only

Ref	Risk Description and impact	Likelihood	Impact	Score	Rank	Mitigation	Risk Owner	Dates/ Deadlines	Notes
3	LEP Review recommendations (those agreed by Board) not implemented in line with Govt requirements. Potentially impacts on future years funding, including core funding, LGF, UKSPF and APR	3	5	15	Med	All Board decisions have been taken and final governance decisions by partner organisations are in train. Induction for new Directors is being planned. Fed Board refreshes have happened and Deputy Chair recruitment almost complete. Final numbers on diversity should be known by February Accountability Board meeting. See new risk 33.	AB/SB	Various	
7	LGF Programme now slipping beyond 31/03/2021 - there is a risk that Govt changes their position and this slippage has a negative impact on the reputation of the LEP and future allocations of funding	3	4	12	Med	Capital Programme Manager continuing to update Govt officials and ensuring tight conditions on those projects slipping beyond the programme date	RM	Ongoing	
9	Increase in scope of work and requirements from Government overwhelm team. Stress increases and with a consequent increase in staff turnover and sickness. Further impacting the ability to achieve deadlines	4	5	20	High	Workloads are still high but eased slightly following the peak of the LEP Review and LIS work programmes and reduction of input required around Brexit. However, the forthcoming Cabinet reshuffle and Budget may create further resourcing issues	AB/SB	Ongoing	
19	Achievement of Growth Deal outcomes	4	3	12	Med	The outputs that were agreed in the LGF may not be deliverable due to changes to the economic environment on a national or sub-national basis. Whilst this is fairly likely, it is probably unlikely that there will be much impact as long as we can demonstrate the reasons for non-delivery	RM	Ongoing	
20	Future funding levels change	5	5	25	High	We will shortly begin the final year of the Growth Deal. There are no details on funding streams that might replace LGF or the ESIF funding and the promised white paper on UKSPF still has not been issued. The revenue budget is largely dependent on the interest earned on the capital funds held so the future sustainability of the team is in question. Scenario planning has commenced with the Finance Team. Without capital funding it will be all but impossible to make the interventions needed to deliver the LIS	AB/SB	31/03/2021	LGF is due to be completed by this time

South East LEP

Risk Register - medium and high risks only

Ref	Risk Description and impact	Likelihood	Impact	Score	Rank	Mitigation	Risk Owner	Dates/ Deadlines	Notes
25	Change in national government or change in policy direction requires wholesale changes to work plans and direction of travel during the year	4	5	20	High	Cabinet reshuffle is due in February and Budget the following month. Current narrative from Government is focussed on Northern areas, coupled with uncertainty about future funding streams, this creates a risk around the future viability of the LEP. A major change in policy now could make our nearly finalised LIS obsolete and require a revised or new strategy to be put into place	AB/SB	Ongoing	
29	Hadlow College educational administration. Hadlow College has entered into educational administration. £11m of SELEP funding has been invested in the college. There is a risk that grant funding may not have been correctly applied. If the grant funding has been correctly applied there is a further risk that the benefits related to the project may not be realised. If grant funding has not been correctly applied there may be a requirement for SELEP to repay grant monies to Government	4	4	16	Med	Communication with the Administrators continues but a clear view on whether the grant has been incorrectly applied has still not been reached. Conversations are beginning with MHCLG as to what course of action they will take should the grant funding not have been correctly applied, in particular whether they would seek to clawback. Provision may need to be made in the Statements of Account for 2019/20 to cover any potential cost of clawback. Further work is being undertaken to put in provisions to protect investments in the future	RM	Ongoing	
30	Changes to Board membership - 3 federated areas are going through or have been through a recruitment refreshment. There may be a large turnover of Board members requiring additional support from the Secretariat and creating a risk that organisational knowledge is lost or Board members aren't properly made aware of governance/policy requirements	3	4	12	Med	Changes to Board composition and requirements to run recruitment processes at a Federated level mean there is a possibility of a large churn of Board membership. Board Member induction is now being planned and implemented. Governance documentation is updated to reflect the new structure and supporting documentation including a Guide to Governance and Board Members Handbook are being produced	SB	31/03/2020	

South East LEP

Risk Register - medium and high risks only

Ref	Risk Description and impact	Likelihood	Impact	Score	Rank	Mitigation	Risk Owner	Dates/ Deadlines	Notes
33	Not meeting Government's requirements of 33% female Board Membership on the Strategic Board by 31 March 2020	5	4	20	High	Final information on Directors has not been recieved from Federated Areas. There is a risk that nominations might not equate to a 33% of female representation. If this is the case this would result in a Requires Improvement rating for the Governance section of the Annual Performance Review but we do not know whether Govt will sanction LEPs for this rating and if so, what sanction that might be. The Chair has been clear on his expectations for gender balance in representations. Currently assessing the budget for 2020/21 in case Core Funding is not provided - it is probable that we could mitigate the effect of this. If LGF capital funding was to be withheld the impact would be far more serious	AB	31/03/2020	



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

LEP REVIEW IMPLEMENTATION PLAN 2019-20

Updated January 2020



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INTRODUCTION

This is a working document which will log, plan and update the SELEP's progress in implementing the LEP Review.

There are 3 sections:

1. The first section is for changes not fully implemented which will require the involvement of the Strategic Board.
2. The second section is for changes not fully implemented that can be actioned by officers.
3. The third section is for changes that have already been implemented and are either complete or require ongoing maintenance.

CHANGES REQUIRING BOARD OVERSIGHT AND/OR APPROVAL

INCORPORATION

Creating a legal personality

**To have a legal personality in place.
The Strategic Board has agreed in principle to a 'nil return' company.**

Deadline: 31st March 2020

Risk: MEDIUM/HIGH

Status: IN PROGRESS

Task	Expected Completion Date	Risk factors	Status
To agree that SELEP will incorporate by March 2020 per Government requirements	March 2019		COMPLETE Agreed by the board at March 2019 Strategic Board meeting.
Agree to establish sub-group(s) for this work	March 2019		COMPLETE Agreed at March 2019 Strategic Board meeting.
Circulate further definition for sub groups including composition and structure of meetings.	May 2019		COMPLETE Document circulated by CEO on 14/05/19 outlining the proposal of 2 sub-groups, one for board composition (see below requirement) and one for legal personality. This included details of membership and outlined the function of these sub-groups
To agree the type of company to register.	June 2019		COMPLETE The Strategic Board agreed at their June 2019 board meeting to form a company limited by guarantee.

<p>To agree who will be members and who will be directors of the company.</p>	<p>October 2019</p>	<p>Delivery risk: MEDIUM Reliant on the Strategic Board making a decision at the October 2019 meeting. A joint meeting of the two sub-groups is being held on September 11th as an opportunity to develop the recommendations to be presented to the Strategic Board in October 2019.</p> <p>Impact of non-delivery: HIGH A decision on the 4th October is necessary to form the company limited by guarantee by the end of the financial year. If a decision cannot be made on October the 4th, this may cause delays in incorporation and other actions rely on this decision (e.g. creating the suite of documents).</p>	<p>COMPLETE The Legal Personality sub-group presented options to the Strategic Board at the October 2019 meeting. The Strategic Board have decided that the company directors will be the Strategic Board members and the members of the company will be all the Federated Board members.</p>
<p>To create and agree the articles of association.</p>	<p>December 2019</p>	<p>Delivery risk: MEDIUM Reliant on support from Essex Legal Services. It has been made clear by the sub-group that these articles must be very thorough in defining the function of the different parts of SELEP. Requires approval process for any changes so no margin for error. Short timescale for processing through Local Authority governance procedures.</p> <p>Impact of non-delivery: HIGH Cannot incorporate without articles of association.</p>	<p>COMPLETE The Articles of Association were agreed by Electronic Procedure on January 6th 2020. The Articles will need to go through the governance processes of each upper tier Local Authority, and any private organisations as relevant, as part of the process of signing up the Directors of SELEP Ltd.</p>

<p>To create and agree a Framework Agreement</p>	<p>December 2019</p>	<p>Delivery risk: LOW As a completely new document, this will require thorough consideration by the Secretariat, Legal Personality subgroup, upper tier Local Authority Monitoring Officers and the Accountable Body before it can be considered by the Board. If it is approved by the Board, it then must go through the governance processes for each upper tier Local Authority. The timescales are short and there has not been a clear consensus regarding this document within the Legal Personality subgroup.</p> <p>Impact of non-delivery: LOW Although useful, this document is not a government requirement and will not affect funding.</p>	<p>IN PROGRESS The agreement has been finalised. Parties to the Agreement (the six local authorities) need to formally take decisions to enter into the agreement. This is happening in conjunction with the decision on Board Director as detailed above.</p>
<p>To register the company on Companies House.</p>	<p>February 2020</p>	<p>Delivery risk: MEDIUM Dependent on articles of association being agreed.</p> <p>Impact of non-delivery- HIGH Would cause non-compliance with the requirements of the LEP review and therefore put future funding at risk.</p>	<p>NOT YET STARTED The Company will be registered on the 28th of February 2020.</p>

BOARD COMPOSITION

Changing size and public/private sector ratio

The Strategic Board must have no more than 20 members, with an option for five co-opted members, with at least two thirds from the private sector.

Deadline: 28th February 2020

Risk: **MEDIUM/HIGH**

Status: **IN PROGRESS**

Task	Expected completion date	Risk factors	Status
To agree that SELEP will change board composition by March 2020 per Government requirements	March 2019		COMPLETE Agreed by the board at March 2019 Strategic Board meeting.
Agree to establish sub-group(s) for this work	March 2019		COMPLETE Agreed at March 2019 Strategic Board meeting.
Circulate further definition for sub groups including composition and structure of meetings.	May 2019		COMPLETE Document circulated by CEO on 14/05/19 outlining the proposal of 2 sub-groups, one for board composition (see below requirement) and one for legal personality. This included details of membership and outlined the function of these sub-groups
To tender an Independent review of the Board to inform Board Composition sub-group discussions and to present a final report to the Strategic Board in October 2019.	June 2019		ABANDONED There were no bids for this work. The sub-group has decided that this work is not necessary, and the report will be written by officers.

To agree the composition of the new board.

October 2019

Delivery Risk: MEDIUM

The decision itself is reliant on agreement at the Strategic Board meeting. The proposal has been developed through the sub-groups to incorporate member's views throughout the process.

Impact of non-delivery: HIGH

If a decision cannot be taken at the October Board meeting, then this will delay the implementation of the LEP review. Recruitment of the new Board needs to happen as soon as possible in order to meet the March deadline, and any delay within this will make this a much tighter deadline. Other actions are also reliant on this decision. The articles of association required to incorporate the Board cannot be written if the board composition is not decided. This would have a knock-on effect for the entire suite of documents.

COMPLETE

The Board Composition sub-group presented their proposal to the Strategic Board during their October Board meeting. The Board agreed the proposal with one amendment as follows:

No.	Membership
1	Chair – business
2	Deputy Chair – business
3	East Sussex CC Leader or Cabinet Member
4	Essex CC Leader or Cabinet Member
5	Kent CC Leader or Cabinet Member
6	Medway Council Leader or Cabinet Member
7	Southend-on-Sea Borough Council Leader or Cabinet Member
8	Thurrock Council Leader or Cabinet Member
9	Essex Federated Board Business Chair
10	Essex Federated Board business representative
11	Opportunity South Essex Board Business Chair
12	Opportunity South Essex business representative
13	Kent & Medway Economic Partnership Business Chair
14	Kent & Medway Economic Partnership business representative
15	Team East Sussex Business Chair
16	Team East Sussex business representative
17	Business representative – KMEP

			<table><tr><td>18</td><td>Business representative – KMEP</td></tr><tr><td>19</td><td>Business representative – KMEP</td></tr><tr><td>20</td><td>Business representative – Open recruitment</td></tr><tr><td>Sub Total – Main Board</td><td>6 Public 14 Private</td></tr><tr><td>Proportions</td><td>30% Public 70% Private</td></tr><tr><td colspan="2">Co-opted positions (refreshed yearly)</td></tr><tr><td>21</td><td>Local Planning Authority Leader or Cabinet Member</td></tr><tr><td>22</td><td>Local Planning Authority Leader or Cabinet Member</td></tr><tr><td>23</td><td>Further Education representative</td></tr><tr><td>24</td><td>Higher Education representative</td></tr><tr><td>25</td><td>Third Sector representative</td></tr><tr><td>Sub Total – Co opts</td><td>2 Public 3 Private</td></tr><tr><td>Proportions</td><td>40% Public 60% Private</td></tr><tr><td>GRAND TOTAL</td><td>8 Public 17 Private</td></tr><tr><td>Overall proportions</td><td>32% Public 68% Private</td></tr></table>	18	Business representative – KMEP	19	Business representative – KMEP	20	Business representative – Open recruitment	Sub Total – Main Board	6 Public 14 Private	Proportions	30% Public 70% Private	Co-opted positions (refreshed yearly)		21	Local Planning Authority Leader or Cabinet Member	22	Local Planning Authority Leader or Cabinet Member	23	Further Education representative	24	Higher Education representative	25	Third Sector representative	Sub Total – Co opts	2 Public 3 Private	Proportions	40% Public 60% Private	GRAND TOTAL	8 Public 17 Private	Overall proportions	32% Public 68% Private
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Proportions	40% Public 60% Private																																
GRAND TOTAL	8 Public 17 Private																																
Overall proportions	32% Public 68% Private																																
To assemble the new Board	February 2019	<p>Delivery Risk: LOW</p> <p>All Board members will be company directors, so there is inherent risk as each member needs to register as a company director, and this may be subject to governance procedures and/or legal advice. Most of the Strategic Board seats are reliant on recruitment through the Federated Boards. All Federated Boards already have members that could be nominated for the Chair and</p>	<p>IN PROGRESS</p> <p>All Federated Boards are aware of the requirements and will be able to identify their representatives by February 2019. The candidate for the Deputy Chair, and the extension to the Chair’s term, will be agreed at the January Strategic Board meeting.</p>																														

		<p>Deputy Chair recruitment is where most of the risk lies, particularly for the Chair if he decides to stand down in December, as the timescales are tight.</p> <p>Impact of non-delivery: HIGH This new Board must be assembled in order to be compliant with Government requirements and receive funding.</p>	
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Increasing Diversity

To improve the gender balance and representation of those with protected characteristics on the Board.

Deadline: 28th February 2020

Risk: MEDIUM

Status: IN PROGRESS

Task	Expected Completion Date	Risk factors	Status
Recruit at least 33% women to the board and improve representation of those with protected characteristics.	March 2020 Strategic Board meeting	<p>Delivery risk: HIGH SELEP does not have control over who is selected as the Local Authority members, who are currently all male. Effort will be made to increase the number of women on the Board but this is unlikely to reach the required number.</p> <p>Impact of non-delivery: HIGH SELEP is committed to achieving the target of improving diversity on its Board and will do all that is possible to meet this requirement. If the target is not met, there is no explicit risk to funding, however the SELEP will need to evidence the steps taken to try and improve diversity. The Government has also indicated increasing</p>	<p>IN PROGRESS The number of female representatives on the Strategic Board has increased, such as through changes to the Higher Education representative. Discussions around diversity have been held within both sub-group meetings, particularly around targeted advertising and strategic wording to increase inclusivity. Federated Boards, although not required under the LEP review, will need to replicate this requirement as far as possible, in order to enable the SELEP to nominate members from the Federated Boards up to the Strategic Board. The number of female board members is included</p>

		this target to achieve an equal gender balance by 2023, so this is obviously a long-term direction for the SELEP and may become a strict requirement in the future.	on the governance KPI report to the Accountability Board to assist in monitoring progress towards meeting this expectation.
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BOARD RECRUITMENT

Recruiting transparently and consistently

To have an open and transparent recruitment process which is consistent across all boards (including Federated Boards). This will also include an appointment process for chairs and deputy chairs.

Deadline: 28th February 2020

Risk: MEDIUM/HIGH

Status: IN PROGRESS

Task	Expected Completion Date	Risk factors	Status
To agree a recruitment policy for the Chair	June Strategic Board Meeting		COMPLETE The Chair Recruitment Policy was agreed by the Board on the 28 th of June 2019, including defined term limits.
To agree a recruitment policy for the Deputy Chair	December Strategic Board meeting October 2019	Delivery risk: LOW The electronic procedure is in progress. Quorum has not been reached but the responses have been positive so far so it is likely to be approved. Impact of non-delivery: HIGH This is a requirement of the LEP review, and the SELEP would be non-compliant without this in place. The policy is also required in order to recruit the Deputy Chair, without whom the new Board would not be complete.	COMPLETE The Deputy Chair Recruitment Policy was agreed by Electronic Procedure on the 4 th of November 2019.

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<p>To recruit openly and transparently to the Strategic Board, through the Federated Boards.</p>	<p>Board to be in place by March Strategic Board meeting.</p>	<p>Delivery Risk: MEDIUM The main risk associated with this will be ensuring consistency across the four Federated Boards, however their approach does not need to be identical, just a consistently high standard which meet SELEP's minimum expectations, as set out in SELEP's Board Recruitment Policy. Mitigating factors will be the Secretariat supporting the Federated Areas with their recruitment.</p> <p>Impact of non-delivery: HIGH This recruitment is necessary to implement the changes to the board composition. If the recruitment is not successful, this may delay the implementation of the new board and the required diversity requirements.</p>	<p>IN PROGRESS All Federated Boards have completed the necessary recruitment exercises and will be providing indicative names of Directors by the 31st of January 2020, to be confirmed in February 2020.</p>
<p>To recruit openly and transparently to the Strategic Board through SELEP appointment.</p>	<p>Board to be in place by March Strategic Board meeting.</p>	<p>Delivery Risk: MEDIUM There will be an executive search and recruitment exercise undertaken, and there is a risk that a suitable candidate is not identified.</p> <p>Impact of non-delivery: HIGH This recruitment is necessary to implement the changes to the board composition. If the recruitment is not successful, this may delay the implementation of the new board.</p>	<p>COMPLETE The appointment of a Deputy Chair was agreed at the meeting of Strategic Board on 31 January 2020</p>

Creating a board member induction

To establish a formal induction process for Board members.

Deadline: 30th Nov 2019

Risk: MEDIUM/HIGH

Status: IN PROGRESS

Task	Expected Completion Date	Risk factors	Status
To create a formal induction process for Board members.	February 2020	<p>Delivery Risk: MEDIUM The creation of the induction process can be actioned before any decisions around board composition or legal personality are taken at Strategic Board level. However, the document will remain live to ensure the information remains up to date and reflects the changes to the SELEP Strategic Board.</p> <p>Impact of non-delivery: HIGH This is a requirement of the LEP review, so the SELEP would be non-compliant without this process. Other implications would be under-informed Board members and potential dis-engagement of Board members. This is particularly important due to the upcoming incorporation of the SELEP, as the Board Members will need to understand their new role as company directors.</p>	<p>IN PROGRESS Half-day induction sessions are in the process of being scheduled for Directors. As Directors are confirmed, they will be booked onto an induction session.</p> <p>Board members will receive an induction pack including the Handbook, policy excerpts and declarations of interest guidance. The LEP Network plans to provide the SELEP with an induction package, which will need to be adapted for the local area, which we were hoping to receive in January 2020. The Secretariat will create a half-day induction session and will incorporate the LEP Network's version once received.</p>

<p>To implement the Board member induction process for new members and LEP officers</p>	<p>January 2019</p>	<p>Delivery Risk: MEDIUM The induction process will need to be implemented for all new board members and LEP officers, particularly following the review of the Strategic Board membership.</p> <p>Impact of non-delivery: HIGH This is a requirement of the LEP review and therefore SELEP would be non-compliant without implementing this process. Other implications would be under-informed Board members and potential dis-engagement of Board members. This is particularly important due to the upcoming incorporation of the SELEP, as the Board Members will need to understand their new role as company directors.</p>	<p>IN PROGRESS Once the induction pack has been completed this will be circulated to all board members and will be kept as a live document to ensure that the changes to the SELEP through incorporation are reflected in the induction pack.</p> <p>Half-day (mandatory) induction sessions will be scheduled for all Board members. Board members will receive the induction pack in advance of these sessions.</p>
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POLICIES AND PROCEDURES

Reviewing the Assurance Framework

Review of Assurance Framework to be a standing item on the last Strategic Board meeting of each calendar year.

Deadline: 31st March 2020

Risk:
HIGH

Status: IN PROGRESS

Task	Expected Completion Date	Risk factors	Status
To agree revised version of the Assurance Framework for 2019.	June Strategic Board meeting.		<p>COMPLETE The revised Assurance Framework was agreed at the Strategic Board meeting on the 28th of June 2019.</p>

<p>To agree new Assurance Framework on incorporation</p>	<p>January 2020 Strategic Board meeting</p>	<p>Delivery Risk: HIGH Reliant on incorporation in March 2020, which is dependent on high-risk tasks being completed. Also relies on the Strategic Board agreeing this Framework at the March 2020 Strategic Board meeting; the previous Assurance Framework had to be re-revised between March and June 2019.</p> <p>Impact of non-delivery: HIGH This document evidences the SELEP's compliance with government's requirements, and therefore without this document up to date and in place in March 2020, SELEP's future year funding will be put at risk.</p>	<p>COMPLETE The refreshed Assurance Framework was agreed at the Strategic Board meeting on 31st January 2020</p>
<p>To review the Assurance Framework on an annual basis.</p>	<p>Ongoing</p>	<p>Delivery risk: LOW This item can be added to the agenda on an annual basis for review.</p> <p>Impact of non-delivery: HIGH It is important to have a current Assurance Framework that contains up to date information in order to receive funding.</p>	<p>ONGOING/COMPLETE</p> <p>The Assurance Framework will be reviewed at the beginning of 2020-21 and will be added to the agenda at the beginning of 2021-22.</p>

Creating a Local Industrial Strategy

Develop an evidence-based Local Industrial Strategy that sets out a long-term economic vision.

Deadline: January 2020

Risk: MEDIUM/HIGH

**Status: IN
PROGRESS**

Task	Expected Completion Date	Risk factors	Status
Stage 1: Draft evidence base creation & review	September 2019	<p>Delivery Risk: MEDIUM Two members of staff (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule.</p> <p>Impact of non-delivery: HIGH This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.</p>	<p>COMPLETE The draft evidence base has been completed, for a final version to be approved in March 2020.</p>

<p>Stage 2: Developing Propositions/Intervention (wide consultation, drafting of the LIS and finalising evidence base)</p>	<p>December 2019</p>	<p>Delivery Risk: MEDIUM Two officers (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule.</p> <p>Impact of non-delivery: HIGH This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.</p>	<p>COMPLETE LIS Workshops with wider stakeholders are occurred through October and November. Feedback from these events was fed into the development of the LIS. Draft content was discussed at the December 6th Strategic Board meeting.</p>
<p>Stage 3: Government co-design</p>	<p>Presented for approval at January 2020 Strategic Board meeting, to be finalised/published with Government by March 2020.</p>	<p>Delivery Risk: MEDIUM Two members of staff (part-time job share) are dedicated to this work solely. This is a large piece of work with many elements, including evidence gathering and consultations, but is currently on schedule.</p> <p>Impact of non-delivery: HIGH This is a key priority from the Government, and the SELEP would be non-compliant with Government, with a real risk to funding, without this strategy.</p>	<p>IN PROGRESS A draft version of the LIS will be presented for discussion at the January 2020 Board meeting. There will be an opportunity for the Board to review a further final draft of the LIS.</p> <p>We have been informed by CLGU that timelines for the co-design process have now slipped due to a backlog in Government. This means that the timelines for the LIS have extended.</p> <p>Currently LISs remain a key policy item but this may change following an anticipated Cabinet reshuffle in the spring.</p>

Reviewing the Communication Strategy

To refresh, review and implement a revised Communications Strategy to reflect the Economic Strategic Statement.

Deadline: 31th March 2020

Risk:
MEDIUM/LOW

Status: **IN
PROGRESS**

Task	Expected Completion Date	Risk factors	Status
Creation of a revised Communications Strategy to ensure full compliance with government branding and to develop publicity around LGF projects	January 2019	<p>Delivery risk: MEDIUM The Communications Officer post has now been filled.</p> <p>Impact of non-delivery: MEDIUM/LOW A Communications Strategy is a requirement of the SELEP Assurance Framework. SELEP must ensure the appropriate use of Government's Growth Deal branding. The development of a communication strategy is important to advise partners on the use of this branding.</p>	<p>IN PROGRESS The Communications Strategy will be presented to the January Strategic Board for approval.</p>

Reviewing the Terms of Reference

To ensure that the Terms of Reference for the SELEP and Federated Boards have been updated to reflect the requirements of the Assurance Framework.

Deadline: 31st March 2020

Risk: HIGH

Status: IN PROGRESS

Task	Expected Completion Date	Risk factors	Status
Review the 2019-20 SELEP Terms of Reference	June 2019		COMPLETE The Terms of Reference 2019-20 were agreed at the June 28 th 2019 Strategic Board meeting.
Agree the 2020-21 SELEP Terms of Reference	March 2020	<p>Delivery Risk: HIGH This is reliant on the decisions around board composition and legal personality being made on time in October 2019. Once decided, this risk factor can be reduced to reflect the risk of this being agreed by the Board in March 2020.</p> <p>Impact of non-delivery: HIGH The Terms of Reference are required to evidence compliance to the LEP review, and to enshrine the practices of the SELEP.</p>	IN PROGRESS The refreshed Terms of Reference will be presented for approval at the March 20 th 2020 Strategic Board meeting.

Reviewing all policies on an annual basis

To ensure that all policies are refreshed annually according to the requirements in the Assurance Framework.

Deadline: 31st March 2020

Risk: MEDIUM

Status: NOT YET STARTED

Task	Expected Completion Date	Risk factors	Status
Ensure that all policies are reviewed on an annual basis	March 2020	<p>Delivery Risk: Low This piece of work will be prepared by officers for approval at Strategic Board. Other than the requirement of the LEP review, there are no significant policy changes anticipated, and for 2020 this will be primarily ensuring that all policies correlate to the updated Assurance Framework, Terms of Reference and Articles of Association.</p> <p>Impact of non-delivery: HIGH This is a requirement of the National Assurance Framework, therefore the LEP would be non-compliant without this completed. There would also be the risk of confusion and lack of transparency in the functioning of the LEP if these documents are incorrect or out of date.</p>	<p>IN PROGRESS All policies will be updated and presented for approval at the March 2020 Strategic Board meeting. After this, all policies will be refreshed on at least an annual basis by the Governance Officer.</p>

CHANGES ACTIONABLE AT OFFICER LEVEL

SUPPORTING THE BOARD

Formalising the independent Secretariat

The independence of the Secretariat needs to be reflected and enshrined in the governance documentation.

Deadline: 31st March 2020

Risk:
MEDIUM

Status: IN
PROGRESS

Task	Expected Completion Date	Risk factors	Status
Include the independence of the secretariat in the Assurance Framework.	June 2019		COMPLETE A section on the independent secretariat is included in the Assurance Framework June 2019.
Put in place a formalised agreement between the Accountable Body and the Secretariat	March 2020	<p>Delivery Risk: MEDIUM It is part of the incorporation workstream and is therefore reliant on the membership/legal personality workstream decisions being made, however this work can commence before the decision is taken so the risk of delay is reduced.</p> <p>Impact of non-delivery: HIGH This is a crucial document to enshrine the relationship between the Accountable Body and the SELEP as a new legal personality. Although this document is not explicitly requested by the LEP review, it is fundamental in the running of the SELEP and has been identified as an action by ECC audit.</p>	<p>NOT YET STARTED This would be supported by Essex Legal Services.</p>

Make sure the Assurance Framework includes the independence of the SELEP Secretariat.	March 2020		COMPLETE The Assurance Framework contains an Independent Secretariat section.
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ONGOING ACTIONS/CHANGES ALREADY IMPLEMENTED

All completed actions will be kept under review on a quarterly basis to ensure this information is up to date.

DECLARING INTERESTS

Requirement	Status
To publish all Registers of Interest on the SELEP website for all Strategic Board, Accountability Board and Federated Board members, with signatures redacted.	COMPLETE/ONGOING
Declarations of interest must be noted for the outset of each meeting.	COMPLETE/ONGOING
All members of the Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interests form.	COMPLETE/ONGOING
All senior members of staff or staff involved in advising on decisions must also have a valid register of interests, reviewed the same as for board members.	COMPLETE/ONGOING

BOARD RECRUITMENT

Requirement	Status
To agree a succession plan.	COMPLETE

SUPPORTING THE BOARD

Requirement	Status
To create a Skills Advisory Panel	COMPLETE

CAPITAL PROJECTS

Requirement	Status
To have a named individual/postholder with overall responsibility for ensuring value for money for all projects and programmes.	COMPLETE
To include a value for money section in the standard reporting template for Accountability Board reports for funding approvals or changes.	COMPLETE
To include a section in the standard business case template for promoters to explain how they will maximise social value.	COMPLETE
To use the SELEP Business Case Template for all strategic outline business cases.	COMPLETE/ONGOING
To inform the Accountability Board where there are concerns around a project, including presenting the Board with legal options around recovering funding	COMPLETE/ONGOING

POLICIES AND PROCEDURES

Requirement	Status
To include a diversity statement in the SELEP Assurance Framework to provide the approach to diversity.	COMPLETE
For each Federated Board to apply the prioritisation process as approved by the Strategic Board.	COMPLETE/ONGOING
To have an annual report and delivery plan in place for the year.	COMPLETE/ONGOING
To include in the Business Case Template a section for project promoters to explain how the project is compliant with the Equality Act 2010.	COMPLETE
To create and maintain a log of SELEP engagement activities.	COMPLETE/ONGOING
To hold Annual General Meetings open to the public to attend	COMPLETE/ONGOING (24 th June 2020)
To collaborate across boundaries, with other LEPs and the LEP network, and be open to peer review	COMPLETE/ONGOING
To make an open offer to attend Local Authority Scrutiny Committees in their area and attending where requested.	COMPLETE
To revise the current scrutiny arrangements of the Strategic Board within the new incorporated model.	COMPLETE
To refresh the Joint Committee Agreement	Absorbed into Framework Agreement

ACCOUNTABLE BODY

Requirement	Status
To extend invitations to the Section 151 Officer or representative to all board meetings.	COMPLETE/ONGOING
To include in the Business Case Template assurance from the Section 151 Officer of the promoting authority that the value for money statement is true and accurate.	COMPLETE

PUBLISHING INFORMATION

Requirement	Status
To publish Strategic and Accountability Board papers to agreed timescales	COMPLETE/ONGOING
To publish the Local Assurance Framework on the website	COMPLETE
To create, maintain and publish a register of all board member expenses and hospitality costs.	COMPLETE/ONGOING
To publish the Gate 2 outline business base at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish the Gate 4 and 5 full business cases for relevant projects at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish information around the process for applying for funding on the SELEP website, as agreed by the Strategic Board.	COMPLETE/ONGOING
To publish on the SELEP website a rolling schedule of projects, outlining a brief description of the project, names of key recipients of funds/contracts and amounts of funding designated by year.	COMPLETE/ONGOING
To publish on the SELEP website the Terms of Reference, calendar of dates and papers of the Working Groups.	COMPLETE/ONGOING
To use Government and SELEP branding on all marketing.	COMPLETE/ONGOING
To publish all key decisions of the Strategic and Accountability Boards on the Forward Plan, SELEP website and upper tier authority websites.	COMPLETE/ONGOING

Governance Key Performance Indicators

Forward Plan of Decisions

Is the Forward Plan of Decisions, including any associated business cases, published at least 28 days in advance of the Accountability Board meeting?

Meeting date	Met (Y/N)?
12/04/19	Y
7/06/19	Y
13/09/19	Y
15/11/19	Y
14/02/20	Y

Publication of Papers

Are all papers published on the SELEP website 5 clear working days in advance of the meeting?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	12/04/19	Y	07/16/19	Y	13/09/19	Y	15/11/19	Y
Strategic Board	22/03/19	N	28/06/19	Y	04/10/19	Y	06/12/19	Y
Investment Panel	09/03/19	Y	28/06/19	Y				
SE	18/03/19	N	24/06/19	N	30/09/19	N	02/12/19	Y
KMEP	25/03/19	N	25/06/19	N	24/09/19	Y	26/11/19	Y
OSE	13/02/19	N	25/06/19	N	11/09/19	Y	13/11/19	Y
TES	24/06/19	N	29/07/19	Y	30/09/19	Y	02/12/19	Y

Draft Minutes

Are all draft minutes published within 10 clear working days following the meeting?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	12/04/19	Y	07/06/19	Y	13/09/19	Y	15/11/19	Y
Strategic Board	22/03/19	N	28/06/19	Y	04/10/19	Y	06/12/19	Y
Investment Panel	08/03/19	Y	28/06/19	Y				
SE	18/03/19	N	24/06/19	N	30/09/19	Y	02/12/19	N
KMEP	25/03/19	N	25/06/19	N	24/09/19	N	26/11/19	N
OSE	13/02/19	Y	25/06/19	N	11/09/19	N	13/11/19	Y
TES	18/03/19	N	24/06/19	N	30/09/19	N	02/12/19	Y

Final Minutes

Are final minutes published within 10 clear working days following approval?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	15/02/19	Y	12/04/19	Y	07/06/19	Y	13/09/19	Y
Strategic Board	07/12/18	Y	22/03/19	Y	28/06/19	Y	04/10/19	Y
Investment Panel	08/03/19	Y	28/06/19	Y				
SE	03/12/18	Y	18/03/19	Y	24/06/19	Y	30/09/19	Y
KMEP	28/01/19	N	25/03/19	N	25/06/19	N	24/09/19	N
OSE	07/11/18	Y	13/02/19	N	25/06/19	N	11/09/19	N
TES	28/01/19	Y	18/03/19	Y	24/06/19	N	30/09/19	Y

Registers of Interest- Board Members

Are registers of interests in place for all board members?

Board	Percentage completed	Comments
Accountability Board	100%	Register of Interests will be a key part of the revised induction process and a completed Register of Interest form will be required at that point. Members are also required to declare any appropriate interests at the start of meetings
Strategic Board	100%	As above
Investment Panel	100%	As above
EBB	100%	As above
KMEP	100%	As above
OSE	100%	As above
TES	100%	As above

Registers of Interest- Officers

Are registers of interest in place for all officers?

Category	Percentage completed
SELEP Secretariat	100% (awaiting some new staff within grace period)
Accountable Body	100%
Federated Board Lead Officers	100%

Declarations of interests in meetings

Are all interests declared and recorded in the meetings as a standing item with a note of any actions taken?

Board	Met (Y/N)?
Accountability Board	Y
Strategic Board	Y
Investment Panel	Y
EBB	Y
KMEP	Y
OSE	Y
TES	Y

Business Case Endorsement

Have all new and amended projects/business cases been endorsed by the respective Federated Board in advance of submission to any of the SELEP boards?

Board	Met (Y/N)?	Comments
LGF	Y	Through prioritisation process for LGF3b
GPF	Y	Through prioritisation process
SSF	Y	Applications are considered by Federated Boards in advance of being brought forward for Strategic Board endorsement.

Publication of Business Cases

Are all business cases published 1 month in advance of funding decisions at Accountability Board meetings?

Meeting date	Met (Y/N)?
12/04/19	N (but were published in advance)
7/06/19	N (but were published in advance)
13/09/19	N (but were published in advance)
15/11/19	N (but were published in advance)
14/02/20	Y

Date	Percentage of female board members
24/05/19	18%
05/08/19	21%
28/01/20	25%

Forward Plan reference numbers:

Report title: <i>Update on SELEP Revenue Budget 2019/20</i>	
Report to Accountability Board	
Report author: Lorna Norris, Senior Finance Business Partner	
Date: 4 th February 2020	For: Information
Enquiries to: lorna.norris@essex.gov.uk	
SELEP Partner Authority affected: <i>Pan SELEP</i>	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the latest financial forecast position for the SELEP Revenue budget for 2019/20.

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Note** the half year forecast revenue outturn position for 2019/20 of an **underspend of £826,000**;

3. 2019/20 revenue budget half year update

- 3.1 The 2019/20 SELEP revenue budget was set by Accountability Board at its November 2018 meeting and updated in May 2019 to incorporate the specific revenue grants that had been subsequently confirmed. The latest forecast outturn position is an under spend of £826,000, this represents a movement of £532,000 from the position reported to the Board in November 2019; details can be seen in Table 1 overleaf.
- 3.2 The under spend is mainly due to the expected receipt of £400,000 additional grant funding from Government to support the implementation of the LEP review requirements, plus a lower than anticipated spend on Project and Consultancy activity. This is offset in part due to increased staffing requirements to support the implementation of the LEP review.

Table 1 – Total SELEP Revenue Budget Outturn Forecast – December 2019

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %	Previous Reported Forecast £000	Forecast Movement £000
Staff salaries and associated costs	829	744	86	12%	911	(82)
Staff non salaries	26	39	(13)	-34%	54	(28)
Recharges (incl. Accountable Body)	199	158	41	26%	194	5
Total staffing	1,054	941	113	12%	1,159	(105)
Meetings and admin	124	66	58	88%	131	(7)
Chair's allowance	25	20	5	25%	23	3
Consultancy and project work	489	1,026	(537)	-52%	807	(318)
Local Area Support	150	150	-	0%	150	-
Grants to third parties	1,658	1,626			1,626	32
Total other expenditure	2,445	2,888	(442)	-15%	2,737	(291)
Total expenditure	3,499	3,829	(330)	-9%	3,896	(396)
Grant income	(2,821)	(2,390)	(430)	18%	(2,766)	(54)
Contributions from partners	(200)	(200)	-	0%	(200)	-
Other Contributions	-	-	-	0%	-	-
External interest received	(905)	(839)	(66)	0%	(824)	(81)
Total income	(3,926)	(3,429)	(496)	14%	(3,790)	(135)
Net expenditure	(426)	400	(826)	-206%	106	(532)
Contributions to/from reserves	426	(400)	826	-206%	(106)	532
Final net position	-	-	-	0%	-	(0)

3.3 Currently it is forecast that external interest received will be £66,000 higher than budgeted, this is an improved position compared to the September forecast of £81,000. This is primarily due to higher than budgeted balances held in relation to the Local Growth Fund (LGF) programme and the Growing Places Fund (GPF) programme, that are accruing interest; separate updates on these programmes are included in the agenda for this meeting.

3.1. There remains considerable uncertainty with regards to the impact that Britain's Exit from the EU may have on interest rates and as such the forecast position may continue to change in this respect; this position is being closely monitored by Essex County Council's Treasury Management function who oversee the investment of the funds held, both in respect of the current year and future year impacts.

3.2. Table 3 sets out the current forecast position for the specific revenue grants; it is currently assumed that all specific grants will spend in line with budget, with the exception of the following:

3.2.1. the Skills grants allocated to support the implementation of the Skills Analysis Panel and the Local Digital Skills Partnership incur – spend of these grants has been delayed due to time taken to recruit to the posts to support these two initiatives; this means that a proportion of the outstanding grants are now planned to be spent in 2020/21.

- 3.2.2. Growth Hub Grant - additional funding has been allocated to support Brexit; this funding is required to be spend in 2019/20. It is expected that further funding will be available in this respect; this is currently subject to finalisation of the respective agreements with the awarding body.

Table 3 – Specific Grants Forecast Summary

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
General Grants (Secretariat Budget)	(900)	(500)	(400)	30%
<u>Specific Grants:</u>				
GPF Revenue Grant	(1,000)	(1,000)	-	0%
Growth Hub	(710)	(656)	(54)	0%
Skills Analysis Panels (SAP) Grant	(56)	(75)	19	-26%
Local Digital Skills Partnership Catalyst Grant	(71)	(75)	4	-5%
Careers Enterprise Company (CEC)	(35)	(35)	-	0%
Energy Strategy Grant	(49)	(49)	-	0%
Total Grant Income Applied	(2,821)	(2,390)	(430)	18.0%

4. The current forecast position for the general reserve at the end of financial year 2019/20 can be found below in Table 2.

Table 2 – Forecast Reserves

	Forecast Outturn £000	Latest Budget £000
Opening balance 1st April 2019	748	748
Planned Utilisation		
Planned contribution (withdrawal) 19/20	426	(400)
Total	426	(400)
Balance remaining	1,174	348
Minimum value of reserve		165

- 4.1 The forecast outturn reserves position has moved from a planned withdrawal from reserves to an increase of £426,000; this will increase the balance to £1.17m.

4.2 The minimum level of reserves is set at £165,000 currently to ensure that sufficient funds are available to support any wind down costs of SELEP, should these be required.

4.3 Whilst the current forecast balance is significantly higher than this, a number of additional risks have been highlighted within the Operations Board report that may need to call on this balance, specifically as follows:

4.3.1 The budget agreed for the 2020/21 financial year assumes continuation of the Core funding from Government of £500,000; this budget has yet to be confirmed by Government and may be contingent on the outcome of the Annual Performance Review. Should the Government choose to withhold some or all of this funding this will require SELEP to either scale back its costs significantly or to increase the planned contribution from reserves.

4.3.2 There is no confirmed new capital investment funding available beyond 31 March 2021. This will detrimentally impact the revenue budget due to the reduction in interest receipts accrued on capital funds held prior to investment; these currently represent a significant proportion of the funding supporting the SELEP operation budget.

4.3.3 The investments made in Hadlow College across 2015/16 and 2016/17, totalling £11m, present a risk should it be determined that the College had not correctly applied the funding allocated, which may then require a repayment of the grant to the Ministry of Housing, Communities and Local Government (MHCLG); this risk is considered further in Agenda item 19.

4.4 A full review of the budget position, in light of the current risks and uncertainties, is expected to be reported back to the Board at the May 2020 meeting; it is anticipated that by this meeting, the grant allocations that fund a significant proportion of the budget will be confirmed, giving assurances on the funding arrangements for the 2020/21 financial year.

5. Financial Implications (Accountable Body comments)

5.1 This report has been authored by the Accountable Body and the recommendations are considered appropriate.

6. Legal Implications (Accountable Body comments) None

7. Equality and Diversity implication

7.1 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.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 7.3 In the course of the development of the budget, the delivery of the service and their ongoing commitment to equality and diversity, the accountable body will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

8. List of Appendices

12.1 None

9. List of Background Papers

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer Essex County Council)	04/02/2020

Forward Plan reference number: FP/AB/255

Report title: A28 Sturry Link Road Project Update	
Report to Accountability Board on 14th February 2020	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Date: 02/02/2020	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com	
SELEP Partner Authority affected: Kent	

Confidential Appendix

This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

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 A28 Sturry Link Road project (the Project), Canterbury, Kent.
- 1.2 The Project has previously been approved by the Board for the award of £5.9m LGF but is identified as high risk, due to the risk to the private sector funding contributions to the Project.
- 1.3 As a result of the project risks, the Board has received individual update reports on the Project since June 2019. In November 2019, the Board agreed that if satisfactory progress had not been made towards securing the full funding package by this meeting of the Board, the Board would consider the reallocation of the LGF to the next Project on the LGF pipeline.
- 1.4 By this meeting of the Board it was expected that planning consent could have been secured for the delivery of the Project and the private sector developments due to financially contribute towards the delivery of the Project.
- 1.5 Whilst progress has been made towards securing planning consent for the Project and associated developments, consent has not yet been secured. As such, the Board are asked to consider the next steps for the Project.

2. Recommendations

- 2.1 The Board is asked to agree one of two options:

Option 1

- 2.1.1 **Agree** to reallocate the £4.791m unspent LGF from the Project to the next project on the LGF3b pipeline; and
- 2.1.2 **Agree** that there is compelling justification for SELEP not to recover £1.109m LGF spend to date, subject to the spend being accounted for by Kent County Council as a capital cost; or

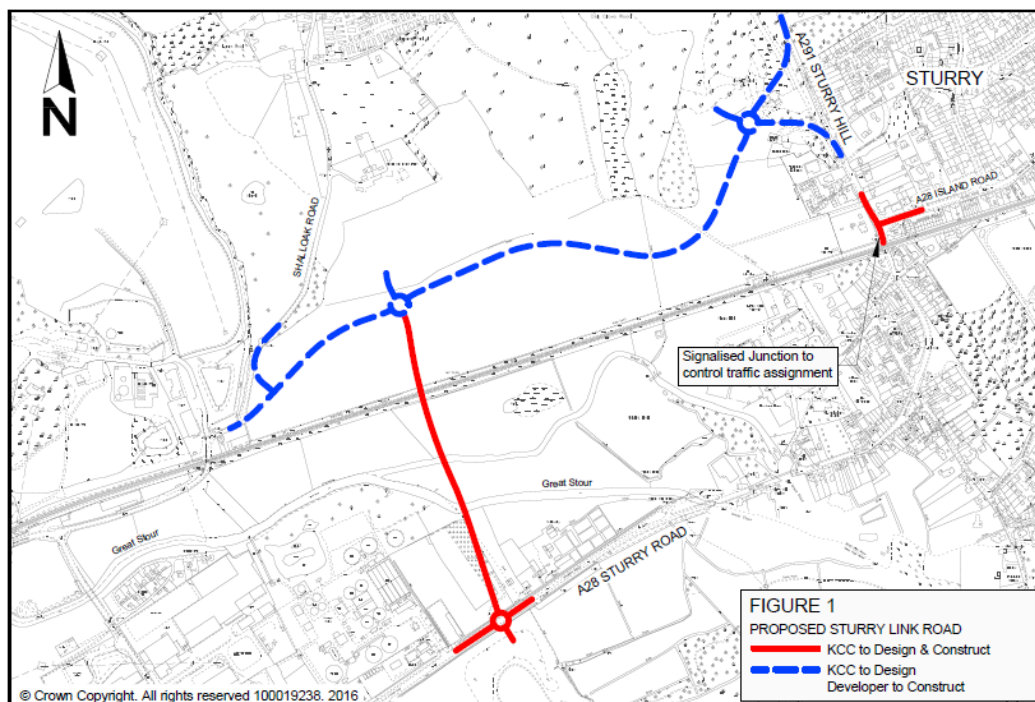
Option 2

- 2.1.3 **Agree** that £4.791m unspent LGF will be automatically reallocated to the LGF3b pipeline if planning consent is not secured by 1st April for:
 - 2.1.3.1 the Broad Oak Farm and Sturry development; and
 - 2.1.3.2 the Project itself.

3. A28 Sturry Link Road (the Project)

- 3.1 The Project is for the delivery of the new link road between the A291 and A28, to the south west of Sturry, Canterbury, Kent. The LGF is due to contribute to the cost of constructing a bridge over a railway line and the Great Stour River, to enable traffic to avoid the Sturry level crossing and the congested road network in the area. The sections shown in red in Figure 1 overleaf show the sections of road included as part of the scope of the LGF Project.
- 3.2 To connect the Project to the existing highway, the developers will be delivering a spine road through the new development site to connect the bridge with the A291 to the North East of the residential and commercial development. This connection is essential to enable traffic to use the new bridge funded as part of the LGF Project. The spine road to be funded and delivered by the developers is shown in blue in Figure 1.

Figure 1 A28 Sturry Link Road



- 3.3 The overall objective of the Project is to tackle the existing congestion problem which currently exists at the Sturry level crossing and at the A28/ A291 junction. Queuing traffic affects adjacent junctions and can extend 1km in peak periods. The A28 road currently carries 20,000 vehicles per day, but with 6 trains passing per hour, the level crossing is closed for up to 20 minutes/hour during peak times, causing severe congestion to trips along the A28. This level of congestion is a major constraint on development to the north east of Canterbury.
- 3.4 Through tackling this congestion pinch point and increasing the capacity of this part of the network, the Project will unlock new development sites to the North East of Canterbury, delivering 4,220 new homes and 1,700 jobs.
- 3.5 The scale of development unlocked by the Project includes residential development at the following sites:
- 3.5.1 Broad Oak Farm and Sturry – 1106 homes;
 - 3.5.2 Hoplands Farm, Hersden – 250 homes;
 - 3.5.3 Colliery Site, Hersden – 370 homes;
 - 3.5.4 North Hersden – 800 homes;
 - 3.5.5 Other sites in the north eastern quadrant of Canterbury District
- 3.6 Since the approval of the business case by the Board in June 2016, there have been no substantial changes to the Project scope, although some enhancements have been made to the Project design to incorporate feedback received by Kent County Council (KCC) through public consultation.
- 3.7 The developers/ landowners for the residential and commercial development sites which will be unlocked through the delivery of the Project are due to provide sizable funding contributions towards the delivery of the Project, as detailed below. These funding contributions are being made as a S106 funding contribution per residential unit plot completed. The developers are also responsible for the delivery of the spine road, as shown in Figure 1.
- 3.8 The Project was approved by the Board on the 24th June 2016 for the award of £5.9m LGF. At the stage of the Project being approved, Project risks were identified by the SELEP Independent Technical Evaluator (ITE) regarding the cost and deliverability of the Project, particularly considering the interaction with Network Rail.
- 3.9 Furthermore, risks have been identified in relation to the security and timing of the expected private sector funding contributions to the Project. An update on these Project risks is provided through this report.

4. Project Cost and Funding

- 4.1 The Project cost estimate for the delivery of the bridge over the railway was £28.6m within the original business case in 2016. This cost has now been

updated and is currently forecast at £29.6m and includes the proposed alterations to the A28/A291 junction.

- 4.2 In both the original and updated Project cost, the cost of delivering the spine road through the development site has been excluded, as these costs will be met in full by the developer. The construction of the spine road will also be undertaken by the developer.
- 4.3 To date, £1.109m LGF has been spent on the delivery of the Project. In addition to the £5.9m LGF award to the Project, three developer funding contributions are due to be made to fund the remaining project cost. These developer contributions are being made by three different developers from sites in the vicinity of the Project, as detailed within the confidential appendix.
- 4.4 As a result of the project development work which has been undertaken over the last three years, there is now greater cost certainty than when the Project was previously considered by the Board.
- 4.5 The detailed cost breakdown has been updated and refined to reflect Project progress and the revised programme. This includes allowances for Network Rail costs, inflation and risk, as determined through a Quantified Risk Assessment (QRA). This cost estimate has been prepared with knowledge of the costs involved in working with Network Rail through previous projects such as the East Kent Assess and Rushenden Relief Road. The risk for the need to provide land for flood storage compensation has been reduced, following acceptance by the Environment Agency of the Hydraulic Modelling of the Stour and the impact of the new road.

5. Project delivery update

- 5.1 The original Project business case set out the intention to commence site mobilisation work in October 2019 and to complete the Project by October 2021.
- 5.2 The delivery of the Project has been slower than anticipated due to the interdependency between the Project and the planning applications for the residential/ commercial development which is associated with the Project. Project delays have also been experienced through the development of the environmental impact assessment (EIA), as stakeholder feedback has been considered and used to enhance the Project design work.
- 5.3 The interdependencies between the Project and the housing developments are complex and any resolution by Canterbury City Council to grant planning permission will be subject to the application for the relief road (the Project) being granted by KCC.
- 5.4 The outstanding planning applications, for the housing developments (being decided by Canterbury City Council) and the Project (being decided by KCC), are also subject of a joint Appropriate Assessment (AA) being considered as part of the planning application and being agreed by Natural

England. The AA is being prepared for Natural England's consideration and approval.

- 5.5 Natural England have provided a formal response to the most recent consultation on the KCC Planning Application seeking further clarification on a number of issues, primarily;
- 5.5.1 Clarification of impact of the drainage design on the habitat of a population of Desmoulins Snail
 - 5.5.2 Impact of the use of road salts used in winter maintenance on the Desmoulins Snails
 - 5.5.3 Impact of the use of road salts used in winter maintenance on the Water Quality of the River Stour
- 5.6 Further informal discussions have taken place with Natural England to better understand their concerns and the best way to resolve the issues. A formal response has been prepared and will be issued to KCC planning and Natural England before the Board meeting on 14 February 2020. A verbal update will be provided by KCC during the meeting.
- 5.7 A joint AA is being progressed because the housing developments and the Project are intrinsically linked and the cumulative impacts on the natural environment need to be considered. KCC and Canterbury City Council are working together to produce the AA in time for the housing applications to be reported to the Canterbury City Council planning committee on 19th February 2020. The AA will also allow KCC to progress the planning application for the road scheme which is scheduled for the KCC planning committee on 1st April 2020.
- 5.8 It is now anticipated that site mobilisation works will commence in February 2021, with the completion of the Project by March 2023. This is on the basis that the developer contributions are in place and that the land required to deliver the Project can be acquired voluntarily. Section 6 below provides further details on these Project risks.
- 5.9 Though the LGF would be spent before the other funding sources, on costs such as land acquisition, it is expected that due to the latest delays and the current pause on LGF spend, that the full LGF award to the Project will not be spent in full prior to the end of the Growth Deal (31st March 2021).
- 5.10 The conditions which need to be satisfied for LGF spend to be permitted by the Board beyond the 31st March 2021 are detailed below, along with information about how the conditions will be met by the Project:
- 5.10.1 A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
- There is a clear delivery plan in place for the Project and has been shared with the SELEP Secretariat. Once the planning consents have been granted for the Broad Oak and Sturry sites, as well as the KCC planning for the Project itself; the risk of not being able to deliver the Project in line with this plan will be mitigated.

Whilst there remains a risk that a Compulsory Purchase Order (CPO) may be required, the timescales for the CPO have been factored into the delivery programme.

- 5.10.2 A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;

The Project is integral to the delivery of the Canterbury Local Plan adopted in July 2017. It is necessary to deliver of the allocation of 2526 new homes at Sturry, Broadoak and Hersden. It also supports over 3000 homes at Herne Bay which are identified within the Local Plan.

- 5.10.3 All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding courses are in place to deliver the project beyond the Growth Deal;

The funding strategy is in place to deliver the Project, and once the planning consents have been granted this will be formalised through the S106 agreements with the Developers.

- 5.10.4 Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021;

This was endorsed by the Strategic Board on 31st January 2020

- 5.10.5 Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project;

The procurement strategy is for a design and build contract which will be awarded in Spring 2020. The procurement has commenced with expressions of interest received and assessed. A list of preferred suppliers with Network Rail experience has been prepared. The tendering process will commence in March 2020 once the planning applications for the Sturry and Broad Oak developments have been determined and, on the assumption, that the Sturry link road will be determined.

If the planning consent is granted, as per the timescales set out in section 5.7, it is expected that site mobilisation works will commence in February 2021 for the construction of the Project between April 2021 and February 2023.

6. Project risk

- 6.1 The most significant Project risk is the availability of the private sector funding contributions towards the delivery of the Project. As detailed in Appendix 1, potential options have been identified to manage the cash flow position and to

secure developer contributions which have been identified towards the delivery of the Project. However, this remains a substantial risk, as although all of the sites are allocated in the adopted Local Plan (July 2017), full planning consent has not yet been approved for any of the main three developers due to financially contribute towards the delivery of the Project.

- 6.2 Given the complex funding package for the Project, there are a large number of dependencies to secure the full local funding package required to deliver the Project. These dependencies include:

6.2.1 Planning consent being secured for the developments which are due to financially contribute to the delivery of the Project;

6.2.2 The pace of housing delivery for the other development sites which are financially contributing towards the delivery of the Project;

To help mitigate this risk, a spend profile has been prepared by KCC which shows the housing delivery and developers contributions compared against the spend profile. A forward funding model identified to cover any short fall.

6.2.3 A security bond being provided to Kent County Council to forward fund Source 1. The provision of a bond has been agreed in principal with the developer;

6.2.4 KCC securing a charge on the land to enable Kent County Council to forward fund Source 2. The provision of a land charge has been agreed in principal with the developer, however, details are still to be provided and agreed.

- 6.3 As the developers are also delivering the spine road to connect the bridge with the existing road network to the north east, then any delays to the developer's construction of the spine road will impact the opening date for the Project.

- 6.4 The Head of Terms agreement with the developer, who is constructing the spine road, sets out the requirement to deliver the spine road at the same time as the Project. As full planning consent has not yet been granted to this site then this remains a substantial Project risk. A detailed planning submission has been made for the spine road which will be determined as part of the application for the site on the 17th February 2020.

- 6.5 A Compulsory Purchase Order (CPO) inquiry may be required to secure the land to complete the Project. A land agent has been appointed to lead on land negotiations, and the landowners have been consulted during the design phase to enable their initial concerns to be mitigated through design amendments. However, if a CPO enquiry is required then this will add to the timescales for delivering the project and risks an increase in LGF spend beyond 31 March 2021.

- 6.6 To mitigate the risk of abortive LGF spend on the delivery of the Project, LGF spend is currently on hold.

7. Next steps and potential options

- 7.1 Strategic Board agreed that all high risk Local Growth Fund (LGF) projects were to be considered by the Board by no later than June 2019, to determine whether satisfactory mitigation has been put in place to enable the high risk projects to progress, whether the Project should be put on hold and/or the LGF re-allocated.
- 7.2 At the meeting of the Board on 8th June 2019, the Board resolved:
- 7.2.1 To Agree that the Project is put on hold but the LGF remains allocated to the Project until Kent County Council (KCC) can provide assurance that the local funding package is in place to progress with the delivery of the Project.
 - 7.2.2 To Agree the requirement for a project update report to be received by the Board in September 2019 and at least every six months following this, to monitor the Project risk, unless the project is cancelled. These separate update reports will continue until the point that the Board is satisfied that the Project risks, have been sufficiently mitigated.
- 7.3 Since June 2019, individual update reports have been received by the Board at each meeting of the Board. There has been some progress made by Kent County Council towards developing the local funding package for the Project, as set out in Appendix 1.
- 7.4 There has also been progress through the planning process for the Project itself and the developments due to financially contribute towards the delivery of the Project. KCC remain confident that the private sector funding contributions will be secured to enable the delivery of the Project. However, there remains a substantial risk in relation to the timing of the local funding contributions.
- 7.5 At the last meeting of the Board in November 2019, the Board agreed that if satisfactory progress has not been made towards securing the full funding package by the next update to the Board on the 14th February 2020, the Board will be asked to consider the reallocation of LGF to new LGF3b projects.
- 7.6 Specifically, to demonstrate satisfactory progress, it was expected that by the next Board meeting on the 14th February 2020, the planning applications would have been determined:
- By Kent Council County for the delivery of the Project; and
 - By Canterbury City Council in respect of Broad Oak Farm and Sturry developments

7.7 These deadlines have not been achieved and it is now expected that the planning consent will be considered by Canterbury City Council for the developments at Broad Oak Farm and Sturry developments on 19 February 2020 and for the Project itself on the 1st April 2020.

7.8 As a result of this delayed timescale, the Board is asked to agree one of two options:

Option 1

7.8.1 **Agree** to reallocate the £4.791m unspent LGF from the Project to the next project on the LGF3b pipeline; and

7.8.2 **Agree** that there is compelling justification for SELEP not to recover £1.109m LGF spend to date, subject to the spend being accounted for by Kent County Council as a capital cost; **or**

Option 2

7.8.3 **Agree** that £4.791m unspent LGF will be automatically reallocated to LGF3b pipeline if planning consent is not secured by 1st April for:

7.8.3.1 the Broad Oak Farm and Sturry development; **and**

7.8.3.2 the Project itself.

7.9 Option 2 will provide additional time to enable the Project to be considered at the scheduled planning committee dates but will reduce the timescales available for alternative LGF3b projects to be considered by the Board and progress to delivery prior to the end of the Growth Deal. If the LGF were reallocated after 1 April 2020, it is unlikely that an alternative LGF3 project could be brought forward for funding consideration by the Board until at least 5 July 2020.

7.10 If the remaining £4.791m unspent LGF is withdrawn from the Project (Option 1), it is still expected that the Project will proceed, as the completion of the Project remains essential to the planning residential developments in North East Canterbury. However, the withdrawal of the LGF could potentially impact the viability of the development and the affordable housing allocation for the developments would be reduced or lost. If there was still a remaining viability issue then there would be further impacts of the S106 contributions such as towards education and health care.

7.11 Under Option 1, for the £1.109m LGF spend to date to remain allocated to the Project, KCC will be required to provide confirmation that the LGF spend to date remains a capital cost and the Project will still progress to delivery using other funding sources.

7.12 As KCC has not yet completed the delivery of the Project there are provisions under the Service Level Agreement, for the SELEP Accountable Body to recover the £1.109m LGF spend to date. However, it remains KCC's intention

to deliver the Project. If the unspent LGF is reallocated, it is expected that the Project would still progress utilising other funding streams, as set out in 7.10.

- 7.13 The Board is therefore asked to agree that SELEP should not recover the £1.109m LGF spend to date. This is on the basis that KCC continue to account for the LGF spend to date as a capital cost, which is a condition of the funding, and the Project will still be delivered using alternative funding sources.
- 7.14 Should KCC reach a point of agreeing that the Project will no longer progress to delivery, the £1.109m LGF spend to date would likely become a revenue cost and would therefore need to be returned to SELEP, as the grant conditions from central Government stipulate that LGF funding can only be spent on capital expenditure. Should this situation arise then the Board will be provided with an update.

8. Financial Implications (Accountable Body comments)

- 8.1 The proposals for funding this Project are complex and currently the arrangements with each of the developers are unconfirmed, with varying degrees of associated risk.
- 8.2 Should the necessary funding or planning permissions not be secured, there is a risk that the Project may need to be cancelled and any LGF funding spent to date may no longer meet the conditions of funding. In these circumstances, under the terms of the Funding Agreement in place with KCC, the LGF spent to date may need to be returned to Essex County Council (ECC), as the Accountable Body, and reallocated through the SELEP investment pipeline.
- 8.3 It is noted that currently further LGF spend is paused on this project until the funding is secured. Given the complexities and size of the risks associated with this Project, on-going monitoring of the risks and dependencies is necessary, to support effective decision making with regard to the use of LGF.
- 8.4 All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear 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.
- 8.5 Under the terms of the SLA any abortive costs will become revenue and will need to be returned to the Accountable Body, Essex County Council, as the requirements of the grant agreement will no longer be met

9. Legal Implications (Accountable Body comments)

- 9.1 There are no legal risks arising from the proposals set out in this report. If the Project is cancelled at a later date, the provisions set out with the SLA in place between ECC, as Accountable Body, and KCC will be activated, and ECC will work with KCC to recover the abortive revenue costs.

10. Equality and Diversity implication

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

11. List of Appendices

- 11.1 Appendix 1 – Confidential appendix – developer contributions

12. List of Background Papers

- 12.1 Business Case for the A28 Sturry Link Road

(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
Accountable Body sign off	
Stephanie Mitchener (On behalf of Nicole Wood, S151 Officer, Essex County Council)	6/2/20