

# ACCOUNTABILITY BOARD

<b>09:00</b>	<b>Friday, 22 September 2017</b>	<b>High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ</b>
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**Quorum: 3 (to include 2 voting members)**

## **Membership**

Mr Geoff Miles  
Cllr Kevin Bentley  
Cllr Paul Carter  
Cllr Rodney Chambers  
Cllr Keith Glazier  
Cllr Rob Gledhill  
Cllr John Lamb  
Angela O'Donoghue  
Myroulla West

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)**  
[lisa.siggins@essex.gov.uk](mailto:lisa.siggins@essex.gov.uk)  
**Tel: 03330134594**

## 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)

		<b>Pages</b>
<b>1</b>	<b>Welcome and Apologies for Absence</b>	
<b>2</b>	<b>Minutes</b> To approve as a correct record the Minutes of the meeting held on 26 May 2017.	<b>7 - 14</b>
<b>3</b>	<b>Declarations of Interest</b> To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
<b>4</b>	<b>Public Questions</b> 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 ( <a href="mailto:adam.bryan@essex.gov.uk">adam.bryan@essex.gov.uk</a> ) 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 - <a href="http://www.southeastlep.com/images/uploads/resources/PublicQuestionsPolicy.pdf">http://www.southeastlep.com/images/uploads/resources/PublicQuestionsPolicy.pdf</a>  Email :( <a href="mailto:adam.bryan@essex.gov.uk">adam.bryan@essex.gov.uk</a> )	
<b>5</b>	<b>LGF Governance Arrangements</b>	<b>15 - 20</b>
<b>6</b>	<b>Tunbridge Wells A26 Cycle Improvements Funding Decision</b>	<b>21 - 44</b>

7	<b>Innovation Centre - University of Essex Funding Decision</b>	<b>45 - 52</b>
8	<b>A2500 Lower Road Funding Decision</b>	<b>53 - 58</b>
9	<b>London Southend Airport Business Park Funding Decision</b>	<b>59 - 68</b>
10	<b>Southend Central Area Transport Package Funding Decision</b>	<b>69 - 74</b>
11	<b>Kent and Medway Engineering, Design, Growth and Enterprise Hub Funding Decision</b>	<b>75 - 86</b>
12	<b>LGF Capital Programme Update report</b> Appendix 2 will be circulated in advance of the meeting	<b>87 - 126</b>
13	<b>The Open Golf 2020</b>	<b>127 - 134</b>
14	<b>SELEP Revenue Funding Budget Update</b>	<b>135 - 138</b>
15	<b>SELEP Assurance Framework Implementation Plan Delivery</b>	<b>139 - 162</b>
16	<b>Growing Places Fund update</b>	<b>163 - 174</b>
17	<b>Date of Next Meeting</b> To note that the next meeting of the Board will be held on Friday 17th November 2017.	
18	<b>Urgent Business</b> 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.	
19	<b>Urgent Exempt Business</b> 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.	

### **Exempt Items**

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

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.



## Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 26 May 2017

### Present:

Geoff Miles	Chairman
Cllr David Finch	Essex County Council
Cllr Mark Dance	Kent County Council
Cllr Alan Jarrett	Medway Council
Cllr Rupert Simmons	East Sussex County Council
Cllr John Lamb	Southend Borough Council
Angela O'Donoghue	FE & Skills
Myroulla West	Higher Education representative

### ALSO PRESENT

### Having signed the attendance book

Amy Beckett	SELEP
Suzanne Bennett	Essex County Council
Steven Bishop	Steer Davies Gleave
Chris Burr	Southend Borough Council
Jake Cartmell	Steer Davies Gleave
Kim Cole	Essex County Council
Richard Dawson	East Sussex County Council
Stephen Gasche	Kent County Council
Thomas Kozlowski.	Medway Council
Stephanie Mitchener	Essex County Council
Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Sarah Nurden	Kent and Medway Economic Partnership
Andrew Osborne	Ashford Borough Council
Lisa Siggins	Essex County Council
William McLennan	Member of the Public

### 1 Welcome and Apologies for Absence

The following apologies were received:

- Councillor Kevin Bentley (substituted by Councillor David Finch)
- Councillor Paul Carter (substituted by Councillor Mark Dance)
- Councillor Rodney Chambers (substituted by Councillor Alan Jarrett.).
- Councillor Rob Gledhill

## **2 Declarations of Interest**

None were made.

## **3 Minutes**

The Minutes of the meetings held on 31st March were agreed as a correct record and signed by the Chairman.

With reference to Minute 4 (A13 Widening LGF award) the Chairman advised the Board that final Government approval had been received from the Secretary of State for Transport, Chris Grayling.

## **4 Assurance Framework Implementation Update and SELEP Grant Offer Letter 2017**

The Accountability Board (the Board) received a report from Rhiannon Mort, the purpose of which was to make the Board aware of:

1. The award of project change flexibilities within SELEP's Grant Offer Letter 2017/18 received from the Department for Communities and Local Government; and

2. The progress which has been made by the SELEP executive team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework. This is to follow on from the presentation provided to the SELEP Strategic Board on 3rd March 2017 and the subsequent update to the Accountability Board on 31st March 2017. The Board was reminded that it is accountable for assuring that all requirements are implemented; it is a condition of the Local Growth Funding that the Assurance Framework is being implemented.

Rhiannon Mort advised the Board that as referred to in paragraph 4 of the report, there is no longer the requirement to seek Government approval in respect of project changes which are agreed by the Board.

The Department for Communities and Local Government are currently undertaking a review into the governance and transparency of LEPs, led by Mary Ney. A report is due to be prepared ahead of the general election.

Myroulla West asked whether the Government were happy with SELEP's assurance framework, Rhiannon confirmed that they were. Myroulla also suggested that in future, timescales should be included in reports provided to the



Board. Rhiannon confirmed that this request would be noted.

### **Resolved**

1. **To Note** the award of Local Growth Fund project change flexibilities as stated within SELEP's Grant Offer Letter 2017 from the Department for Communities and Local Government.
2. **To Note** the progress to date in implementing the 2017 SELEP Assurance Framework.

### **5 Ashford Spurs LGF funding decision**

The Board received a report from Rhiannon Mort and presentation from Steer Davies Gleave, the purpose which was to make the Board aware of the value for money assessment for the Ashford International Rail Connectivity Project - Ashford Spurs which has been through the Independent Technical Evaluator (ITE) process to enable £4.173m funding to be devolved to Kent County Council for scheme delivery.

A copy of a letter of assurance from Eurostar International Ltd dated 3<sup>rd</sup> March 2017 was given to Board members. There followed a discussion regarding this and whilst it was acknowledged that this was not in fact legally binding, it was felt to provide sufficiently strong assurance.

### **Resolved**

**To Approve** the remaining £4.173m LGF allocation to Ashford International Rail Connectivity Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium certainty of achieving this.

### **6 Sussex Downs College 3rd Phase of refurbishment of Science Facilities at the Lewes Campus**

The Board received a report from Louise Aitken and a presentation from Steer Davies Gleave, the purpose of which was to seek the Board's approval for the award of Local Growth Fund (LGF) to Sussex Downs College 3rd Phase of refurbishment of Science Facilities at the Lewes Campus (the Project).

The Board welcomed the fact that there was an underspend due to the efficiency in delivering the previous phase of the Project.

### **Resolved**

1. **To Approve** the award of £39,515 LGF (Skills Capital allocation) to the 3rd Phase of refurbishment of Science Facilities in the Lewes Campus.
2. **To Note** that the remaining skills capital underspend of £25,439 will be added

to the uncommitted LGF for consideration by the Board.

**7 Technical and Professional Skills Centre at Stansted**

The Board received a report from Louise Aitken, and a presentation from Steer Davies Gleave, the purpose of which report was to seek the Board's approval for the award of £3.5m of Local Growth Fund (LGF) to be devolved to Essex County Council for delivery of the Technical and Professional Skills Centre at Stansted Airport.

**Resolved**

**To Approve** the award of £3.5m LGF to the Technical and Professional Skills Centre at Stansted Airport as set out in the Business Case which has been assessed as presenting high value for money with high certainty of achieving this.

**8 Basildon Integrated Transport Package Tranche 2 LGF funding decision**

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for Basildon Integrated Transport Tranche 2 Package (Project) which has been through the Independent Technical Evaluator (ITE) process to enable £6.4m funding to be devolved to Essex County Council for scheme delivery.

**Resolved**

**To Approve** the £6.4m LGF allocation to Basildon Integrated Transport Package Tranche 2 Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting achieving high value for money with low to medium certainty of achieving.

**9 Harlow Enterprise Zone**

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the progress which has been made in developing the Business Case for Phase 1 of investment at Harlow Enterprise Zone (the Project) and to endorse the completion of specific investment activities at the Enterprise Zone, as detailed in section 6 of the report, in advance of the Project having completed the Independent Technical Evaluator (ITE) process.

Once a robust Business Case has been produced, which has successfully completed the ITE process, recommendations will be made to the Board on the Phase 1 Project's value for money, for the Board to consider the approval of the Phase 1 Project.

The Board were advised that the risk in connection with the business rates lies with Harlow Council and not SELEP.

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**Resolved**

**To Endorse** the completion of specific investment activities at Harlow Enterprise Zone, as set out in section 6 of the report, in advance of the Business Case being developed for the Phase 1 Project.

**10 Capital Programme Management of the Local Growth Fund**

The Board received a report and presentation from Rhiannon Mort providing an update on the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.

**Resolved**

1. **To Note** the updated LGF spend forecast for 2017/18
- 2 **To Note** the project delivery and risk assessment
- 3 **To Approve** the acceleration of LGF spend in 2017/18 for Technical and Professional Skills Centre at Stansted Airport by £600,000
- 4 **To Approve** the updated spend profile for Basildon Integrated Transport Package, as set out in Table 4 of the report
- 5 **To Approve** the increase in LGF spend in 2017/18 for A28 Sturry Link Road by £43,000.
- 6 **To Approve** the increase in LGF spend in 2017/18 for Thurrock Cycle Network by £15,000.

**11 Growing Places Fund update**

The Board received a report from Rhiannon Mort providing an update on the latest position of the Growing Places Fund (GPF) Capital Programme.

The Board were advised that an amendment was required to the Report in that reference to the Discovery Park project in 3.5 of the report should be removed and replaced with the Live Margate project.

With regards to paragraph 3.6 of the report, this should be removed and replaced with the following wording:

"A delay was experienced in drawing-down the GPF funding for the Discovery Park due to the change of ownership at the Enterprise Zone since the GPF allocation was agreed. The GPF loan is still sought to support the development of the Enterprise Zone and is expected to deliver outcomes which are aligned with the original GPF bid. Recent email correspondence from Kent County Council indicates that its Section 151 Officer is due to sign the credit agreement within the next 5-10 days, and this will then be sent to Essex County Council's legal department. Hence, this credit agreement is on course to be completed

imminently.”

With regards to Chatham Waterfront, Councillor Jarrett advised the Board that full planning permission had now been received.

### **Resolved**

1. **To Note** the updated position on the Growing Places Fund programme
2. **To Approve** the amended Growing Places Fund loan repayment schedule for Chatham Waterfront

### **12 Provisional Revenue Outturn 2017-18**

The Board received a report from Suzanne Bennett, the purpose of which was to inform the the Board of the provisional final position of the South East LEP revenue spending for financial year ended 31st March 2017. Members were advised that the report title should refer to **2016-17 not 2017-18**. This position is provisional as the accounts will be subjected to external audit scrutiny and may be changed. The spending in year was less than the received income and as a result a request for approval for a contribution to the general reserve is made.

### **Resolved**

1. **To Approve** the final provisional outturn for the all South East LEP revenue budgets for 2016/17 at Tables 1, 2, 3, 4, 5, 6 and 7 of the report, and
2. **To Approve** the contribution of £132,000 to reserves

### **13 Specific Grants 2017 - 18**

The Board received a report from Suzanne Bennett, the purpose of which was to inform the the Board of specific revenue grants available for utilisation in financial year 2017/18 and to request the Board's approval for the setting of budgets for each grant.

### **Resolved**

1. **To Approve** the budgets and grant drawdowns as detailed in tables 1 through 7 in the report.
2. **To Note** the grants available and the restrictions to those grants where applicable.

### **15 Urgent Business**

With the agreement of the Chairman, Mr McLennan, a member of the public, asked the following question

“Where a County Council or Unitary Authority has been awarded Government Local Growth Funds for a project and their application is subsequently found to be fraudulent, misleading and incorrect. What legal jurisdiction does the South East Local Enterprise Partnership Board have to withdraw the award and recover government funds”.

The following response was given:

"The Government release the Local Growth Fund to SELEP under specific conditions set out in a Grant Determination Letter. This includes a condition that the LGF may only be used for purposes that a capital receipt may be used for in accordance with the regulations under section 11 of the Local Government Act 2003.

If the SELEP fails to comply with any of the conditions and requirements set out within the Grant Determination Letter the Minister of State may:

- a) Reduce, suspend or withhold grant; or
- b) By notification in writing to the authority, require the repayment of the whole or any part of the grant.

The LGF is released to the Accountable Body, who are accountable for ensuring that the conditions and requirements of all funding received from Government are adhered too. Accordingly, these conditions and requirements are reflected in the Agreements between the Accountable Body and each partner authority. These Agreements transfer the responsibility for ensuring that the funding is spent in in accordance with the Grant Determination Letter to the partner authority, and requires the respective s.151 officer to provide confirmation to the Accountable Body that this is the case. The repayment provisions are also reflected within these agreements.

The SELEP governance ensures that all projects are approved by the Accountability Board in the first instance, supported by a robust business case, which has been independently evaluated. Any changes to a project, which fall within SELEP's definition of project Change, must be approved by the Board. A further independent review of an updated Project Business Case will be undertaken if there is a Change to the project which may impact on the outcome of the projects Value for Money assessment. Project changes include, but are not limited to, variations to a projects scope, cost, outputs or outcomes. The full definition of Project Change is provided in paragraph 5.11 of the SELEP Assurance Framework. The Council must repay all or part of the funding received with respect to a Project Allocation if the Board so requires where the Council abandons the Project; a Project is Changed and the Board declines to agree the Change; or the Project can no longer meet the Grant Conditions.

Each project is approved in full by the Accountability Board, however, the actual funding is released quarterly in advance, in line with the projects specific planned spend profile. As a result should there be any issue arising on any of the projects, this can be addressed and resolved at an at an early opportunity, and at

a time when limited funding has been released

The SELEP are required to report to the Government on its management of the LGF, and it remains the government's decision on whether to activate the repayment mechanisms.

**14 Date of Next Meeting**

The Board noted that the next meeting will take place on Friday 22 September 2017.

There being no further urgent business the meeting closed at 11.17 am.

**Chairman**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b>	<b>22<sup>nd</sup> September 2017</b>
<b>Date of report:</b>	<b>30<sup>th</sup> August 2017</b>
<b>Title of report:</b>	<b>Management of LGF underspend</b>
<b>Report by:</b>	<b>Rhiannon Mort, SELEP Capital Programme Manager</b>
<b>Enquiries to:</b>	<b>Rhiannon.Mort@essex.gov.uk</b>

## 1. Purpose of report

- 1.1 The purpose of this report is to make the SELEP Accountability Board (the Board) aware of the process for utilising Local Growth Fund (LGF) underspends and to agree the approach to introduce new LGF projects into the Growth Deal Programme.

## 2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Note** the process set out in to the SELEP Assurance Framework for the use of LGF underspends; and
- 2.1.2 **Agree** the process for the inclusion of new LGF projects in the SELEP LGF Capital Programme

## 3. Background

- 3.1 As part of the SELEP Grant Offer Letter 2017/18, SELEP was successfully awarded new programme 'privileges' to enable SELEP to manage the LGF programme in a more flexible way.
- 3.2 In relation to the project change flexibilities, the Grant Offer Letter states:
- "This letter confirms that, following the successful conclusion of the annual conversation process, the LEP will receive its previously indicative allocation for 2017-18 in full. I can also confirm that we are removing the requirement for the LEP to give us prior notification of project changes".*
- 3.3 Prior to the award of these flexibilities, all project changes had to be agreed with Central Government Departments following approval by the Board. As a result of SELEP having demonstrated to Government that robust accountability arrangements are in place through the Board's oversight of the capital programme, this requirement has now been removed and SELEP is now only required to notify Government Departments of project changes.

- 3.4 To ensure that these programme privileges are implemented in a transparent way, the Board is made aware of all project changes, through the submission of SELEP Change Requests by a project's lead County Council or Unitary Authority.
- 3.5 The Change Request is completed where there is a change to a project's scope, costs, outputs and outcomes.
- 3.6 Where there is a change to the nature of the project outcomes to be delivered through the intervention or there is a change to the theme of the project (eg transport, housing, business support, flood management, skills, innovation) then this will be treated as the cancellation and introduction of a new project rather than a change of project scope.
- 3.7 The SELEP Assurance Framework states that the following types of project change necessitate a decision from the Board:
  - 3.7.1 Cancellation of a project that is included in the agreed Local Growth Plan;
  - 3.7.2 Inclusion of a project not included in the agreed Local Growth Plan;
  - 3.7.3 Moving forward of a project previously programmed to start in later years;
  - 3.7.4 Delays to project start or end dates of more than six months;
  - 3.7.5 All changes to LGF allocations above the 10% threshold;
  - 3.7.6 Any re-profiling of LGF between financial years; and
  - 3.7.7 Any changes to total project costs above a 30% or a £500,000 threshold; and
  - 3.7.8 Any substantial changes to the expected project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment. In such circumstances, it is expected that the business case should be re-evaluated by the ITE
- 3.8 SELEP's flexibility to make project changes extends to the management of LGF underspend and the inclusion of new LGF projects within SELEP's LGF programme.

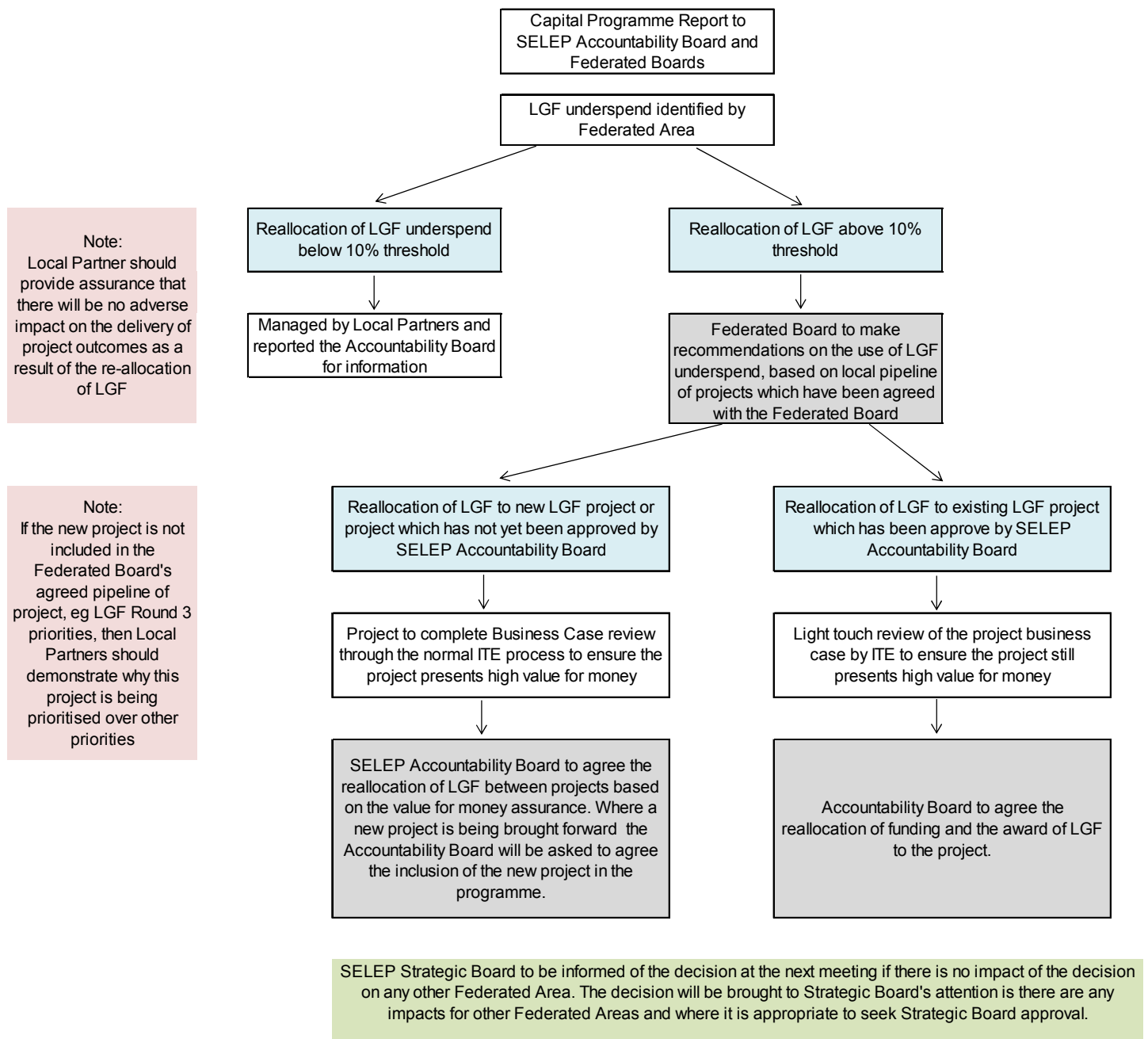
#### **4. Managing LGF Underspends**

- 4.1 The process for managing LGF underspends is set out in SELEP Assurance Framework and is firmly rooted in a Federated Board led approach to the management of investment priorities.
- 4.2 Through Federated Board oversight of their local LGF programme, the Federated Board should be made aware of any project/ programme underspends which are made available; these underspends may arise through the effective delivery of LGF projects under budget, reduction in a projects scope or cancellation of projects currently included within the LGF programme.



- 4.3 Under the terms of the Service Level Agreements with each of the six County Council/ Unitary Authorities, the respective Partner may retain the proceeds of project underspends of up to 10% for use on other approved LGF schemes or to offset overspend on LGF projects. The Board must be informed of the reallocation of LGF below the 10% threshold.
- 4.4 Where the variance is greater than 10%, the reallocation of funding requires approval from the Board and should be agreed with the Federated Board.
- 4.5 The Process for the inclusion of new LGF Projects into the Growth Deal:
- 4.5.1 The first step is for the Partner to bring the underspend to the Federated Board's attention and present potential options for the use of this underspend, in line with their published prioritisation approach. In the first instance, the Federated Board should consider options for the allocation of the funding to a project included within their agreed pipeline of projects or explain why a project is being prioritised over alternative proposals included within the Federated Board's pipeline of projects.
  - 4.5.2 If the Federated Board recommends the re-allocation of the LGF underspend to an LGF project which has already been approved by SELEP Accountability Board, the SELEP Independent Technical Evaluator (ITE) will complete a light touch review of the Business Case to ensure the Project continues to present high Value for Money, if the re-allocation of funding exceeds 10% of the allocation. The outcome of this review will be presented to the SELEP Accountability Board to help inform their decision making, where required.
  - 4.5.3 If the Federated Board recommends the re-allocation of underspend to an existing LGF project, increasing the project's total LGF allocation, the rationale for this decision should be made clear as part of the Federated Board decision. This includes providing details of how the additional investment will deliver additional benefits or why the re-allocation of funding is being recommended by the Federated Board over an alternative proposal within the Federated Board's project pipeline.
  - 4.5.4 If the Federated Board recommends the re-allocation of LGF to a project which has not been approved by the SELEP Accountability Board to date or a project which is not currently identified as an LGF project, the Project Business Case will be required to complete the ITE review process, as set out in the SELEP Assurance Framework, in advance of the decision to re-allocate funding to the project and the funding decision being taken by the Board.
  - 4.5.5 This process is summarised in the diagram in Figure 1 below.

**Figure 1 Process for managing LGF underspends**



- 4.6 To help inform the decision making by the Board, the impact of the funding re-allocation on the expected outputs and outcomes for all projects affected by the re-allocation of funding will be reported to the Board.

## 5. SELEP LGF Underspend

- 5.1 Should any LGF underspend be identified at the SELEP level, such as through the return of LGF to SELEP through the failure to comply with the Grant Conditions, the approach to the prioritisation of this funding would first be agreed with SELEP Strategic Board.

- 5.2 The approach recommended to SELEP Strategic Board would depend on the amount of LGF available and the circumstances of this funding being made available.

**6. Financial Implications** (Accountable Body Comments)

- 6.1 The proposals in this paper are in line with the requirements of the SELEP Assurance Framework and are appropriate to ensure a clear and transparent approach with regard to the management of LGF underspends and the introduction of new projects into the Growth Deal programme.

**7. Legal Implications** (Accountable Body Comments)

- 7.1 None at present

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

- 8.1 None at present.

**9. Equality and Diversity implications** (Accountable Body Comments)

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

**10. List of Appendices**

- 10.1 None

**11. 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
<b>Accountable Body sign off</b>  Lorna Norris  (On behalf of Margaret Lee)	  14/09/2017

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/103
<b>Date of Accountability Board Meeting:</b>	<b>22<sup>nd</sup> September 2017</b>
<b>Date of report:</b>	<b>24<sup>th</sup> August 2017</b>
<b>Title of report: A26 Cycle Improvements, Tunbridge Wells</b>	
<b>Report by:</b>	<b>Rhiannon Mort, SELEP Capital Programme Manager</b>
<b>Enquiries to:</b>	Rhiannon.mort@essex.gov.uk

## **1. Purpose of report**

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the A26 Cycle Improvements (Project) in Tunbridge Wells, Kent which has been through the Independent Technical Evaluator (ITE) process to enable £1m funding to be devolved to Kent County Council for scheme delivery.

## **2. Recommendations**

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the change of scope to Tunbridge Wells A26 Cycle and Junction Improvements Package
- 2.1.2 **Approve** the £1m LGF allocation to A26 Cycle Improvements Project to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium certainty of this being achieved

## **3. Background**

- 3.1 This report brings forward the A26 Cycle Improvement (the Project) in Tunbridge Wells, Kent for the £1m LGF allocation to this project, as a revised project scope and to utilise underspends from Tunbridge Wells Junction Improvements Project.
- 3.2 The Tunbridge Wells Junction Improvements Project was originally titled A26 London Road/ Speldhurst Road/ Yew Tree Junction and was allocated £1.8m LGF through LGF Round 2.
- 3.3 The original bid set out the intention of the junction improvements to ease congestion and enable housing and employment growth in the vicinity of the junction.
- 3.4 The A26 London Road/ Speldhurst Road/ Yew Tree Junction improvements were delivered in 2015/16 and 2016/17 with a total LGF spend of £0.8m,

leaving a £1m LGF underspend. The Phase 1 scheme has delivered improvements to enhance the operation of the junction and to reduce congestion.

- 3.5 On the 24<sup>th</sup> June 2016, the Board were presented with a project update and the Board agreed an expanded project scope, titled Tunbridge Wells Junction Improvements, enabling Kent County Council to develop proposals for further transport improvements in Tunbridge Wells to maximise the benefits achieved through the £1.8m LGF investment.
- 3.6 It was initially intended that the remaining £1m allocation would be used to fund further junction improvements. However, the recently completed A26 Corridor Study has provided conclusive evidence to show that, beyond the completed Yew Tree Road/Speldhurst Road junction improvements, there are no meaningful highway capacity solutions available to address existing issues of peak period congestion on this route.
- 3.7 Moreover, given that part of the A26 is identified as an Air Quality Management Area and that the majority of traffic movements on this route have their origin and/or destination within the Tunbridge Wells urban area, there is a clear need to promote modal shift to walking, cycling and public transport in the first instance.
- 3.8 As such, Board approval is sought to amend the scope of the Project to become Tunbridge Wells A26 Cycle and Junction Improvements Package, to incorporate the cycle measures in place of further junction improvements.
- 3.9 This change of scope was agreed with the Kent and Medway Economic Partnership Federated Board on the 30<sup>th</sup> March 2017.
- 3.10 A Business Case has been prepared for the A26 Cycle Improvements which has completed the ITE process, as a condition of the SELEP Assurance Framework.
- 3.11 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

#### **4. A26 Cycle Improvements Project**

- 4.1 The A26 Cycle Improvements Project will deliver significant improvements to cycle infrastructure along the length of the A26 between Grosvenor Road, Tunbridge Wells and Brook Street, Tonbridge, a distance of 6.1km. The A26 is a main inter-urban road that is subject to heavy traffic flows, especially at peak times. Department for Transport (DfT) annual average daily flow data (2012, extrapolated to 2016) confirms that 82% of daily traffic comprises of cars and taxis in comparison to 0.6% of journeys by bicycle. The route is also a designated Air Quality Management Area.
- 4.2 A solution is required to encourage more cycling use along the route which will contribute towards congestion relief, improvements in air quality, accessibility,

improved safety, health, quality of life and support economic growth (housing and jobs) in the area. To achieve this the proposals offer a combination of new links, upgrades to existing cycle paths (on and alongside the highway), improvements to junctions, provision of bus stop by-passes, reduced speed limits, improved signage and other traffic management measures, along the route.

- 4.3 The route will link with other proposed cycle routes for the A21 and as outlined in the Tunbridge Wells Borough Cycling Strategy, 2016 and the Tonbridge & Malling Cycle Strategy, 2014 to 2019. Together, these routes will form a substantial, joined up and complimentary cycle network throughout the boroughs of Tunbridge Wells and Tonbridge and Malling and for journeys between the two.
- 4.4 The A26 Cycle Route will also link directly with improvements to public realm and town centre environment in both Tonbridge and Tunbridge Wells, cycle improvements to Tonbridge station and Tunbridge Wells station. The infrastructure improvements will be supported and promoted by the Kent Connected and StAR smarter travel choices programmes; initiatives to support the uptake of sustainable transport options.
- 4.5 The enhancements will provide attractive, direct cycle routes for commuters and others, offering car-competitive journey times in places which will attract people away from their cars and reduce growing demand on the road network. The scheme will be co-ordinated with road improvements proposed for the A26 and A21 corridors and will help to 'lock in' the benefits of these investments.
- 4.6 Table 1 below summarises the intended Project objectives.

*Table 1 A26 Cycle Improvements Project Objectives*

Primary Objectives	<p><b>1) Increase cycle trips through the construction of an improved cycle route between Royal Tunbridge Wells and Tonbridge</b></p> <ul style="list-style-type: none"> <li>a) Increase journeys to work and education by cycling</li> <li>b) Increase cycling for other trips, including shopping and leisure</li> <li>c) Provide car- competitive journey times for cycle users</li> <li>d) Estimated 58,986 additional cycle trips per year (226 per day) based on experience of similar schemes</li> </ul>
Secondary Objectives	<p><b>2) Deliver a sustainable scheme</b></p> <ul style="list-style-type: none"> <li>e) Limit long-term maintenance liabilities</li> </ul> <p><b>3) Deliver an attractive, safe and effective scheme</b></p> <ul style="list-style-type: none"> <li>f) Provide safety and security for all users</li> <li>g) Provide safe, direct and attractive routes</li> </ul> <p><b>4) Enhance the local environment</b></p> <ul style="list-style-type: none"> <li>h) Maintaining or improving the local environment</li> </ul>

	around the scheme
	<b>5) Increasing walking trips</b>
	i) Increase walking trips on the route

## 5. A26 Cycle Improvements Project Cost and Funding Profile

5.1 The total Project cost is estimated at £1.2m. In addition to the £1m LGF allocation, the remaining Project cost will be funded through private sector local contributions from 106 agreements as set out in Table 2 below.

*Table 2 A26 Cycle Improvements Project Funding Profile*

	2017/18	2018/19	Total
SELEP LGF	£160,300	£839,700	£1,000,000
Local Contributions (S106)	£33,200	£172,264	£205,464
Total	£193,500	£1,011,964	£1,205,464

## 6. Outcome of ITE Review

- 6.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high value for money with medium certainty of this being achieved.
- 6.2 The Project economic appraisal has been carried out following the Department for Transport's Active Mode Appraisal Toolkit and has calculated a Benefit Cost Ratio (BCR) of 2.94:1. This BCR is categorised as high value for money.
- 6.3 The ITE have advised that overall the assessment approach is robust and that the appraisal method has been applied accurately, but as best practice, further sensitivity testing should be included in future Business Cases prepared by the local partner for other LGF projects.

## 7. Compliance with SELEP Assurance Framework

- 7.1 Table 3 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.



*Table 3 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance</b>	<b>Evidence in the Business Case</b>
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review confirms that the Project objectives have been defined in line with national, regional and local policy.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The information provided in the report above sets out the expected outputs and anticipated outcomes to be delivered through the Project, as stated in the Project Business Case.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The ITE review confirms that the Business Case includes a risk register, work programme and that risk has been included in the cost breakdown together with optimism bias.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		A BCR has been calculated as 2.94:1, which indicated high value for money.

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

- 8.1 The current forecast spend for 2017/18 as set out in the Capital Programme Management report (agenda item 12), anticipates slippage of LGF of £7.890m (excluding retained schemes) and as such, there is sufficient LGF available in the current year to meet the planned spend requirement for the project in 2017/18.
- 8.2 The Government has previously stated that failure to spend LGF in the year allocated, may impact on future year funding allocations; the slippage in the current year identified in the Capital Programme Management report therefore represents a risk to future allocations for all projects. This position is being actively monitored by the SELEP Capital Programme Manager to address this risk (see Capital Programme Management report for further information).
- 8.3 It should be noted, however, that whilst future year grant payments from Government haven't been confirmed, funding for this project is included in the

current indicative LGF allocations provided by Government. There is a risk, however, that the profiling of the indicative allocations of LGF is out of alignment with the current planned spend across the whole programme - this creates a forecast funding gap of £9.2m in 2018/19 and £17.3m in 2019/20 respectively. The funding gaps present a delivery risk to all projects that require LGF in those years. The Capital Programme Report sets out how that risk is to be managed. The funding gaps in both years are offset by an excess of funding in 2020/21 and the indicative programme funding is sufficient to meet the costs of all currently programmed projects and allocated projects over the life of the programme.

- 8.4 There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

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

- 9.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLAs already in place.

## **10. Staffing and other resource implications (Accountable Body comments)**

- 10.1 None at present.

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

## **12. List of Appendices**

- 12.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

## **13. List of Background Papers**

- Business Case for A26 Cycle Improvements

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Suzanne Bennett  (On behalf of Margaret Lee)	  13/09/17







Independent Technical  
Evaluator – Growth Deal  
Business Case Assessment  
(Q2 2017/18)

Accountability Board Report  
September 2017

South East Local  
Enterprise Partnership

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# 1 Independent Technical Evaluation of Q2 2017/18 starting Growth Deal Schemes

## Overview

- 1.1 Steer Davies Gleave were reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluators. 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 22<sup>nd</sup> September 2017 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

## Method

- 1.3 The review provides comment on the Business Cases submitted by scheme promoters, and comment on the strength of business case, the value for money being provided by the scheme (as set out in the business case) and the certainty of 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: Appraisal and Evaluation in Central Government*<sup>1</sup>, and related departmental guidance such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance) or the DCLG 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. Assessment criteria were removed or substituted if not relevant for a non-transport scheme.
- 1.7 Individual criteria were assessed and the given a 'RAG' (Red – Amber – Green) rating, with a summary rating for each case. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
  - **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment, but should be amended in future submissions (e.g. at Final Approval stage).
  - **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.

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<sup>1</sup> Source: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220541/green\\_book\\_complete.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf)

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

- **Strategic Case:** demonstration of strategic fit to national, Local Enterprise Partnership and local policy, predicated upon a robust and evidence-based case for change, with a clear definition of outcomes and objectives.
- **Economic Case:** demonstration that the scheme optimises public value to the UK as a whole, through a consideration of options, subject to cost-benefit analysis quantifying in monetary terms as many of the costs and benefits as possible of short-listed options against a counterfactual, and a preferred option subject to sensitivity testing and consideration of risk analysis, including optimism bias.
- **Commercial Case:** demonstration of how the preferred option will result in a viable procurement and well-structured deal, including contractual terms and risk transfer.
- **Financial Case:** demonstration of how the preferred option will be fundable and affordable in both capital and revenue terms, and how the deal will impact on the balance sheet, income and expenditure account, and pricing of the public sector organisation. Any requirement for external funding, including from a local authority, must be supported by clear evidence of support for the scheme together with any funding gaps.
- **Management Case:** demonstration that the preferred option is capable of being delivered successfully in accordance with recognised best practice, and contains strong project and programme management methodologies.

1.9 In addition to a rating for each of the five cases, comments have been provided against Central Government guidance on assurance – **reasonableness** of the analysis, risk of error (or **robustness** of the analysis), and **uncertainty**. Proportionality is applied across all three areas.

1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails between June and August 2017.

### Business Case Templates

1.11 Steer Davies Gleave were commissioned by South East Local Enterprise Partnership to update the existing Business Case Templates in order to:

- reflect changes in the SELEP Assurance Framework;
- reflect central government business case guidelines;
- place greater emphasis on specific elements of the business case (e.g. monitoring and evaluation);
- provide additional guidance and support to scheme promoters;
- better align the business case template with the Independent Technical Evaluator assessment framework (which in turn may need further refinement);
- encourage 'proportionality' in the preparation of business cases; and
- provide greater flexibility and improve 'ease of use'

1.12 Three new templates have been produced specific for transport schemes; non-transport schemes; and Growing Places Fund.

1.13 Both the transport and non-transport templates incorporate guidance on the (lower) level of detail needed for schemes under £2m.

1.14 In the process of developing the templates we have invited comments from scheme promoters across the four Federated Areas. We received and responded to 69 pieces of feedback on the draft templates and all comments have been recorded together with our response in a detailed comments log which has also been shared with scheme promoters.

1.15 Key points raised were:

- The need for additional guidance regarding specific topics;

- Concerns regarding the level of detail and quantity of material required;
- The need for clarity regarding roles, responsibilities and sign-off;
- The need for clarity regarding treatment of welfare benefits versus GVA-based 'wider impacts'.

1.16 We would welcome further feedback on the strengths and weaknesses of the new templates implemented.

## 2 Evaluation Results

### Gate 2 Results

- 2.1 Table 2.1 below provides the results of our independent technical evaluation of each scheme seeking funding approval on 22<sup>th</sup> September 2017 by the South East Local Enterprise Partnership Accountability Board. It includes both our interim assessment ('Gate 1 Assessment') of each Outline Business Case and the subsequent final assessment of revised business cases updated in light of our initial feedback ('Gate 2 Assessment'). More detailed feedback has been issued to each scheme promoter and the secretariat of the South East Local Enterprise Partnership using a standard transport and non-transport assessment pro forma.

### Summary Findings and Considerations for the Board

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

#### Recommendations

- 2.3 The following schemes achieve high value for money with high certainty of achieving this:
- Southend Central Area Transport Scheme (S-CATS) (£2.0m):** The scheme aims to improve the streetscape, public realm and walking/cycling facilities along the segment of London Road, College Way, Queens Road and Elmer Avenue that provide access to the high street, the main library (The Forum), College, University and other key destinations in the Town Centre. The analysis has been carried out in a robust and reasonable manner with the economic case demonstrating that the scheme will provide very high/high value for money. It was noted that the Business Case does not identify or quantify disbenefits to road users, particularly from increased journey times if pathways are widened and the speed limit is reduced from 30mph to 20mph in some sections, although this is unlikely to adversely affect the overall value for money assessment. The value for money of the investment relies heavily on physical activity benefits, which can drop significantly if the take-up of cycling/walking is not achieved. Both of these introduce some residual uncertainty.
  - A2500 Lower Road (£1.3m):** The proposed scheme is located at the junction of the A2500 Lower Road junction with Barton Hill Drive on the Isle of Sheppey, approximately one mile east from the A2500 junction with the A249. The primary purpose of the scheme is to improve current congestion issues and junction efficiency. The analysis provides a proportionate assessment of the scheme costs and benefits with some, albeit limited, sensitivity testing applied. The value for money of the scheme is robust to changes in the magnitude of transport user benefits, and represents high value for money with high certainty.
- 2.4 The following scheme achieves high value for money with medium certainty of achieving this:
- Southend Airport Business Park Phase 2 (£19.9m):** Phase 2 of the scheme will deliver the final phase of enabling site infrastructure on the Airport Business Park. The infrastructure works include: on site road infrastructure, drainage, utilities, archaeological works, an off-site sustainable cycle/footpath and a new build 2,600 sqm (28,000 sqft) (GIA) innovation centre. The application provides a comprehensive business case, which is sensible and proportionate to the scale of project and the scale of funding sought. Acknowledgement of the impact of the Airport Business Park on local congestion is omitted and should, ideally, have been made. We do not, however, expect these disbenefits to be material to the value for money of the scheme.

- **A26 Cycle Route (£1.0m):** The scheme aims to improve cycle infrastructure on the A26 between its junctions with Grosvenor Rd, Tunbridge Wells and Brook St, Tonbridge and bring these together to establish a single, consistent, cycle route between the two towns. The value for money methodology has been applied accurately, with the use of the DfT Active Mode Appraisal Toolkit. For future reference, more work on sensitivity tests should have been undertaken to reduce uncertainty around the assumed cycling uptake.
- **Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub (£6.1m):** The scheme requires funding for the construction and equipment costs of Kent and Medway EDGE Hub. This will be a new 3,588 sqm facility in Canterbury, with satellite facilities at Discovery Park, Kent Science Park, Medway Campus and other parts of Kent, to support high value employment, growth and investment in Engineering and Technology businesses. The appraisal methodology has been applied sufficiently accurately given the structural constraints faced in framing a project of this type within the investment appraisal parameters stipulated for this assessment process i.e. it is difficult to capture the ‘capability-building’ aspects of such an investment within standard value for money estimates. There is still scope for some improvement in the clarity of the presentation of the quantitative estimates, nevertheless the underlying vision and ambition to make a difference to local industrial base is serious in intent and the strategic management commitment to the project offsets remaining limitations in the quantitative aspects of the proposal.

2.5 The following scheme achieves high value for money with low certainty of achieving this:

- **Innovation Centre (Phase 1) – University of Essex Knowledge Gateway (£2.0m):** The University proposes to build an Innovation Centre as the focal point on its Knowledge Gateway Research Park. The development is designed to increase the University’s ability to realise its ambition of driving local and regional economic growth through becoming a globally recognised centre for data analytics. The Strategic Case is compelling. It demonstrates demand from SMEs for the type of work space planned as well as the research credentials and spinout potential of the University. An explicit description of problems and how the scheme can address them is provided together with a consideration of alternative land uses, including why the innovation centre is the preferred option.

A sensible methodology has been applied, providing supporting evidence appropriate to making the case for investment, however, the case would benefit from a more formal demand assessment for the sectors the case is looking to target in order to reduce residual uncertainty. Ideally, the case would provide greater assurance that the current cost estimates can be verified, that the level of funding is proportionate and that this intervention will meet demand and address local problems and strategic imperatives. Finally, the value for money case is made in GVA terms which are not strictly compliant with the Green Book methodology, but are detailed in alternative (and supplementary) Government guidance. Using a broad ‘rule of thumb’ for converting jobs-based GVA into the social accounting framework used by the Green Book indicates that the scheme would still generate high value for money, albeit with lower certainty than if a direct ‘welfare’ calculation had been performed.

Table 2.1: Gate 1 &amp; 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q2 2017/18

Scheme Name	Local Growth Fund Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Southend Central Area Transport Scheme (S-CATS)	£2.0m	Gate 1: 4.01	Amber	Amber/Green	Green	Amber/Green	Amber	The methodology is proportionate to the type and size of scheme nevertheless additional sensitivity tests would be useful. There is no objective to specifically reduce traffic congestion even though this is identified as a key issue now and in the future.	The analysis does not consider disbenefits to road users. There is reliance on physical activity benefits – which could drop significantly if the take-up of cycling/walking has been miscalculated.	The financial and commercial cases are generally well developed, with minor comments should be addressed in future iterations of the business case. The management case requires further work on risk management strategy and benefits realisation plan.
		Gate 2: 4.06	Green	Green	Green	Green	Amber/Green	Generally the comments from Gate 1 still apply particularly regarding sensitivity and objectives to reduce congestion.	The appraisal methodology seems to have been accurately applied and comments from Gate 1 have been addressed.	The analysis has helped reduce uncertainty regarding the value for money of the proposed intervention.

Scheme Name	Local Growth Fund	Benefit to Cost Ratio (v'to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
A2500 Lower Road / Barton Hill Drive Junction	£1.3m	Gate 1: 2.47	Green	Red/Amber	Green	Amber/Green	Green	The methodology has been applied accurately, with appropriate junction modelling undertaken to justify the BCR.	All the economic appraisal calculations seem in line with WebTAG guidance except for the discounting which needs to be clarified due to its potential impact on BCR.	The analysis has helped reduce uncertainty. The business case is largely complete and only some very minor amendments are required.
		Gate 2: 2.58	Green	Amber/Green	Green	Green	Green	Gate 2 has addressed some of the issues outlined within Gate 1 review, predominantly those related to the economic case BCR calculation.	The methodology appears to have been applied accurately. However, the appraisal spreadsheet is not fully auditable and therefore it is not possible to provide full assurance regarding the application of WebTAG.	The analysis provides a proportionate assessment of the scheme costs and benefits with some, albeit limited, sensitivity testing applied. The value for money of the scheme is robust to changes in the magnitude of transport user benefits, and represents high value for money with medium to high certainty.
Southend Airport Business Park Phase 2	£19.9m	Gate 1: 2.19	Green	Red/Amber	Green	Red/Amber	Amber/Green	The business case is comprehensive, with analysis that is sensible and proportionate to the scale of project and the scale of funding sought.	The BCR methodology has been applied accurately – with two methods applied to meet previous requirements and DCLG's current guidance on land value uplift. There are significant concerns that business rate costs to the private sector and congestion impacts have not been considered as disbenefits.	More information needs to be provided on the benefits to increase certainty. In addition, more information could be provided in relation to stakeholder engagement and management in the future, as well as a benefits realisation plan. Copy of S151 office letter to be provided.
		Gate 2: 2.19	Green	Amber/Green	Green	Amber/Green	Green	The application provides a comprehensive business case, which is sensible and	Acknowledgement of the impact of the Airport Business Park on	The analysis has identified risk and uncertainty, assigned owners of the risks and

Scheme Name	Local Growth Fund	Benefit to Cost Ratio (v/t to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
A26 Cycle Route	£1.0m							proportionate to the scale of project and the scale of funding sought.	local congestion should, ideally, be made although we do not expect these disbenefits to be material to the value for money of the scheme.	identified risk mitigation strategies. A copy of the S151 officer letter was provided with the revised business case.
		Gate 1: 3.27	Amber/ Green	Amber/ Green	Green	Amber/ Green	Green	The methodology is proportionate to the type and size of scheme. The business case is generally well developed with additional information required to strengthen the case and certainty.	The methodology seems to have been accurately applied, with the use of the DfT Active Mode Appraisal. Further clarification and breakdown in calculations and assumptions would be required to increase confidence. In addition sensitivity analysis should be undertaken.	The analysis has helped reduce uncertainty. The business case is largely complete and only some very minor amendments are required.
		Gate 2: 2.94	Green	Amber/ Green	Green	Green	Amber/ Green	The business case has been strengthened to address Gate 1 comments around articulation of constraints and risks and option consideration.	More work on sensitivity should be undertaken together with a clearer split of the risk and inflation applied to the cost breakdown.	The BCR is slightly lower than in the previous iteration of the business case (although remains high), and it would have been useful to provide clarification to understand what changes have occurred.



Scheme Name	Local Growth Fund	Benefit to Cost Ratio (v' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub	£6.1m	Gate 1: Not derived	Amber	Amber	Amber	Amber	Green	The methodology deployed is broadly sensible, although it would benefit from greater clarity over specific technical assumptions and the specific challenges of CCCU.	Particular concern has been raised regarding the choice of a high multiplier of 2.3 for the local context.	The analysis of the methodology itself has not exposed or helped in the understanding of uncertainty. However, the assessment of the narrative and implied logic model/theory of change that frames the quantitative estimates and modelling has exposed and clarified significant uncertainties that should now be focussed on and addressed.
		Gate 2: 2.28 (including 'other quantified benefits')	Amber/ Green	Amber/ Green	Amber/ Green	Amber	Green	The G2 proposal reflects a serious and concerted effort by the university to respond effectively to G1 feedback and these improvements result in a sensible and proportionate methodology being applied for a project of this type.	The nature and extent of the updates applied in the G2 proposal is evidence of a serious effort to learn, adapt and therefore optimise the funding case being developed.	The G2 proposal has made significant improvements in the robustness of the funding case made via doing more to expose, understand and respond to uncertainties.

Scheme Name	Local Growth Fund	Benefit to Cost Ratio (v' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
Innovation Centre (Phase 1) – University of Essex Knowledge Gateway	£2.0m	Gate 1: Not derived in welfare terms	Amber	Red/ Amber	Amber	Amber/ Green	Amber	A more formal demand assessment is required. The business case provides a good level of detail on the potential benefits of the scheme, although no BCR or NPV values are reported. In a number of places more detail or greater clarity should be provided to strengthen the case.	The methodology appears to have been applied accurately. On the whole the requirement is for additional information to reinforce the case, particularly in terms of the demand for this specific type of intervention as well as the needs and problems that it addresses.	The case needs to provide greater assurance that the current cost estimates can be verified, that the level of funding is proportionate and that this intervention will meet demand and address local problems and strategic imperatives.
		Gate 2: Not derived in welfare terms	Amber/ Green	Amber/ Green	Green	Amber	Green	Overall it is an improvement and a stronger case all round. The revised business case still states that VfM is difficult to calculate. However, a GVA-based approach to estimate direct and indirect economic impacts has been followed.	Cost estimates have been verified and links to meeting demand, addressing problems and strategic imperatives are provided.	This analysis has reduced uncertainty and is stronger than at Gate 1.

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<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/104
<b>Date of Accountability Board Meeting:</b>	<b>22<sup>nd</sup> September 2017</b>
<b>Date of report:</b>	<b>1<sup>st</sup> September 2017</b>
<b>Title of report:</b>	
<b>Report by:</b>	<b>Rhiannon Mort, SELEP Capital Programme Manager</b>
<b>Enquiries to:</b>	Rhiannon.mort@essex.gov.uk

## **1. Purpose of report**

- 1.1 The purpose of this report is to make the SELEP Accountability Board (the Board) aware of the value for money assessment for the Innovation Centre at the University of Essex Knowledge Gateway (Project) which has been through the Independent Technical Evaluator (ITE) process to enable £2m Local Growth Fund (LGF) to be devolved to Essex County Council for scheme delivery.

## **2. Recommendations**

- 2.1 The Board is asked to:
- 2.1.1 **Approve** the £2m LGF allocation to the Innovation Centre, University of Essex Knowledge Gateway to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money but with low certainty of this being achieved

## **3. Background**

- 3.1 This report brings forward this LGF Round 3 Project for the allocation of £2m LGF, in line with the Business Case which has been prepared for the Project and which has completed the ITE process, as a condition of the SELEP Assurance Framework.
- 3.2 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

## **4. Innovation Centre, University of Essex Knowledge Hub**

- 4.1 The University has created the opportunity to build an Innovation Centre as the focal point on its Knowledge Gateway Research Park. This development and the way in which it will be operated going forward is designed to have the potential to significantly increase the University's ability to realise its ambition of driving local and regional economic growth through becoming a globally recognised centre for data analytics.

- 4.2 LGF investment is sought to support the first delivery phase of the Innovation Centre project. The first phase of the Project includes a reception area, café and meeting room, together with a first range of lettable units and provides the basis for the later construction for two further wings of lettable units as demand grows.
- 4.3 The role of the Innovation Centre can be summarised as follows:
- 4.3.1 Attracting companies to come to the University of Essex to establish and grow their business. Companies will be attracted by the value-add of co-location and by the business support proposition and not just by the quality or pricing of the office space.
  - 4.3.2 Engage 'downstream' with the Entrepreneurship and Employability strategies supporting and encouraging research spin-outs and graduate/post graduate start-ups.
  - 4.3.3 Engage 'upstream' with move-on space in the Knowledge Gateway, Colchester and the wider region such that there is movement of companies through the Innovation Centre
  - 4.3.4 Introduce, and lever in, regional and University of Essex business support capabilities and programmes
- 4.4 The Innovation Centre is intended to attract companies to University of Essex to establish and grow their business, contributing to student employability strategies and enhance the position of the University as a national centre for Small and Medium Enterprises (SMEs).
- 4.5 The Project will also provide a benefit to the wider economy which will be measured in terms of new business starts/business growth, jobs created (423 net new jobs) and GVA added (£9.2 million) plus sectoral clustering.
- 4.6 There will also be additional benefits for the University in terms of increased business engagement, knowledge transfer and also a flow of expanding businesses to populate other "grow-on" units on the wider Knowledge Gateway (3 high growth businesses graduating each year).
- 4.7 The main projects objectives are to:
- Be operational by the first quarter of 2018
  - Have occupancy in excess of 85% during the fourth year of operation
  - To create 423 new net jobs in the first ten years
  - Facilitate at least 3 high growth businesses to graduate from the centre each year
  - Achieve a GVA of £9.2m in the first ten years
  - Be financially sustainable during the first ten years of operation

## 5. Innovation Centre Project Cost and Funding Profile

- 5.1 The total Project cost is estimated at £13m. In addition to the £2m LGF allocation, the remaining Project cost will be funded through funding contributions from the University of Essex and Essex County Council, as set out in Table 1 below.

*Table 1 Innovation Centre Funding Profile*

(£m)	2015/16	2016/17	2017/18	2018/19	Total
SELEP LGF			£1.000	£1.000	£2.000
University of Essex		£0.500	£1.750	£6.750	£9.000
Essex County Council	£0.250	£1.750			£2.000
Total	£0.250	£2.000	£2.750	£7.750	£13.000

## 6. Outcome of ITE Review

- 6.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high value for money but with low certainty of achieving this.
- 6.2 The ITE review confirms that a sensible methodology has been applied, providing supporting evidence appropriate to making the case for investment.
- 6.3 The economic appraisal has been carried out following a Gross Value Added (GVA) approach, to assess the direct and indirect benefits of the Project. This approach is based on the 2014 guidance issued by the Homes and Communities Agency which gives direction on the measurement of the likely creation of jobs in addition to those directly created through an intervention and the English Partnership's *Additionality Guide (2008)*.
- 6.4 The value for money case is made in Gross Value Added terms which are not strictly compliant with the Green Book methodology, but are detailed in alternative (and supplementary) Government guidance. Using a broad 'rule of thumb' for converting jobs-based GVA into the social accounting framework used by the Green Book indicates that the scheme would still generate high value for money, albeit with lower certainty than if a direct 'welfare' calculation had been performed.
- 6.5 Through the management of the LGF capital programme any variations to the Project cost and/or expected project benefits will be monitored, to ensure the Project continues to offer high value for money. If there is a change to the Project which may detrimentally impact on the Project's value for money case, the Project's Business Case will be reviewed and a further decision may be sought from the Board.

- 6.6 The ITE review has confirmed that the Strategic Case is compelling. The Business Case demonstrates demand from SMEs for the type of work space planned as well as the research credentials and spinout potential of the University. An explicit description of problems and how the scheme can address them is provided together with a consideration of alternative land uses, including why the Innovation Centre is the preferred option.

## 7. Compliance with SELEP Assurance Framework

- 7.1 Table 2 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

*Table 2 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		<p>The ITE review confirms that proposal provides detail on how this project will support the vision for the University and some alignment with the local Strategic Economic Plan.</p> <p>The ITE review confirms that the Gate 2 submission included additional commentary describing the Project's alignment with local/sub-regional/national policies/strategies provided.</p>
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>The ITE review confirms that the scheme offers outputs such as new jobs created, new businesses supported and GVA uplift.</p> <p>Displacement and deadweight has been considered as part of the calculation.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be		<p>Risks around funding, construction, and ongoing operational sustainability are identified in a project risk register. Contingency costs have also been</p>



clearly understood)		included as part of the project budget.  A Gantt chart is provided for the procurement and contracting process and will be updated following the contractor having been appointed.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		A Value for Money assessment has been completed following a GVA approach. Whilst this does not generate a BCR estimate using welfare benefits, it is the ITE's view that, "Using a broad 'rule of thumb' for converting jobs-based GVA into the social accounting framework used by the Green Book indicates that the scheme would still generate high value for money, albeit with lower certainty than if a direct 'welfare' calculation had been performed.

## 8. Financial Implications (Accountable Body comments)

- 8.1 The current forecast spend for 2017/18 as set out in the Capital Programme Management report (agenda item 12), anticipates slippage of LGF of £7.890m (excluding retained schemes) and as such, there is sufficient LGF available in the current year to meet the planned spend requirement for the project in 2017/18.
- 8.2 The Government has previously stated that failure to spend LGF in the year allocated, may impact on future year funding allocations; the slippage in the current year identified in the Capital Programme Management report therefore represents a risk to future allocations for all projects. This position is being actively monitored by the SELEP Capital Programme Manager to address this risk (see Capital Programme Management report for further information).
- 8.3 It should be noted, however, that whilst future year grant payments from Government haven't been confirmed, funding for this project is included in the current indicative LGF allocations provided by Government. There is a risk, however, that the profiling of the indicative allocations of LGF is out of alignment with the current planned spend across the whole programme - this creates a forecast funding gap of £9.2m in 2018/19 and £17.3m in 2019/20 respectively. The funding gaps present a delivery risk to all projects that require LGF in those years. The Capital Programme Report sets out how that risk is to be managed. The funding gaps in both years are offset by an excess of funding in 2020/21 and the indicative programme funding is sufficient to meet the costs of all currently programmed projects and allocated projects over the life of the programme.

- 8.4 There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

**9. Legal Implications (Accountable Body comments)**

- 9.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLA's currently in place.

**10. Staffing and other resource implications (Accountable Body comments)**

- 10.1 None at present.

**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 their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

**12. List of Appendices**

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

**13. List of Background Papers**

- Business Case for the Innovation Centre at the University of Essex

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

Role	Date
<b>Accountable Body sign off</b>  Lorna Norris  (On behalf of Margaret Lee)	14/09/2017



<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/112
<b>Date of Accountability Board Meeting:</b>	<b>22<sup>nd</sup> September 2017</b>
<b>Date of report:</b>	<b>24<sup>th</sup> August 2017</b>
<b>Title of report:</b>	<b>A2500 Lower Road Project LGF Funding Decision</b>
<b>Report by:</b>	<b>Rhiannon Mort, SELEP Capital Programme Manager</b>
<b>Enquiries to:</b>	Rhiannon.mort@essex.gov.uk

## **1. Purpose of report**

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for A2500 Lower Road/ Barton Hill Drive Project (Project) in Swale, Kent which has been through the Independent Technical Evaluator (ITE) process to enable £1.265m funding to be devolved to Kent County Council for scheme delivery.

## **2. Recommendations**

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the £1.265m LGF allocation to A2500 Lower Road/ Barton Hill Drive Project 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.

## **3. Background**

- 3.1 This report brings forward the A2500 Lower Road/ Barton Hill Drive Project (the Project) in Swale, Kent for the £1.265m LGF allocation to this project through LGF Round 3.
- 3.2 A Business Case has been prepared for the Project and has completed the ITE process, as a condition of the SELEP Assurance Framework.
- 3.3 The ITE report sets out the detailed analysis of the Project. This report is included in Appendix 1, of Agenda Item 5.

## **4. A2500 Lower Road/ Barton Hill Drive Project**

- 4.1 The A2500 Lower Road improvements project will realign and improve the capacity of the existing A2500 Lower Road/Barton Hill Junction. This signalised priority junction is currently a pinch point on the principal 'A' road that serves the Isle of Sheppey from its connection with the Strategic Road Network.

- 4.2 There are already congestion issues at this junction and as such, the junction is acting as a barrier to the delivery of around 1500 new houses by 2031 which will be unlocked as a result of the junction improvement.
- 4.3 The limited route options for traffic wanting to enter or leave the Island places a significant demand on the A2500 Lower Road. The Island's tourism-related economy, coupled with the significance of the Prison Service on the Island gives rise to further peaks in traffic demand. The cumulative pressures being placed on the A2500 Lower Road is currently resulting in significant delays and issues concerned with journey time reliability for all users, which has reached an unacceptable level.
- 4.4 In the context of the emerging Local Plan, a proportionate amount of development allocations will bring the transport network under strain across Sheppey, with increasing focus on the need for upgrades. The rationale for the junction improvement package is to implement the scheme to improve journey time and improve journey time reliability through tackling this network constraint.
- 4.5 To remove the constraint, the signal controlled junction will be replaced by a 3-arm roundabout at Lower Road/Barton Hill Drive.
- 4.6 The expected Project objectives are set out in Table 1 below.

*Table 1 A2500 Lower Road/ Barton Hill Drive Project Objectives and Desired Outcomes*

Objectives	Desired Outcomes
Alleviate congestion at the A2500 Lower Road/ Barton Hill Drive	Reduction in delays at the junction
Support the largely tourism focused economy by improving the efficiency of the transport network	Reduction in travel time through the scheme corridor, enabling access to the eastern part of the island.
Support the economy by supporting the delivery of houses	Contribute to mitigating the impact of new homes in Swale
Support the economy through Sheppey's case for the potential expansion of the Prisons and the delivery of jobs	Contribute to mitigating the impact of new jobs in Sheppey.

- 4.7 The total cost of the Project is estimated at £1.8m, including inflation and risk allocation costs. In addition to the £1.265m LGF allocation, the remaining Project cost will be funded through developer contributions through S106 agreements.
- 4.8 The developer contributions have been identified from specific development sites which will benefit from the Project. A verbal update will be provided at the Board meeting to confirm the availability of these developer contribution funding sources.

- 4.9 The scheme promoter is required to bridge any funding shortfall should the developer contributions to the project not materialise.

*Table 2 A2500 Lower Road/ Barton Hill Drive Funding Profile*

Funding Source	Contribution
SELEP LGF	£1,264,930
Developer Contributions (S106)	£540,000
Total	£1,804,930

## **5. Outcome of ITE Review**

- 5.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high value for money with a high certainty of achieving this.
- 5.2 The Project Business Case has demonstrated that the Project presents high value for money, with a Benefit Cost Ratio (BCR) of 2.58:1. This BCR has been calculated following the Department for Transport WebTAG guidance.

## **6. Compliance with SELEP Assurance Framework**

- 6.1 Table 3 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 6.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

*Table 3 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review confirms that the objectives align well with national, subnational and local policies.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>The ITE review confirms that a spreadsheet based model developed to estimate the journey time savings has been developed.</p> <p>This model has been developed to assess the expected outputs and</p>

		outcomes of the intervention following WebTAG guidance.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		<p>The ITE review confirms that a Quantified Risk Assessment has been completed and a Risk Register is included in the Business Case.</p> <p>The Business Case also confirms that a scheme risk register will be maintained and updated at each of the two-weekly Project Steering Group meetings. Responsibility for the risk register being maintained will be held by the KCC Programme Manager and will be reported as part of the monthly Progress Reports.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		A BCR has been calculated as 2.58:1, which indicated high value for money.

## 7. Financial Implications (Accountable Body comments)

- 7.1 The current forecast spend for 2017/18 as set out in the Capital Programme Management report (agenda item 12), anticipates slippage of LGF of £7.890m (excluding retained schemes) and as such, there is sufficient LGF available in the current year to meet the planned spend requirement for the project in 2017/18.
- 7.2 The Government has previously stated that failure to spend LGF in the year allocated, may impact on future year funding allocations; the slippage in the current year identified in the Capital Programme Management report therefore represents a risk to future allocations for all projects. This position is being actively monitored by the SELEP Capital Programme Manager to address this risk (see Capital Programme Management report for further information).
- 7.3 It should be noted, however, that whilst future year grant payments from Government haven't been confirmed, funding for this project is included in the current indicative LGF allocations provided by Government. There is a risk, however, that the profiling of the indicative allocations of LGF is out of alignment with the current planned spend across the whole programme - this creates a forecast funding gap of £9.2m in 2018/19 and £17.3m in 2019/20 respectively. The funding gaps present a delivery risk to all projects that require LGF in those years. The Capital Programme Report sets out how that risk is to be managed. The funding gaps in both years are offset by an excess



of funding in 2020/21 and the indicative programme funding is sufficient to meet the costs of all currently programmed projects and allocated projects over the life of the programme.

- 7.4 There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

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

- 8.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLAs already in place.

## **9. Staffing and other resource implications (Accountable Body comments)**

- 9.1 None at present.

## **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 their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **11. List of Appendices**

- 11.1 Appendix A - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

## **12. List of Background Papers**

- Business Case for A2500 Lower Road Improvements

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

Role	Date
<b>Accountable Body sign off</b>  Suzanne Bennett  (On behalf of Margaret Lee)	13/09/17

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/107
<b>Date of Accountability Board Meeting:</b>	<b>22<sup>nd</sup> September 2017</b>
<b>Date of report:</b>	<b>29<sup>th</sup> August 2017</b>
<b>Title of report: London Southend Airport Business Park LGF Funding Decision</b>	
<b>Report by:</b>	<b>Rhiannon Mort, SELEP Capital Programme Manager</b>
<b>Enquiries to:</b>	Rhiannon.mort@essex.gov.uk

## 1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the London Southend Airport Business Park Phase 2 Project (Phase 2 Project) in Southend which has been through the Independent Technical Evaluator (ITE) process to enable £815,000 Local Growth Fund (LGF) to be devolved to Southend Borough Council to support the further development of the Project.
- 1.2 In addition, to help mitigate expected LGF slippage for the Phase 2 Project from 2017/18 the report sets out the proposal to accelerate £4.5m LGF spend on Phase 1 of the Project in place of Southend Borough Council spend. This will be offset through a £4.5m reduced LGF contribution and £4.5m increase in Southend Borough Council contribution to Phase 2.

## 2. Recommendations

- 2.1 The Board is asked to:
  - 2.1.1 **Approve** an initial £815,000 LGF allocation to London Southend Airport Business Park Phase 2 Project to support the development of the Project identified in the Business Case and which has been assessed as presenting achieving high value for money with medium certainty of achieving this.
  - 2.1.2 **Approve** the re-allocation of £4.5m of LGF from Phase 2 to Phase 1
  - 2.1.3 **Approve** the additional spend of £4.5m LGF on Phase 1
  - 2.1.4 **Note** the intention to develop a Full Project Business Case to be considered by the Board for the remaining allocation to the Project.
  - 2.1.5 **Note** the amended LGF spend profile for the Project

## 3. Background

- 3.1 This report brings forward the London Southend Airport Business Park Phase 2 Project for the £815,000 LGF allocation to this project, to support the further development of the Project.

- 3.2 Through LGF Round 2 a £3.2m LGF award was made to Phase 1 of works at the Airport Business Park, previously titled 'Southend and Rochford Joint Area Action Plan'.
- 3.3 A further £19.89m LGF allocation was made to Phase 2 of the Project through LGF Round 3. An Outline Business Case has been developed for Phase 2 and has completed Gate 1 and 2 assessments as required by the SELEP Assurance Framework, to enable a proportion of funding allocation to be released to support the development of Phase 2 of the Project.
- 3.4 As the LGF allocation to the Phase 2 Project exceeds £8m, a Full Business Case is expected to complete Gate 4 and 5 of the ITE process to secure the remaining LGF allocation to the Phase 2 Project. Once the Project has completed Gate 4 and 5 review of the Business Case assessment process then a further decision will be sought from the Board to seek the award of the remaining LGF allocation to the Project.
- 3.5 The ITE report sets out the detailed analysis of the Phase 2 Project. This report is included in Appendix 1, of Agenda Item 6.

#### **4. London Southend Airport Business Park Phase 1 Project (previously awarded £3.2m LGF)**

- 4.1 The Phase 1 Project involves the delivery of site enabling infrastructure works, and the relocation of Westcliffe Rugby Club, to unlock the first phase of employment land for development at the site.
- 4.2 The Project was approved by the Board on the 12<sup>th</sup> February 2017 for the allocation of £3.2m LGF based on the Project Business Case demonstrating that the Project would deliver high value for money with medium to high certainty of this being achieved.
- 4.3 The total cost of these works was estimated at £8.8m, with a £3.2m LGF investment in the Project and £5.62m Southend Borough Council funding contributions.
- 4.4 The LGF investment was set to be spent on supporting off-site enabling works, including highway works, incoming service infrastructure (electricity, water, gas and telecoms) and strategic site-wide drainage infrastructure. The £5.62m Southend Borough Council contribution was intended to fund the on-site infrastructure works, including the Rugby Club relocation.
- 4.5 Phase 1 works commenced on site in November 2016, but have been subject to delays in finalising the planning consent.
- 4.6 In 2016/17, the Project was profiled to spend the full £3.2m LGF allocation. Given the project delays, to maximise the LGF spend in 2016/17, LGF spend was used to support the relocation of the Rugby Club, with SBC contributions being swapped to fund a greater proportion of the infrastructure works.

- 4.7 Whilst the funding swap should have been brought to the attention of the Board in advance of spend, the LGF has been spent in line with the outputs and outcomes considered as part of the Phase 1 Business Case economic appraisal and the previous funding decision by the Board to award £3.2m LGF to the Project.
- 4.8 The Phase 1 infrastructure works are now well underway with the construction of the new access roundabout having commenced in December 2016 and is due to be completed in August 2017. At the same time, the delivery of the new spine road has started and will be completed in November 2017. Off-site utility works (gas, power, water and broadband) commenced in May 2017 and will also be completed in November 2017.
- 4.9 The LGF funded Phase 1 infrastructure works will therefore be fully delivered by November 2017 and the construction of the new rugby club by June 2018.
- 4.10 This will directly unlock the first six development plots (based on the latest masterplan) which could accommodate up to 22,000m<sup>2</sup> of new commercial development as the first phase of business park development to include 17,500m<sup>2</sup> of high value B1 office/R&D based floorspace and 4,800m<sup>2</sup> of proposed hotel floorspace (equating to a 100 bed hotel with leisure/conference facilities).

## **5. London Southend Airport Business Park Phase 2 Project**

- 5.1 The second and final phase of the Project is closely interlinked with the first phase.
- 5.2 The Phase 2 works include further on site road infrastructure, drainage, utilities, archaeological works, footpaths, off-site sustainable cycle/footpath scheme and the build of a new 2,600 m<sup>2</sup> (Gross Internal Area, GIA) innovation centre.
- 5.3 In addition, the Phase 2 scheme will unlock the potential for a further 60,000m<sup>2</sup> of commercial floorspace, with the potential to accommodate 2,600 permanent new gross jobs and 1,400 permanent net additional jobs, resulting in a discounted net additional Gross Value Add (GVA) impact of an estimated £560m.

### **Innovation Centre**

- 5.4 The intention of the innovation centre is to provide high quality and environmental sustainable physical accommodation for new business start-ups and small businesses, with a particular but not exclusive/restrictive focus on the life science/med-tech and advanced engineering sectors, both recognised priority growth sectors for the SELEP and the UK economy as a whole.

- 5.5 Feasibility work has been undertaken which identifies potential demand for accommodation of this type to support the development of small businesses in this location, particularly in the med-tech sector, building upon the academic/research strengths of Anglia Ruskin University as part of this.
- 5.6 The existing 20,000 sqft MedBic Innovation Centre on the Anglia Ruskin University's Chelmsford Campus opened in June 2014 and is 100% occupied. There is evidence of a number of other enquiries for this type of floorspace in the local area which cannot currently be met due to the lack of any dedicated specialist facilities in the local area.

### **Cycling and Walking Network**

- 5.7 The new sustainable cycling and walking network around the Airport Business Park site and its surrounding area will significantly enhance the sites sustainable connectivity with London Southend Airport, Southend and Rochford Town Centres, railway stations and the significant areas of new residential development underway in Rochford. This will ensure that the new economic opportunities that are created and unlocked on the Airport Business Park site are accessible to all, including local communities, and that the site is connected to existing economic assets and transport hubs in a sustainable manner.
- 5.8 The delivery of the Phase 2 infrastructure scheme is intended to commence on site in June 2018 and be completed by November 2019, with the innovation centre being delivered in September 2018 and completed in September 2019. The delivery of the balance of additional commercial floorspace across the rest of the Airport Business Park will then be fully delivered/occupied by March 2027, representing a 10 year delivery plan across the Airport Business Park site as a whole (Phases 1 and 2).
- 5.9 The overall objectives of the Project are summarised in Table 1 below

*Table 1 London Southend Airport Business Park Phase 2 Project Objectives*

- To deliver the Phase 2 infrastructure works by September 2019
- To directly deliver a 2,600m <sup>2</sup> (GIA) innovation centre by November 2019
- To directly unlock the potential for a further 6,000m <sup>2</sup> of new commercial floorspace as part of Phase 2 scheme (accepting that the delivery of the commercial development will be phased to meet occupier demand through to April 2027)
- To support the delivery of 2,600 new gross jobs by April 2027 as part of the Phase 2 scheme
- To deliver the first phase of a comprehensive, integrated and sustainable walking and cycling network in accordance with Southend – on-Sea

## 6. London Southend Airport Business Park Project Summary

- 6.1 The total cost of the Phase 1 and Phase 2 project is £31.09m, as set out in Table 2 below.

**Table 2 Current Funding Profile for Phases 1 and 2**

	<b>Phase 1</b>	<b>Phase 2</b>	<b>Total</b>
<b>SELEP - LGF</b>	£3.200m	£19.890m	£23.090m
<b>Southend Borough Council</b>	£5.620m	£2.380m	£8.000m
<b>Total</b>	<b>£8.820m</b>	<b>£22.270m</b>	<b>£31.090m</b>

- 6.2 The SELEP 2017/18 budget set out the planned spend of £10.44m LGF on Phase 2 during this financial year, based on the spend profile set out in the original LGF Round 3 submission to Government. However, as a result of the time taken between the initial identification of the project by Opportunity South Essex and the consideration by the Board for the award of funding, the forecast spend on the Phase 2 project in 2017/18 has reduced substantially to just £325,000. The majority of the costs for the Phase 2 Project are expected to be incurred in 2018/19 and 2019/20.
- 6.3 The forecast slippage of £10.115m LGF spend on the Phase 2 project from 2017/18 to 2018/19 and 2019/20 will add substantially to the amount of LGF carried forward from 2017/18 to 2018/19.
- 6.4 SELEP Secretariat has therefore recommended that £4.5m LGF is brought forward for the Phase 1 project, as a swap with Southend Borough Council contributions. This will be offset against a £4.5m reduction in the LGF allocation to the Phase 2 project, as detailed in Table 3 below.
- 6.5 The LGF allocation and Southend Borough Council contribution to the Phase 1 and 2 Project will remain the same in total, but the phasing of these contributions will be adjusted to accelerate LGF spend. The proposed changes to the phasing of LGF spend (as set out in Table 3) will not impact on the Project delivery outputs or outcomes.
- 6.6 Southend Borough Council remains committed to the Phase 2 and has confirmed their total £8m contribution to the overall Phase 1 and Phase 2 project.
- 6.7 If the Phase 2 Project is unable to progress to delivery, such as due to the Board not awarding the remaining LGF allocation to the project then Southend

Borough Council may be required to repay the £815,000 award to the Phase 2 if required to do so by the Board.

*Table 3 Proposed amended Funding Profile for Phase 1 and Phase 2*

	<b>Phase 1 *</b>	<b>Phase 2</b>	<b>Total</b>
<b>SELEP - LGF</b>	£7.700m	£15.390m	£23.090m
<b>Southend Borough Council</b>	£1.120m	£6.880m	£8.000m
<b>Total</b>	<b>£8.820m</b>	<b>£22.270m</b>	<b>£31.090m</b>

- 6.8 If the Board agree the proposed acceleration of LGF spend for Phase 1 of the Project, going forward the Phase 1 and Phase 2 spend will be reported on as one Project with a total LGF allocation of £23.090m.

## **7. Outcome of ITE Review**

- 7.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves high value for money with a medium certainty of achieving this.
- 7.2 The Business Case is considered robust and follows a sensible and proportionate approach to the scale of project and LGF sought. The economic assessment has demonstrated that the Project has an initial Benefit Cost Ratio (BCR) of 2.19:1 and an adjusted BCR of 2.32:1, both categorised as high value for money.
- 7.3 When Phase 1 and Phase 2 are considered together the BCR increases to an initial BCR of 3.74:1 and an adjusted BCR of 4.1:1.
- 7.4 The economic appraisal has followed both the Homes and Communities (HCA) 2015 Additionality Guide and the new Department for Communities and Local Government (DCLG) Land Value Uplift assessment approach.
- 7.5 As the LGF allocation to the project is over the £8m threshold, a full Business Case is expected to come forward following the completion of detailed costings and design work, to ensure that the project cost has not escalated and that the value for money remains high. The full Business Case is currently scheduled to be considered by the Board in 2018.

## **8. Compliance with SELEP Assurance Framework**

- 8.1 Table 4 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.



8.2 The assessment confirms the compliance of the Phase 2 Project with SELEP's Assurance Framework.

*Table 4 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance</b>	<b>Evidence in the Business Case</b>
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review confirms that issues of strategic fit are discussed and addressed, including alignment with the objectives and outlooks of national/sub-regional/local planning policies.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>The expected project outputs and outcomes are stated in the Business Case and summarised in section 5 above.</p> <p>The ITE review confirms that appropriate assumptions have been made as part of the economic appraisal.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		<p>The Business Case includes a risk register/ risk assessment. A 5% contingency has been included as part of the cost estimate for the enabling works and walking/ cycling infrastructure. A 10% contingency has been applied for the innovation centre works.</p> <p>The Phase 2 Project has Outline Planning Consent.</p> <p>A work programme has been provided, which the ITE review has confirmed, appears realistic.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		<p>The Phase 2 Project has a BCR value of 1.19 and an adjusted BCR of 2.32, both presenting high value for money.</p> <p>When Phase 1 and Phase 1 of the Project are considered together the BCR increases to an initial BCR of 3:75:1 and an adjusted BCR of 4.1:1</p>

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

- 9.1 This Project is seeking forward funding of £815,000 in advance of the completion of the full business case which, due to the overall value being in excess of £8m is required to undertake additional due diligence through the gate 4 and 5 business case process; should the full business case not be approved by the Board and the remaining LGF not allocated, then there may be a requirement for the £815,000 to be returned in line with the SLA in place between Southend-on-Sea Borough Council and Essex County Council as the Accountable Body for SELEP.
- 9.2 The current forecast spend for 2017/18 as set out in the Capital Programme Management report (agenda item 12), anticipates slippage of LGF of £7.890m (excluding retained schemes) and as such, there is sufficient LGF available in the current year to meet the planned spend requirement for the project in 2017/18.
- 9.3 The Government has previously stated that failure to spend LGF in the year allocated, may impact on future year funding allocations; the slippage in the current year identified in the Capital Programme Management report therefore represents a risk to future allocations for all projects. This position is being actively monitored by the SELEP Capital Programme Manager to address this risk (see Capital Programme Management report for further information).
- 9.4 It should be noted, however, that whilst future year grant payments from Government haven't been confirmed, funding for this project is included in the current indicative LGF allocations provided by Government. There is a risk, however, that the profiling of the indicative allocations of LGF is out of alignment with the current planned spend across the whole programme - this creates a forecast funding gap of £9.2m in 2018/19 and £17.3m in 2019/20 respectively. The funding gaps present a delivery risk to all projects that require LGF in those years. The Capital Programme Report sets out how that risk is to be managed. The funding gaps in both years are offset by an excess of funding in 2020/21 and the indicative programme funding is sufficient to meet the costs of all currently programmed projects and allocated projects over the life of the programme.
- 9.5 There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

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

- 10.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLA's currently in place.

## **11. Staffing and other resource implications (Accountable Body comments)**

11.1 None at present.

## **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 their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible 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**

- Business Case for London Southend Airport Business Park

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Lorna Norris	14.09.2017
(On behalf of Margaret Lee)	



<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/108
<b>Date of Accountability Board Meeting:</b>	<b>22<sup>nd</sup> September 2017</b>
<b>Date of report:</b>	<b>3<sup>rd</sup> September 2017</b>
<b>Title of report: Southend Central Area Transport Scheme LGF Funding Decision</b>	
<b>Report by:</b>	<b>Rhiannon Mort, SELEP Capital Programme Manager</b>
<b>Enquiries to:</b>	Rhiannon.mort@essex.gov.uk

## 1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for Southend Central Area Transport Scheme (S-CATS) Phase 2 (Project) which has been through the Independent Technical Evaluator (ITE) process to enable £2m of Local Growth Fund (LGF) to be devolved to Southend Borough Council for scheme delivery.

## 2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the £2m LGF allocation to the Southend Central Area Transport Scheme Phase 2 to support the delivery of the Project identified in the Business Case and which has been assessed as presenting achieving very high value for money with medium to high certainty of achieving this.

## 3. Background

- 3.1 This report brings forward the second phase of the Project for the £2m LGF allocation to this project.
- 3.2 In total, the S-CATS programme is allocated £7m LGF, which comes in four phases as set out in Table 1 below.

*Table 1 Phases of S-CATS funding breakdown*

	2016/17	2017/18	2018/19	2019/20	Total
Phase 1 – Victoria Avenue Improvements	£1m				£1m
Phase 2 – London Road Area		£2m			£2m
Phase 3 and 4 – London Road (between College Way and Victoria Circus)			£2m	£2m	£4m

- 3.3 The overall package of transport measures are intended to support the growth and regeneration of Southend Town Centre, in line with the Southend Central Area Action Plan (SCAAP). The aim of this plan are to strengthen and transform the Town Centre's sub-regional role as a successful commercial and retail destination, cultural hub, educational centre of excellence, leisure and tourism attraction, creating an excellent place to live, work and visit. The SCAAP is part of the spatial planning strategy for the Borough.
- 3.4 Business Cases are being brought forward in stages for this programme of transport works, with each phase of the Project supporting the SCAAP, but delivering different project outputs. The Phase 1 Business Case was approved in June 2016 and the project is nearing completion.
- 3.5 Phase 1 included a series of junction improvements along Victoria Avenue that better manages traffic into and out of the town centre. Access and public realm improvements along London Road, College Way, Queens Road and Elmer Avenue are the next steps to encourage more residents and tourists to visit and spend time in the Town Centre and for local businesses to flourish.
- 3.6 The Phase 1 junction improvements along Victoria Avenue were completed in March 2017 and the public realm and cycling facilities along Victoria Avenue service road are due to complete in 2017/18, concluding the Phase 1 package of works.
- 3.7 A Business Case for the second phase of S-CATS has been developed and has completed the ITE process as a requirement of the SELEP Assurance Framework. The ITE report sets out the detail of their review and can be found in Appendix 1 of Agenda Item 6.

#### **4. Southend Central Area Transport Scheme – Phase 2**

- 4.1 The Project aims to improve the streetscape, public realm and walking/cycling facilities along the segment of London Road, College Way, Queens Road and Elmer Avenue that provide access to the high street, the main library (The Forum), College, University and other key destinations in the Town Centre.

##### **London Road (between London Road/Queensway roundabout and College way)**

- 4.2 London Road is an important retail area with one of the largest supermarkets in Southend Town Centre (Sainsbury's) and a number of local shops and restaurants. It is also the missing link that completes the 'Town Centre Ring Route'.
- 4.3 'Town Centre Ring Route' is a network of on-road, off-road shared cycle paths that form the main cycle route in Town Centre. It connects key locations in the

Town Centre to the two main cycle routes in the Borough, Prittlebrook Greenway and Seafront Cycle route.

- 4.4 Improvement to the public realm and walking and cycling facilities along London Road will complete the missing link; increasing footfall and dwell times in this part of Town Centre, which is a key gateway to the high street, and creating more opportunities for businesses and a vibrant social environment for residents and tourists.

**College Way / Queens Road / Elmer Avenue route between London Road and The Forum / South Essex College**

- 4.5 College Way/ Queen Road/ Elmer Avenue is a key route to the main library (The Forum), South Essex College and the University of Essex from London Road. It has many local shops, cafes, restaurants and university accommodation, which along with the new Library facilities, has led to an increase in the footfall and demand for better public realm.
- 4.6 In 2011, the area started to transform with the completion of various cycle and public realm improvements.
- 4.7 S-CATS phase 2 will continue the improvement delivered to date in the London Road Areas to create a better environment for pedestrians, cyclists and public transport users. This will include the widening of the footways, surface treatments, planters and street furniture.
- 4.8 The objectives of the S-CATS Phase 2 Project are summarised in Table 2 below.

*Table 2 Objectives of the Project*

To support and align with S-CATS phase 1 to provide a welcoming Gateway to the Town Centre.
Improve safety, accessibility and health and wellbeing through improved provision for pedestrians and cyclists.
To encouraging more pedestrian footfall & cycling through quality public realm improvements and enhancements to walking/cycling infrastructure.
To support the development of the centre of Southend in terms of delivering new housing, increased local business and the improved offer for tourist;
To integrate Sustainable Urban Drainage Systems where possible to mitigate impacts of climate change.
To contribute to the wider SCAAP ambition, as set out in paragraph 3.3 above.

**5. Outcome of ITE Review**

- 5.1 The SELEP ITE has assessed the Project Business Case through the Gate 1 and Gate 2 process and has recommended that the Project achieves very high value for money with a medium to high certainty of achieving this.
- 5.2 The ITE review has confirmed that the Business Case methodology is proportionate to the scale of the intervention and that the appraisal has been completed accurately, following a Department for Transport Active Mode appraisal approach.
- 5.3 The value for money of the investment relies heavily on physical activity benefits, which can drop significantly if the take-up of cycling/walking is not achieved. This introduces some residual uncertainty, but overall the ITE consider there to be medium to high certainty of the Project delivering value for money, particularly given the very high value for money, with a Benefit Cost Ratio (BCR) of 4.06:1.

## 6. Compliance with SELEP Assurance Framework

- 6.1 Table 3 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 6.2 The assessment confirms the compliance of the project with SELEP's Assurance Framework.

*Table 3 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review confirms that the Project objectives, as set out in the Business Case, align well with national, subnational and local policies. The public realm improvements for S-CATS Phase 2 will support the regeneration and growth proposals in the Southend Core Strategy and emerging Southend SCAAP Revised Proposed Submission Document.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		<p>The Business Case sets out the interventions which will be delivered through the Project.</p> <p>The ITE review of the Business Case confirms that an appropriate economic appraisal methodology has been applied.</p>
Considers deliverability		The ITE review confirms that the



and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		Business Case includes a risk register which provides details on the risk likelihood, programme, cost, mitigation, mitigation cost, owner and status. A quantified risk assessment has also been completed and a risk management approach is identified.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		A BCR has been calculated as 4.06:1, which indicated very high value for money.

## 7. Financial Implications (Accountable Body comments)

- 7.1 The current forecast spend for 2017/18 as set out in the Capital Programme Management report (agenda item 12), anticipates slippage of LGF of £7.890m (excluding retained schemes) and as such, there is sufficient LGF available in the current year to meet the planned spend requirement for the project in 2017/18.
- 7.2 The Government has previously stated that failure to spend LGF in the year allocated, may impact on future year funding allocations; the slippage in the current year identified in the Capital Programme Management report therefore represents a risk to future allocations for all projects. This position is being actively monitored by the SELEP Capital Programme Manager to address this risk (see Capital Programme Management report for further information).
- 7.3 It should be noted, however, that whilst future year grant payments from Government haven't been confirmed, funding for this project is included in the current indicative LGF allocations provided by Government. There is a risk, however, that the profiling of the indicative allocations of LGF is out of alignment with the current planned spend across the whole programme - this creates a forecast funding gap of £9.2m in 2018/19 and £17.3m in 2019/20 respectively. The funding gaps present a delivery risk to all projects that require LGF in those years. The Capital Programme Report sets out how that risk is to be managed. The funding gaps in both years are offset by an excess of funding in 2020/21 and the indicative programme funding is sufficient to meet the costs of all currently programmed projects and allocated projects over the life of the programme.
- 7.4 There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

## 8. Legal Implications (Accountable Body comments)

- 8.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLAs already in place.

## **9. Staffing and other resource implications (Accountable Body comments)**

9.1 None at present.

## **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 their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **11. List of Appendices**

- 11.1 Appendix 1 - Report of the Independent Technical Evaluator (As attached to Agenda Item 5).

## **12. List of Background Papers**

- Business Case for Southend Central Area Transport Scheme Phase 2

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Suzanne Bennett	13/09/2017
(On behalf of Margaret Lee)	

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/105
<b>Date of Accountability Board Meeting:</b>	<b>22<sup>nd</sup> September 2017</b>
<b>Date of report:</b>	<b>4<sup>th</sup> September 2017</b>
<b>Title of report: Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub</b>	
<b>Report by:</b>	<b>Louise Aitken</b>
<b>Enquiries to:</b>	<a href="mailto:Louise.aitken@essex.gov.uk">Louise.aitken@essex.gov.uk</a>

## **1. Purpose of report**

- 1.1 The purpose of this report is to seek SELEP Accountability Board (the Board) approval for the award of £6.12m of Local Growth Fund (LGF) to be devolved to Kent County Council (KCC) for delivery of the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub (the Project).

## **2. Recommendations**

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the award of £6.12m LGF to the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub as set out in the Business Case which has been assessed as presenting high value for money with medium certainty of achieving this. This award is subject to receipt from Kent County Council confirming that all additional funding required for this project has been secured.

## **3. Background**

- 3.1 This report brings forward this LGF Round 3 Project for the allocation of £6.12m LGF, in line with the Business Case which has been prepared for the Project and which has completed the ITE process, as a condition of the SELEP Assurance Framework.
- 3.2 The total funding for this Project is £21m, primarily made up of an LGF allocation of £6.12m alongside £9.08m investment from Canterbury Christ Church University, of which £6.2m is through borrowing and subject to final confirmation, and £5m by the Higher Education Funding Council for England (HEFCE), already secured. The £6.12m LGF is required for the construction and equipment costs of the EDGE Hub and will enable the development to be taken to another level in terms of speed, scale and quality.

- 3.3 The Project has completed the planning stage and approval is now sought from the Board for the funding required to complete the delivery phase of the Project.
- 3.4 The Project is being promoted and delivered by Canterbury Christ Church University and has the support of KCC who are lead applicant on behalf of Canterbury Christ Church University.

#### **4. EDGE Hub – The Project**

- 4.1 Kent and Medway has a large number of engineering and manufacturing companies requiring improved and increased skilled labour in order to unlock business growth in these and related sectors. This is coupled with a need to improve employment prospects and earnings for local residents, including young people where progression into higher level engineering and technology courses is below the national average.
- 4.2 In response, Canterbury Christ Church University is already planning to grow organically its existing science offer with new, related subject offerings and to increase student numbers, with departments co-located in a new signature facility at, and adjacent to, the old Canterbury Prison site. LGF will enable this development to be taken to another level. Overall, the development will provide 3,588 square meters of floor space and bringing significant additionality in terms of speed, scale and quality.
- 4.3 This will include new subject teaching capabilities (Chemical, Mechanical and General Engineering, Product Design and Technology), development of new services in innovative partnerships with local companies and a new short course / Continuing Professional Development (CPD) offer to business. It will establish satellite teaching and research facilities distributed around Kent and Medway, supported by the main Canterbury hub. (See Appendix two for a visual overview of the model). Alongside Canterbury, facilities will be located at:
- Ashford (Advanced Manufacturing Industry Liaison Lab)
  - North Kent (Advanced Manufacturing Industry Liaison Lab)
  - Discovery Park, Dover (Life Sciences Industry Liaison Lab)
  - Swale (Advanced Manufacturing Industry Liaison Lab)
  - Medway Institute of Medical Sciences (Biomedical Engineering Hub)
- 4.4 The sectors to be supported include Engineering, Advanced Manufacturing, Life Sciences, Healthcare, Information & Communication Technology (ICT). There will be a whole new suite of Technical and Professional Education opportunities including Higher and Degree Apprenticeships, Foundation Degrees, Undergraduate Degrees, Masters and Doctoral programmes with an additional 1250 learners by 2024. The building would be completed by 1<sup>st</sup> August 2020, with planning permissions already granted.
- 4.5 There will also be a new Engineering and Technology Innovation Service that will work with small businesses, larger companies, inventors and

entrepreneurs to take innovations from prototype to commercialisation and companies will be supported through business –focused PhD, Masters, Undergraduate and commercial research projects using state of the art facilities. There will also be the introduction of business focused short courses and CPD opportunities.

- 4.6 This will be a highly significant development in terms of growth and investment for Kent and Medway engineering and technology companies which Canterbury Christ Church has an established relationship with and which are being held back by skills shortages and a lack of infrastructure to support innovation and research. The Hub will raise the profile of engineering and technology in Kent and Medway, establishing it as a good place to invest and where engineering and technology companies can grow and flourish. Furthermore, the truly innovative approach to industry led collaborative teaching and research will have SELEP wide, national and international application in responding to well documented Science, Technology, Engineering and Mathematics (STEM), technical and higher level skills shortages.
- 4.7 The centre will be partnership based, industry-led and will respond to Kent, Medway, SELEP and national priorities for growth. A Strategic Industry Advisory Board, led by a leading industrialist and involving other company members of Kent and Medway Economic Partnership's (KMEP) Advanced Manufacturing, Life Sciences and Healthcare Guilds will advise on the Hub's strategy. Reflecting the partnership approach, the proposal has received letters of support from Canterbury City Council, Swale Borough Council, Locate in Kent, Wire Belt Company Ltd, Discovery Park, Thanet Earth, Deeson Group Ltd, Sunray, MJ Allen Group of Companies, Cammegh Ltd, RAP Interiors, East Kent College and the Thames Gateway Kent Partnership.
- 4.8 The centre hubs will also overcome the co-ordination challenge of meeting the needs of a local predominantly SME engineering and technology business base which is characterised by relatively isolated companies geographically spread over a large area, without any beneficial clustering or agglomeration effects. Across Kent and Medway, over 46,000 work in manufacturing alone, one of the highest numbers nationally.
- 4.9 The broader benefits and vision of this Project should be noted, primarily that the former prison site in Canterbury will be restored and transformed, celebrating the site's historical past and providing facilities for the local community to enjoy (the prison was built in 1806-1808 by George Byfield and includes Grade II listed areas). The university is situated in a UNESCO World Heritage site and ensuring due regard to these historic surroundings, the project will also enable the restoration of the former Pilgrim's Trail from St Martin's Church through the campus to Canterbury Cathedral. The university campus lies along the route thought to have been taken by Queen Bertha when worshipping at St Martin's Church in the 6<sup>th</sup> century. Re-establishing access along this route has driven the design of buildings. This therefore undoubtedly brings broader historical, cultural, and community benefits with a national and international significance.

#### 4.10 The expected impacts of the Project include:

##### Positive Impacts

- 67 Direct FTE Jobs
- 76 Indirect FTE jobs
- 3,588m2 of commercial floor space developed
- 3,376 learning years
- 1250 additional student enrolments on Apprenticeship and Degree programmes (275 Degree Apprenticeships)
- 420 undergraduate and graduate research projects with Kent and Medway companies
- 375 staff in Kent and Medway companies completing a short course / CPD offering
- Approximately 390 additional STEM graduates working within the Kent and Medway economy by 2023/24
- 12,900 visits by young people to innovative and experiential science and technology events
- Restoration of the former Pilgrim's trail – increased tourism and visitors

##### Negative Impacts

- Higher volumes of traffic due to higher student numbers
- Further pressure on local housing stock due to increased student numbers
- Displacement of students from other Canterbury Christ Church University courses and those of other local universities
- Extra pressure on local health services due to increased student numbers

The involvement of local partners and authorities will help to mitigate these impacts and enable planning in response

## 5. Project cost and funding contributions

5.1 The total Project cost is £21m.

5.2 In addition to the LGF allocation to the Project, there are also funding contributions from the Higher Education Funding Council for England (HEFCE), Canterbury Christ Church University and local business as set out in Table 1 below. In addition the University will be funding the £10.863m revenue costs associated with the project.

Table 1 Project Funding Sources

Source	Total	Description
LGF	£6,120,000	LGF sought to complete project
HEFCE Catalyst Fund	£5,000,000	Secured as match funding
Canterbury Christ Church University contribution	£2,880,000	Committed funding by applicant
Canterbury Christ Church University borrowing	£6,200,000	Applicant borrowing for scheme – to be confirmed
Equipment in kind from businesses	£800,000	Contribution from local companies
	<b>£21,000,000</b>	

(£m)	16/17	17/18	18/19	19/20	20/21	Total
LGF		1.12	2.5	2.5		<b>6.12</b>
HEFCE Funding			2.5	2.5		<b>5</b>
Applicant contribution	0.8	1.38	0.2	0.2	0.3	<b>2.88</b>
Equipment in kind from businesses	0.1	0.2	0.2	0.2	0.1	<b>0.8</b>
Borrowing			4.7	0.5	1	<b>6.2</b>
<b>Total</b>	<b>0.9</b>	<b>2.58</b>	<b>10.1</b>	<b>5.9</b>	<b>1.4</b>	<b>21</b>

## 6. SELEP ITE Gate 2 Review

- 6.1 The SELEP Assurance Framework sets out the requirements for an Independent Technical Evaluation (ITE) review of the Business Cases for schemes seeking LGF funding.
- 6.2 The ITE review of the Project Business Case confirms that the assessment is thorough, complete and demonstrates at least a high value for money case for the Project with a medium certainty of achieving this.
- 6.3 The ITE has advised that a sensible and proportionate method has been applied to the assessment for a Project of this type. The evaluator has noted that there is no explicit Green Book compliant treatment of Economy,

Efficiency, Effectiveness, which would have been best practice. However the review confirms that the economic assessment has been completed in line with appropriate Government Guidelines.

- 6.4 The economic appraisal sets out the high value for money case for the Project, with a Benefit Cost Ratio (BCR) of 2.28:1 including 'other quantified benefits (1.14:1 excluding 'other quantified benefits'). This VfM estimate is, therefore, treated as an adequate response given the LEP approach to VfM, but with the caveat that this definition does not align fully with Green Book guidance'.
- 6.5 The ITE review of this Business Case has recommended approval for this project and notes that *'a compelling case for the intervention is made, based on addressing specific local challenges. This case is based on stated industrial requirements and is plausible.'* The ITE report notes that overall, the strategic and economic case for the scheme is rated as 'high'.
- 6.6 For the full ITE Accountability report, see Appendix 1 of Agenda Item 6.

## 7. Compliance with SELEP Assurance Framework

- 7.1 Table 2 below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

*Table 2 SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review notes that a compelling case for the intervention is made, based on addressing specific local challenges and based on stated industrial requirements which are plausible. It will also respond to a need for increased technical, higher level skills generating more productivity locally as identified in the emerging LEP Skills Strategy
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been		The Business Case sets out the intended outputs and outcomes of the Project, as stated in Section 4.10 above. The ITE review notes that whilst the proposed intervention would have 'modest impact' on direct jobs, the



taken into account		<p>strongest potential impacts would 'arise from generalised knowledge and capacity building contributions of EDGE and as such are significant benefits for local industrial beneficiaries.</p> <p>The impact of leakage and displacement has been taken into account as part of the economic appraisal. Leakage is most likely to graduates who move outside the county and to non-local expenditure. This is mitigated through the local focus of the project and connection with local employers meaning graduates are more likely to be retained.</p>
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		<p>The ITE review states that the options considered and the risks assessed are defined adequately and demonstrate a serious and effective response to critical feedback provided at the G1 stage. The adaptive and responsive stance reflects well on the project proponents and can reasonably be treated as an effective management culture being put in place for the proposed project. A Director of Outreach is due to be recruited imminently to ensure success.</p>
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		<p>The BCR, taking into consideration optimism bias and discounted factors is 1.14:1 (excluding 'other quantified benefits') and 2.28:1 (including 'other quantified benefits'). The BCR value of 2.28:1 confirms the high value for money for LGF investment. This risk will be monitored.</p>

## 8. Financial Implications (Accountable Body Comments)

- 8.1 The current forecast spend for 2017/18 as set out in the Capital Programme Management report (agenda item 12), anticipates slippage of LGF of £7.890m (excluding retained schemes) and as such, there is sufficient LGF available in the current year to meet the planned spend requirement for the project in 2017/18.
- 8.2 The Government has previously stated that failure to spend LGF in the year allocated, may impact on future year funding allocations; the slippage in the current year identified in the Capital Programme Management report therefore represents a risk to future allocations for all projects. This position is being

actively monitored by the SELEP Capital Programme Manager to address this risk (see Capital Programme Management report for further information).

- 8.3 It should be noted, however, that whilst future year grant payments from Government haven't been confirmed, funding for this project is included in the current indicative LGF allocations provided by Government. There is a risk, however, that the profiling of the indicative allocations of LGF is out of alignment with the current planned spend across the whole programme - this creates a forecast funding gap of £9.2m in 2018/19 and £17.3m in 2019/20 respectively. The funding gaps present a delivery risk to all projects that require LGF in those years. The Capital Programme Report sets out how that risk is to be managed. The funding gaps in both years are offset by an excess of funding in 2020/21 and the indicative programme funding is sufficient to meet the costs of all currently programmed projects and allocated projects over the life of the programme.
- 8.4 There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

## **9. Legal Implications (Accountable Body Comments)**

- 9.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLA's currently in place.

## **10. Staffing and other resource implications (Accountable Body Comments)**

- 10.1 None at present.

## **11. Equality and Diversity implications (Accountable Body Comments)**

- 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 their ongoing commitment to equality and diversity, the

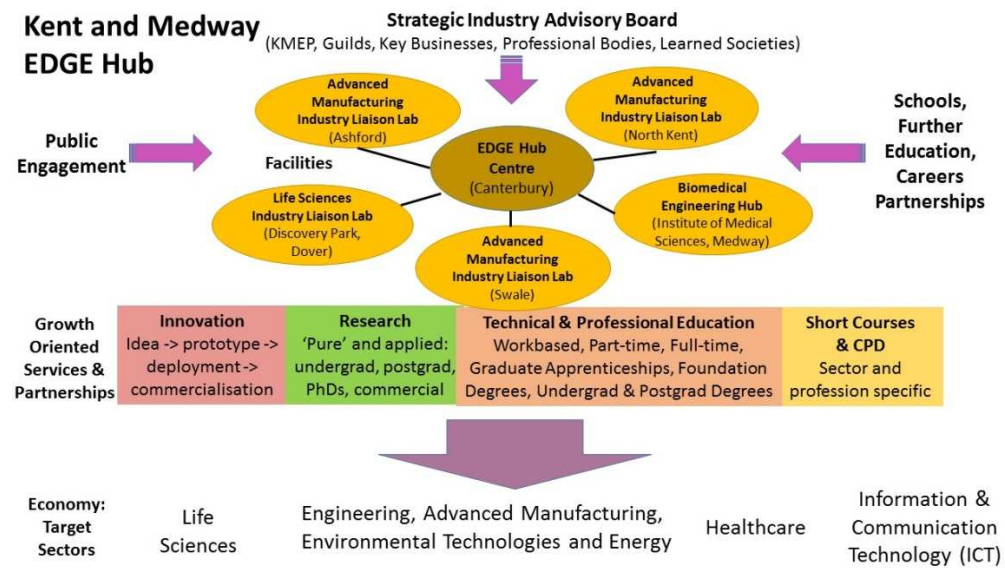
promoting local authority will ensure that any equality implications are considered as part of their decision making process and were possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## 12. List of Appendices

- 12.1 Appendix 1 - Report of the Independent Technical Evaluator (see Agenda Item 5).  
 Appendix 2 – Diagrammatic overview of EDGE Hub model  
 Appendix 3 – Artists impression of facilities

Role	Date
<b>Accountable Body sign off</b>  Lorna Norris  (On behalf of Margaret Lee)	14.09.2017

## Appendix 2



## Appendix 3





<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/109
<b>Date of Accountability Board Meeting:</b>	22 <sup>nd</sup> September 2017
<b>Date of report:</b>	3 <sup>rd</sup> September 2017
<b>Title of report:</b>	Capital Programme Management of the Local Growth Fund
<b>Report by</b>	Rhiannon Mort, SELEP Capital Programme Manager
<b>Enquiries to</b>	<a href="mailto:Rhiannon.mort@essex.gov.uk">Rhiannon.mort@essex.gov.uk</a>

## 1. Purpose of report

- 1.1 To purpose of this report is to update the SELEP Accountability Board (the Board) on the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.

## 2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Approve** the final 2016/17 LGF spend position
- 2.1.2 **Approve** the updated 2017/18 planned LGF budget for the spend of £122.816m for non-retained LGF projects and £31.126m for retained projects
- 2.1.3 **Note** the updated LGF spend forecast for 2017/18
- 2.1.4 **Note** the project delivery and risk assessment
- 2.1.5 **Agree** the slippage of LGF spend from 2017/18 to 2018/19 for the following projects:
  - 2.1.5.1 Tunbridge Wells A26 Cycle Improvements (£0.448m);
  - 2.1.5.2 A289 Four Elms Roundabout to Medway Tunnel Journey Time and Network Improvements (£1.855m);
  - 2.1.5.3 Strood Town Centre Journey Time and Accessibility Enhancements (£0.020m);
  - 2.1.5.4 Chatham Town Centre Place- Making and Public Realm Package (£0.800m);
  - 2.1.5.5 Medway City Estate Connectivity Improvement Measures (£0.039m)
  - 2.1.5.6 Rochester Airport Phase 1 (£1.464m);
  - 2.1.5.7 Rochester Airport Phase 2 (£0.150m); and
  - 2.1.5.8 London Southend Airport Business Park Phase 1 and Phase 2 (£6.081m)
- 2.1.6 **Agree** the acceleration of LGF spend in 2017/18 for Thurrock Cycle Network Project (£0.531m)
- 2.1.7 **Agree** the change to the Coastal Communities Housing Intervention Project in Hastings
- 2.1.8 **Note** the reallocation of £0.231m from Kent Sustainable Interventions Programme to Tonbridge Town Centre Regeneration

### 3. 2016/17 financial update

- 3.1 On the 31<sup>st</sup> March, the Board was presented with the final planned spend position for 2016/17 amounting to £76.932m excluding Department for Transport (DfT) 'retained' schemes, and £83.459m including retained schemes.
- 3.2 Furthermore, the Board was asked to approve the slippage of £19.078m LGF spend from 2016/17 to 2017/18 (excluding DfT retained schemes).
- 3.3 Following the end of the financial year each County Council/ Unitary Authority provided a Declaration of LGF Grant Usage detailing the exact amount of LGF spend, the mitigation of any LGF underspend and assurance that the LGF spend complied with the 2016/17 Grant Conditions and Service Level Agreements.
- 3.4 The Declaration of LGF Grant Usage has identified further LGF slippage of £7.438m (excluding retained schemes, £7.800m including retained scheme) between 2016/17 and 2017/18, resulting in total slippage of £26.516m excluding DfT retained schemes and £27.851m including DfT retained schemes.
- 3.5 The total slippage takes into account the £28.986m (excluding DfT retained schemes, £30.321m including DfT retained schemes) variance between the planned spend and the revised provisional outturn total spend in 2016/17, as shown in Table 1 below, net of the £2.47m over-profiling in 2016/17 which was agreed by the Board at the outset of 2016/17.

**Table 1 Actual LGF Spend 2016/17 relative to planned LGF spend (£m)**

Actual LGF Spend 2016/17 relative to planned LGF spend (£m)				
	Total Planned Spend in 2016/17 *  (as at Q1 2016/17)	Total confirmed Spend 2016/17  (as reported through end of year declarations - June 2017)	Variance **	Variance* relative to planned spend (%)
East Sussex	17.547	9.506	-8.041	45.83%
Essex	10.366	8.615	-1.751	16.89%
Kent	34.671	26.640	-8.031	23.16%
Medway	5.772	4.629	-1.143	19.80%
Southend	5.102	4.034	-1.067	20.92%
Thurrock	13.181	4.324	-8.857	67.20%
Skills	12.077	11.980	-0.096	0.80%
M20 Junction 10a	0.000	0.000	0.000	0.00%
<b>LGF Sub-Total</b>	<b>98.716</b>	<b>69.729</b>	<b>-28.986</b>	<b>29.36%</b>
Retained	7.500	6.165	-1.335	17.80%
<b>Total LGF Spend</b>	<b>106.216</b>	<b>75.894</b>	<b>-30.321</b>	<b>28.55%</b>



\*Includes the additional £2.3m Department for Transport Retained Funding transferred in relation to A127 Capacity Enhancements, Essex and unreported LGF carry forward (excluded Basildon ITP which reduced future year allocation)

\*\* Difference between the planned LGF spend in 2016/17 and actual LGF spend in 2016/17.

**Table 2 LGF spend relative to LGF allocation in 2016/17, excludes retained schemes (£m)**

	(£m)
LGF allocation in 2016/17	82.270
Reported local partner carry forward 2015/16	12.660
Skills carry-forward from 2015/16	1.080
Unreported carry forward from 2015/16	0.236
Total LGF available to spend in 2016/17	96.245
Total LGF spend in 2016/17	69.729
Variance*	26.516

\*Difference between the total LGF available to spend in 2016/17 and the total spend in 2016/17.

- 3.6 The total amount of LGF slippage from 2016/17 to 2017/18 presents a slippage of 27.6% relative to the LGF available to spend in 2016/17 (excluding retained schemes). This is based on £96.245m LGF being available to spend in 2016/17 and a total LGF slippage from 2016/17 of £26.516m.
- 3.7 The LGF slippage in spend during 2016/17 has incurred as a result of project delays such as the completion of utility works, land acquisition and planning delays.
- 3.8 The slippage of LGF underspend between 2016/17 to 2017/18 was managed by applying the five mitigation measures which have previously been agreed with the Board, as shown in Table 3 and Figure 1 below. The five mitigation measures include:
  - 3.8.1 **Option 1** -Bringing forward of planned future year LGF spend on schemes in the 2016/17 LGF programme;
  - 3.8.2 **Option 2** – Bringing forward of 2017/18 LGF schemes to spend in 2016/17;
  - 3.8.3 **Option 3** - Transfer of LGF spend on schemes between Partner authorities;

- 3.8.4 **Option 4** – Re-profiling of spend between LGF projects and Partners Authority Capital Programme projects; and
  - 3.8.5 **Option 5** – Where slippage cannot be mitigated through Options 1-4, any LGF held by SELEP at the end of financial year is carried forward within SELEP's accounts
- 3.9 In addition, where LGF slippage was not identified until after the end of the financial year, this LGF (totalling £6.591m) was carried forward within local authority accounts for spend in 2017/18.

#### **4. 2017/18 LGF spend update**

- 4.1 The internal audit and assessment of LGF spend by local partners also identified some unreported and unmitigated LGF slippage from 2015/16 to 2016/17, as shown in Table 3 below. The net impact of this unreported LGF slippage has reduced the total LGF spend in 2015/16 by £368,854, from the previously reported total of £55.712m LGF to a revised total LGF spend in 2015/16 of £55.343m.

**Table 3 Unreported LGF and carry forward from 2015/16 to future years**

Unreported LGF spend and carry forward 2015				
Scheme	Unreported LGF spend	Unreported LGF carry forward	Impact on LGF carry forward from 2015/16 to future year	Comment
<b>East Sussex</b>				
North Bexhill Access Road		£220,000	£220,000	Increase in planned spend in 2017/18 by £220,000.
<b>Essex</b>				
Basildon Integrated Transport Package	£87,020		-£87,020	Future year spend reduced by £87,020. No impact on planned spend in 2016/17.
<b>Kent</b>				
Kent Thameside LSTF		£469	£469	Increase in planned spend in 2016/17 by £469.
<b>Medway</b>				
A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements		£201,897	£201,897	£200,000 unreported Option 2 swap with Medway City Estate Connectivity Plan. Remaining £1,897 carried forward, by Medway Council to be spent in 2016/17
Strood Town Centre Journey Time and Accessibility Enhancements		£344	£344	Increase in planned spend in 2016/17 by £344.
Chatham Town Centre Place-making and Public Realm Package		£754	£754	Increase in planned spend in 2016/17 by £754.
Medway Cycling Action Plan		£1,129	£1,129	Increase in planned spend in 2016/17 by £1,129
Medway City Estate Connectivity	£199,888.00		-£199,888.00	£200,000 Option 2 swap with A289 Four Elms. Remaining £112 carried forward by Medway Council to be spent in 2016/17
Overall impact on Medway Council planned spend	£199,888.00	£204,124.00	£4,236.00	Increase in planned spend in 2016/17 by £4,236
<b>Thurrock</b>				
TGSE LSFT - Thurrock		£231,169.00	£231,169.00	Increase in planned spend in 2016/17 by £231,169
<b>Total</b>	<b>£286,908</b>	<b>£655,762</b>	<b>£368,854</b>	

## 5. 2017/18 LGF update

- 5.1 On the 31<sup>st</sup> March 2017, the Board approved the 2017/18 LGF budget based on the £91.739m LGF allocation from Government and the planned £19.452m carry forward of LGF to 2017/18. The 2017 original budget set out a total planned spend of £115.179m, excluding retained schemes and £145.943m including retained schemes.
- 5.2 Since this time a further £7.638m slippage for non-retained schemes and £0.362m slippage for retained schemes has been identified as being necessary to carry-forward to 2017/18. This additional spend now should be included in the budget for

the year and the budget should be restated to total £122.816m for non-retained and £31.126m for retained schemes. The detail can be seen in Table 4 below

5.3 On the 9<sup>th</sup> August 2017, officers from each Federated Area attended the SELEP Programme Consideration Meeting to:

- Provide an updated spend forecast for 2017/18 and future years of the LGF programme;
- Discuss the project deliverability and risk assessment;
- Identify project changes to be brought to the attention of SELEP Accountability Board; and
- Consider mitigation to be implemented to address project risks.

5.4 Each federated area has provided an updated spend forecast as shown in Appendix 3 & 4 and as summarised in Table 4 below.

**Table 4 Updated LGF spend forecast 2017/18**

LGF (£m)						Reasons for Variance		
	Original Planned Spend in 2017/18 (as reported in March 2017)	Additional LGF slippage from 2016/17 to 2017/18 *	Total Restated Planned spend 17/18**	Total Forecast Spend in 2017/18 (as reported in August 2017)	Variance *	Deferred LGF slippage	Changes to profile agreed at the last Board meeting (May 2017)	Changes to be agreed at this Board meeting
East Sussex	25.694	0.525	26.219	26.219	0.000			
Essex	18.472	-0.605	17.867	16.599	-1.268		-1.268	
Kent	29.050	3.186	32.236	31.318	-0.918	-0.513	0.043	-0.448
Medway	12.294	0.006	12.299	7.975	-4.324			-4.325
Southend	12.640	0.868	13.508	7.517	-5.991			-5.991
Thurrock	8.650	3.642	12.292	12.824	0.531			0.531
Skills	0.080	0.016	0.096	0.096	0.000			
M20 Junction 10a	8.300	0.000	8.300	8.300	0.000			
<b>LGF Sub-Total</b>	<b>115.178</b>	<b>7.638</b>	<b>122.816</b>	<b>110.847</b>	<b>-11.970</b>			
Retained	30.764	0.362	31.126	10.792	-20.334			-20.334
<b>Total Spend Forecast</b>	<b>145.942</b>	<b>8.000</b>	<b>153.942</b>	<b>121.638</b>	<b>-32.304</b>			

\*Additional LGF slippage from 2016/17 to 2017/18 is the additional slippage which has been reported through the Declaration of LGF Grant Usage

\*\* Total restated planned spend is the updated LGF budget 2017/18, including the additional slippage of LGF from 2016/17 to 2017/18 which has been identified since the end of the last financial year.

5.5 The total forecast LGF spend in 2017/18 now totals £110.847m, excluding LGF retained projects and £121.638m including LGF retained projects.

5.6 The variance between the LGF planned spend in March 2017 and the updated spend forecast as reported in August 2017 takes account of:

5.6.1 The adjusted planned spend includes the carry forward of LGF from 2016/17 and 2015/16 to 2017/18

- 5.6.2 The deferred slippage of £0.513m LGF for Ashford International Connectivity Project (£0.471m) and A226 London Road/B255 St Clements Way (£0.042m) from 2016/17 to 2018/19.
- 5.6.3 The removed £0.015m over-profiling of the Capital Skills Programme, as agreed at the last Board meeting on the 26<sup>th</sup> May 2017.
- 5.6.4 The amended spend profiles for the Technical and Professional Skills Centre, at Stansted Airport, Basildon Integrated Transport Package and the A28 Sturry Link Road Projects, which were agreed at the last Board meeting.
- 5.6.5 Updated spend forecasts for nine LGF projects as detailed in Table 5 below.

**Table 5 Identified LGF slippages and acceleration (£m)**

Project	Planned 2017/18 spend (as agreed in March 2017) + LGF carry forward from 2016/17.	Updated LGF spend forecast (as reported in August 2017)	Re-profiling from 2017/18 to 2018/19	Reason for Change	Board Decision
Tunbridge Wells A26 Cycle Improvements	£0.608	£0.160	-£0.448	The Business Case which has been identified for a funding decision in Agenda Item 5 of this meeting sets out an updated project programme and spend profile for the project. This identifies the slippage of £0.448m LGF from 2017/18 to 2018/19	The Board is asked to approve the slippage of £0.448m LGF from 2017/18 to 2018/19
A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	£2.355	£0.500	-£1.855	The project has been substantially delayed due to the reduced private sector contribution to the project and the need to reassess project options. A full project update is provided in Appendix 1 of this report.	The Board is asked to approve the slippage of £1.855m LGF from 2017/18 to 2018/19
Strood Town Centre Journey Time and Accessibility Enhancements	£2.417	£2.397	-£0.020	Minor slippage of spend has been identified, but overall the project is progressing to programme and work is expected to start on site in January 2018.	The Board is asked to approve the slippage of £0.020m LGF from 2017/18 to 2018/19
Chatham Town Centre Place-making and Public Realm Package	£2.184	£1.384	-£0.800	The project programme has been amended to avoid Battle of Medway celebrations and Christmas shopping/events period. This delay to the project has implications for the LGF spend profile.	The Board is asked to approve the slippage of £0.800m LGF from 2017/18 to 2018/19
Medway City Estate Connectivity Improvement Measures	£0.099	£0.060	-£0.039	The Phase 2 project is interlinked with the larger scale A289 Four Elms scheme. As such, the delays to the A289 Four Elms project have resulted in delays to the Medway City Estates project development work.	The Board is asked to approve the slippage of £0.039m LGF from 2017/18 to 2018/19
Rochester Airport – Phase 1	£2.825	£1.361	-£1.464	The project has experienced substantial delays due to delayed programme for securing relevant planning consents.	The Board is asked to approve the slippage of £1.464m LGF from 2017/18 to 2018/19
Rochester Airport – Phase 2	£0.300	£0.150	-£0.150	The delays to the Phase 1 project has had an impact on the development of the Phase 2 project.	The Board is asked to approve the slippage of £0.150m LGF from 2017/18 to 2018/19
London Southend Airport Business Park (Phase 1 and Phase 2).	£11.274	£5.283	-£5.991	The project spend profile has changes substantially since the original submission as part of the LGF Round 3 bid, due to the time between the original bid submission and relevant approvals being in place for LGF spend. The revised Business Case sets out an amended project profile for the project and the project is considered in further detail under Agenda Item 9.	The Board is asked to approve the slippage of £5.991m LGF from 2017/18 to 2018/19
Thurrock Cycle Network	£2.589	£3.120	£0.531	The latest spend profile submitted by Thurrock Council identifies the acceleration of LGF spend by £0.531m in 2017/18.	The Board is asked to approve the increase in LGF spend in 2017/18 by £0.531

- 5.7 The additional LGF slippage from 2016/17 to 2017/18 has increased the planned spend in 2017/18, but slippage of LGF spend has already been identified in 2017/18.
- 5.8 At the outset of 2017/18 financial year, a £3.009m over-profiling of the LGF programme was identified due to the difference between the planned LGF spend and the amount of LGF underspend available in 2017/18. However, as a result of the slippage of LGF from 2016/17 to 2017/18 and slippage of LGF spend which has already been identified from 2017/18 there is now a forecast slippage of £7.890m LGF from 2017/18 to 2018/19, as set out in Table 6 below.

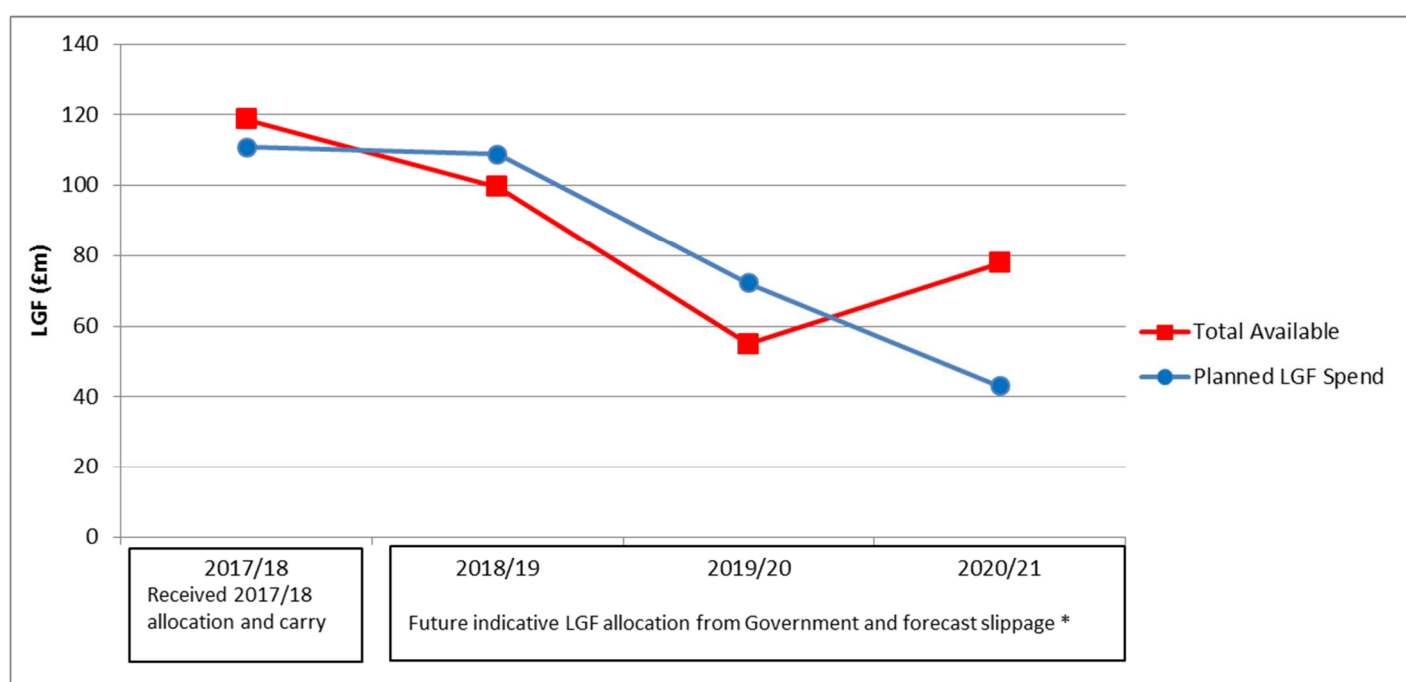
**Table 6 LGF spend relative to LGF allocation in 2017/18, excludes retained schemes (£m)**

	(£m)
LGF allocation in 2017/18	92.088
Carry forward from 2015/16 and 2016/17 to 2017/18	26.648
Total LGF available to spend in 2017/18	118.737
Total LGF revised planned spend in 2017/18	110.847
Variance*	7.890

\*Difference between the total LGF available to spend in 2017/18 and the total revised planned spend in 2017/18.

- 5.9 Whilst delivery partners are encouraged to accelerate LGF spend in 2017/18 where possible, the expected slippage of LGF spend during 2017/18 will be used to help offset the difference between the spend profile and the annual funding allocation from Government during 2018/19 and 2019/20 as set out in Figure 1 below.

**Figure 1 LGF spend profile relative to LGF available**



\*Including forecast LGF slippage from 2017/18 to 2018/19

- 5.10 Figure 1 shows that the amount of LGF available in 2017/18 now exceeds the planned spend. Through the duration of the programme there is sufficient LGF allocated by Government to fund all LGF projects included in the programme. However, in 2019/20 the planned LGF spend exceeds the LGF expected to be available, whilst in 2020/21 the amount of LGF available exceeds the planned spend.
- 5.11 Where the Board is asked to consider the acceleration of LGF projects start date, the impact of this decision on the LGF programme spend profile for future financial years will be considered and raised to the Board attention to support decision making.

## 6. Retained Schemes

- 6.1. There are currently six projects identified as retained schemes for which LGF is received by the SELEP Accountable Body directly from the DfT. Reporting on project progress and the spend of the LGF allocation is provided directly to the DfT for these projects, rather than through the Cities and Local Growth Unit Team, as is the case for all other LGF projects.
- 6.2. A substantial expected underspend has been identified for retained schemes from 2017/18 to future years of the programme as a result of the £20.334m slippage for the A13 widening scheme. The 2017/18 budget set out the planned spend of £31.126m on the project in 2017/18. However, the forecast spend in 2017/18 has now reduced substantially to £10.792m, as a result of the reduced spend forecast for the A13 widening project.



- 6.3. Further to the ministerial decision in April 2017 to approve the A13 widening project, the construction works contractor and detailed design consultants have been appointed and are reviewing the programme and expenditure profile. A meeting is being organised with the DfT to discuss the potential underspend. A more detailed project update will be provided to the Board once the contractors have confirmed the updated spend profile and delivery timescales for the project. Further details on the risk associated with this project can be found at section 7.4 below.

## **7. Skills Capital Programme**

- 7.1. The original Skills Capital Programme £22m allocation has been awarded to a total of 30 skills projects.
- 7.2. As of August 2017, all projects have spent their LGF allocations and therefore the next stage will be monitoring delivery and outcomes to the Board, Central Government and Local Partners. As has been previously reported to the Board, indicative figures illustrate that there will be a delivery of an additional 15,000 full-time qualifications and 7,300 additional apprenticeships. Approximately 21,527m<sup>2</sup> of new and improved learning and training floor space and facilities will be in place.
- 7.3. A Skills Showcase event was held by SELEP on the 7<sup>th</sup> July 2017 to provide examples of the benefits which have been achieved through the delivery of LGF Skills projects to date. A copy of the Skills brochure, detailing all the projects which have been delivered through the LGF programme, is made available as a background document to this report.

## **8. Project Changes**

### **Coastal Communities Housing Intervention St Leonards, Hastings**

- 8.1. In accordance the process for managing LGF Project Changes, a Change Request has been submitted by East Sussex County Council for the Coastal Communities Housing Intervention Project in St Leonards, Hastings which details a minor change to the project from that described in the Business Case developed as part of the funding decision for the project.
- 8.2. The Coastal Communities Housing Intervention Project was awarded £2m LGF on the 24<sup>th</sup> February 2017, with different interventions being delivered in three different locations; Thanet, Jaywick and Hastings. Each location receiving an equal proportion of the LGF award (£0.666m). The Project Business Case considered the merit of the different interventions to be delivered at each of the geographical locations and considered the overall impact of the project.
- 8.3. The section of the Business Case relating to the intervention to be delivered in St Leonards detailed the acquisition of a specific property in the area to be converted into 17 new affordable homes.
- 8.4. A Change Request has been submitted for the intervention in St Leonards, which explains that the project promoters are now looking to acquire an alternative property due to a fire at the original property identified. The alternative proposal will only have

a minor impact on the outputs and outcomes of the project, as the newly identified property will be converted into 16 one and two bedroom units. SELEP Secretariat has not requested the review of the Business Case as the impact of the project change on the projects Value for Money is expected to be reliable. The strategic case for delivering the intervention remains unchanged.

- 8.5. The acquisition of the alternative property by negotiation rather than Compulsory Purchase Order (CPO) improves the deliverability of the project and it is still expected that the LGF allocation to the St Leonard's project will be spent in 2017/18, subject to the Board agreeing the proposed change of scope.

### **Reallocation of funding from Kent Sustainable Interventions Project to Tonbridge Town Centre Regeneration**

- 8.6. On the 24<sup>th</sup> February 2017, the Board were asked to note the increased LGF allocation to Tonbridge Town Centre Regeneration project, by £103,000, as a re-allocation from Kent Sustainable Interventions Project (KSIP). The updated spend position for 2016/17 shows that the reallocation of funding from KSIP to Tonbridge Town Centre has increased to £231,269. This is in addition to the £41,145 reallocation of LGF from KSIP to Folkestone Seafront: onsite infrastructure and engineering works.
- 8.7. As the reallocation is below the 10% threshold for Board approval being requires, the Board is asked to note the allocation from KSIP.
- 8.8. The increase in scheme cost for the Tonbridge Town Centre Project has occurred as a result of an increase in project scope. The additional LGF allocation to the project will enable further improvements to be delivered through cycle improvements to the A21 Pembury Road and will not adversely impact on the outputs and outcomes to be delivered through the Kent Sustainable Interventions Project.

## **9. Deliverability and Risk Summary**

- 9.1 At the SELEP Programme Consideration Meeting on the 21<sup>st</sup> June 2017 a workshop session was held to encourage the sharing of lessons between officers across SELEP on the delivery of LGF projects to date. Presentations were given by Project Managers from Kent County Council and Essex County Council to share their experience of the delivery of LGF projects to date and to provide advice to other areas based on their experience of delivering LGF projects. This provided a useful exercise to helping officers consider project delivery mechanisms, such as through sharing information about contract arrangements, the drafting of legal agreements and the planning of utility works to enable the delivery of projects.
- 9.2 In addition, information is currently being sought from local partners about the spend to date and planned spend of local contributions on LGF project to enable the review of expected project cost estimated relative to actual project delivery cost. This will support positive reporting back to Government about the effective delivery of our

LGF programme and the high value for money achieved through LGF investment in our local priorities.

9.3 Appendix 5 sets out the summary deliverability and risk position for each project, as summarised in Table 8 below. A Red-Amber-Green (RAG) risk rating has been identified for each LGF project, based on consideration of each projects:

- Public & stakeholder acceptability;
- Feasibility;
- Planning risk (securing of powers & consents);
- Certainty of total cost estimate;
- Affordability / certainty of local funding sources;
- Value for money risk; and
- Complexity / dependence / flexibility of scheme

**Table 7 LGF project delivery risk and LGF spend risk**

	Project Delivery Risk	LGF spend risk
Low	73	59
Medium	19	33
High	3	3
Total	95	95

9.4 Further detail is provided on some specific project risks below.

- **Beaulieu Park Railway Station** - The project has been RAG rated as red due to the substantial funding gap and the early stage of project development. The project is allocation £1.25m LGF in 2017/18. However, this funding will not be spent until a potential funding route has been identified to bridge the current funding gap. All local partners are committed to building the new station and the Great Eastern Taskforce has agreed to hold a strategic discussion with senior representatives of all partners and DfT to exploring all options to bridge the funding gap before progressing with GRIP Stage 3 and looking to draw down the LGF funding.

One potential funding option is for the submission of the project as a Housing Infrastructure Fund bid to the Department for Communities and Local Government. A detailed updated on potential funding routes will be provided to the Board following the stakeholder meeting.

- **Thanet Parkway** - The project is allocated £4m LGF in 2017/18 and a further £6m in 2018/19. However the project is not yet in a position to draw down this funding owing to a substantial funding gap and need to identify a funding route to bridge the funding gap. As a result, this project is currently RAG rated red.

An £8m funding bid was submitted by Kent County Council for Network Rail's New Station Fund, but proved unsuccessful. A meeting has been organised with senior officers from the DfT to consider all available funding opportunities and a funding strategy is currently being developed by Kent County Council. A report will be provided to the Board at the next meeting to share feedback from the meeting with DfT and to set out the next steps for the project.

- **A13 Widening:** The project was approved in April 2017 by Secretary of State but the project has experienced delays through the business case development and DfT approval stage of the project. Detailed design and construction contractors have now been appointed and works are expected to start on site in November 2017. Consultants are currently preparing a detailed updated works programme and funding profile for the project which will be made available to the Board at the next meeting.

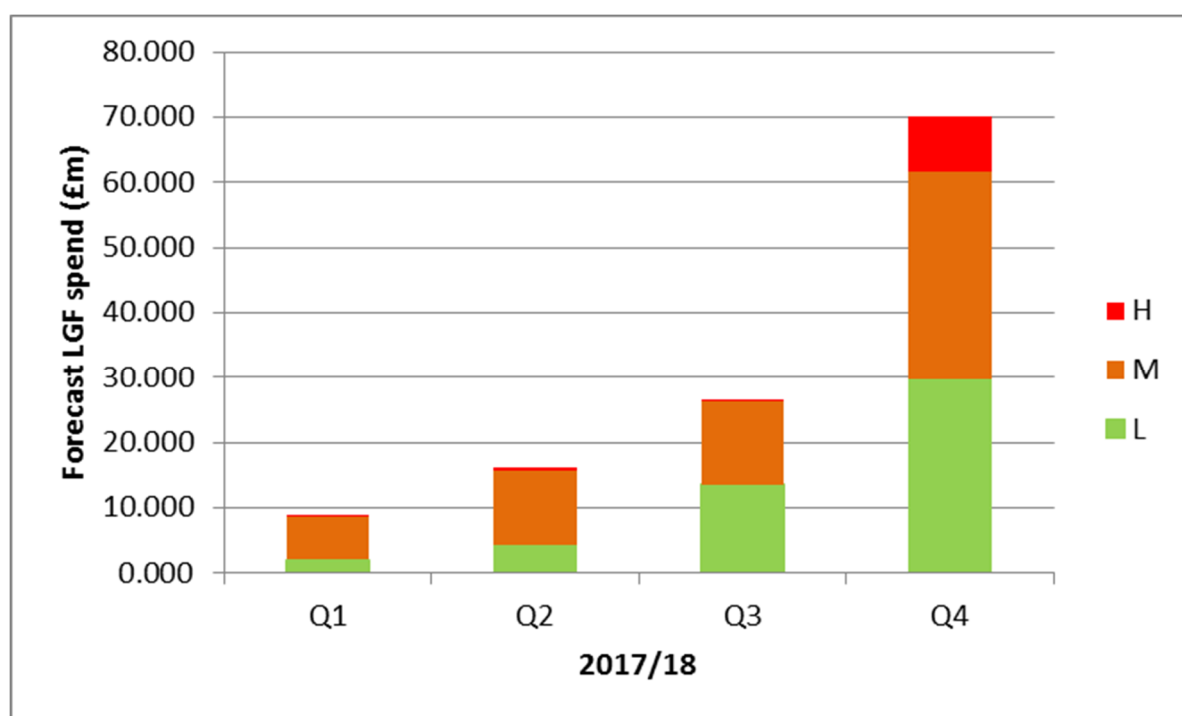
An initial programme has been completed which has identified the potential for a £20.334m slippage of LGF spend from 2017/18 to future years of the programme, from a planned spend of £28.544m LGF to a forecast spend of £8.210m LGF in 2017/18. The DfT has been made aware of the expected slippage of LGF spend on this DfT retained project and a meeting is being scheduled to discuss potential mitigation options. A further update will be provided to the Board at the next meeting.

**A289 Four Elms Medway Tunnel Journey Times and Network Improvements:**

This project has been RAG rated as amber due to the delivery risk created due to match funding no longer being available and an alternative project proposal being required to tackle congestion at this junction. A detailed update is provided in Appendix 1.

**Rochester Airport Technology Park:** A project update is provided in Appendix 2.

**Figure 2 LGF spend risk relative to planned LGF spend in 2017/18**



9.5 Figure 2 above sets out the LGF spend risk per quarter for 2017/18. This LGF spend risk considers the certainty that the LGF allocation in 2017/18 will be spent during 2017/18. It also highlights the substantial LGF spend planned in 2017/18. This presents a substantial programme risk and highlights the risk of a high proportion of LGF slippage from 2017/18 to future years of the programme.

9.6 Given the high proportion of LGF spend RAG rated as amber and red and the substantial backloading of spend in Q4 2017/18, it seems sensible to identify and accelerate the delivery of LGF projects where feasible to do so. Local partners are asked to consider projects included in the Growth Deal programme, which could be accelerated. These projects will be considered at subsequent Board meetings, but any request to accelerate should not further increase the gaps against funding already identified in 2019/20 (as detailed in paragraph 5.9 above).

## 10. LGF Programme Risks

10.1 In addition to project specific risks, the following LGF programme risks have also been identified. These risks have been listed in terms of the scale of impact they are expected to have on the LGF programme and the management of the programme going forward.

### 10.1.1 Availability of LGF to align with project spend profiles

Risk: The availability of LGF during future years of the LGF programme does not match the forecast spend profile for LGF projects. As shown in Figure 1, the forecast LGF spend in 2019/20 exceeds the expected amount of LGF available in 2019/20.

Mitigation: To help ensure LGF allocations are available to align with project spend profiles, some funding may intentionally be carried between financial years to help manage the overall programme. The timing of LGF relative to local funding contributions to projects will also be considered. This will include the reporting on the spend of local contributions alongside LGF spend, to future Board meetings. Updates will be provided within the Capital Programme Update at each Board meeting to ensure that the planned LGF spend profile is considered in relation to the funding made available by Government.

In addition, the annual conversation with Central Government officials will be used as an opportunity to seek an amendment to profile for which LGF is made available to SELEP by Government. In particular, opportunities will be explored to bring forward LGF from 2020/21 to 2018/19.

#### *10.1.2 Slippage of LGF from 2017/18 to future years of the programme*

Risk: The latest update report has identified a substantial backloading of LGF spend in Q4 2017/18, with a forecast spend of £70.189m in Q4 2017/18 relative to the revised total planned spend of £121.328m in 2017/18. This creates a substantial risk of LGF slippage from 2017/18 to future years of the programme, particularly as the result of the high proportion of spend in 2017/18 Q4 being Amber and Red RAG rated.

In addition, a slippage of £7.890m has already been identified

Mitigation: Local partners are asked to accelerate LGF spend in 2017/18 where possible, such as through the acceleration of spend on LGF projects. In addition, partners are asked to put mitigation measures in place at a local level to ensure that LGF spend forecasts can be achieved. The acceleration of any projects in 2017/18 (to utilise the expected slippage of LGF spend from 2017/18 to future years of the programme) will be managed to ensure that the acceleration of projects does not add to the gap between then LGF planned spend and LGF available for spend in 2018/19 and 2019/20.

In addition, there will be clear communication with Government about the successful delivery of LGF projects to date and to need retain LGF slippage by SELEP to help manage the availability of LGF in 2018/19 and 2019/20.

#### *10.1.3 Governments 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 and the level of LGF to be received by SELEP has yet to be confirmed. In light of the upcoming general election and

new Government, this increases the risk in relation to future year funding allocations to the Growth Deal.

Mitigation: SELEP continues to seek assurances and formal confirmation of SELEP's LGF allocation to future years of the programme. In addition, SELEP continuously works to ensure Government are made aware of the benefits brought about through LGF investment.

#### *10.1.4 LGF spend profiles extending beyond the Growth Deal Projects*

Risk: For certain LGF projects, particularly the larger scale and more complex projects, there is a risk of LGF spend slipping beyond the Growth Deal period. This risk is increased by the gap between the planned LGF spend and LGF available potentially leading to potential delays to the award of LGF to projects.

Mitigation: The potential slippage of LGF spend beyond the Growth Deal period is being considered on a project- by- project basis. Where funding awards have not yet been made by SELEP Accountability Board local partners will be asked to provide an update on the timescales for the Business Case to be developed for funding award and the expected project delivery programme to give assurance that the LGF can be fully spent by March 2021.

Where there are high risks to LGF spend before 2020/21, local partners are asked to work with their Federated Boards to develop alternative proposals for the spend of LGF allocations.

#### *10.1.5 Total project cost escalation*

Risk: For certain LGF projects included in our Growth Deal, the total cost estimate has increased since the original bid submission and provisional LGF allocation was awarded. Increases in total project costs may impact on our ability to deliver the projects and outcomes/outputs which SELEP committed to achieve through LGF investment. Escalations in project cost may also impact on the Value for Money case for projects included in our Growth Deal.

Mitigation: SELEP is now taking a proactive approach in monitoring the total cost of LGF projects. Any changes to the total cost of a project must be reported to the Board through the Change Request process to ensure that projects continue to demonstrate Value for Money. Where cost escalation occurs, it is expected that this increase in costs will be met by local partners.

#### *10.1.6 Resource within Local Authorities and in the private sector to support the delivery of the Growth Deal programme.*

Risk: A lack of resource within the delivery authorities, consultancies and contractors to support the development and construction of LGF projects may result in an increase in project cost estimates (as the tender costs are higher than originally forecast) and/or a delay to project programme for delivery.

Mitigation: Opportunities are being sought for early engagement with the industry to raise awareness of the LGF programme and the pipeline of work coming forward. Assurances are also being sought through the S151 Officer letter which supports Business Case submissions to ensure that the delivery body has access to the skills, expertise and resource to support the delivery of the project.

## **11. Financial Implications (Accountable Body Comments)**

- 11.1 Further slippage has occurred since the previous report for both this and the previous financial year. In addition, underspend for the 2015/16 financial year has only just been declared by some partners, which is concerning. All partners are reminded of their responsibilities under the SLA to ensure accurate and timely reporting and the Accountable Body will continue to work with the SELEP Secretariat to further strengthen the reporting requirements so that information collated can be assured to be robust.
- 11.2 Given the higher level of slippage against profiled spend, it is again advised that serious consideration is given to bringing forward projects wherever possible; although this must be balanced against the identified funding gaps in future years, especially that in 2019/20.
- 11.3 There should be serious consideration given to the increasing gap in 2019/20. Active management of projects now will ensure both that the position doesn't worsen and will begin to address the gap. Project sponsors should be asked to consider the application of differing funding streams and whether project delivery or payments can be structured differently so that the requirement for LGF in that year is reduced whilst delivery is not endangered.
- 11.4 The Board should note the large underspend this year on the A13 Widening Project. This is a large project and it is recommended that a delivery update is provided to each Board meeting. In addition, as a retained project, DfT may require underspends to be repaid. The Accountable Body will be represented at the meeting with the DfT to discuss the project.
- 11.5 The Accountable Body will continue to lobby Government with the SELEP Secretariat for increased certainty in the LGF future year profiling and for a more equalised profile to address the issues with the 2019/20 gap.

## **12. Legal Implications (Accountable Body Comments)**

- 12.1 There are no legal implications arising from the recommendations within this report.

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

- 13.1 None



## **14. Equality and Diversity implications**

- 14.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (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 cases, the delivery of the project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **15. List of Appendices**

- 15.1 Appendix 1 - A289 Four Elms Medway Tunnel Journey Times and Network Improvements Update Report
- 15.2 Appendix 2 - Rochester Airport Technology Park Update Report – To be circulated separately
- 15.3 Appendix 3 - Financial monitoring
- 15.4 Appendix 4 - Summary LGF spend profile
- 15.5 Appendix 5 – Deliverability and Risk

## **16. List of Background Papers**

- 16.1 Business Case for the Coastal Communities Housing Intervention
- 16.2 SELEP Capital Skills Project Brochure

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	

Suzanne Bennett <b>On behalf of Margaret Lee</b>	14.09.2017
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## Appendix 1 - A289 Four Elms to Medway Tunnel Journey Times and Network Improvements project update

### **1. Purpose of report**

- 1.1. To update the SELEP Accountability Board (the Board) on the latest position on the A289 Four Elms to Medway Tunnel Journey Times and Network Improvements project.

### **2. Recommendations**

- 2.1. **Note** the project update.

### **3. Project Background**

- 3.1. The objective of the A289 project is to deliver highway capacity improvements in order to provide journey time savings and reduced congestion.
- 3.2. The project had an initial budget of £18.697m consisting of £11.1m Local Growth Fund and £7.597m from S106 contributions (including £7.129m from Lodge Hill). The Secretary of State for Communities and Local Government (DCLG) took the decision to call in the Lodge Hill planning application. As a result the application will now not be determined until an inquiry takes place during 2018. This means that the S106 contribution from Lodge Hill will now not be available during the lifetime of this project.
- 3.3. The original proposals for the project included enlarging all three roundabouts along the route, installing footbridges to eliminate at-grade crossings and introducing bus lanes. Following the delay with Lodge Hill efforts were made to scale back the project proposals to ensure they could be delivered within the now significantly reduced budget, whilst still offering the benefits detailed in the Business Case. A Project Change Request was submitted to Accountability Board in October 2016 which outlined the proposed action to be taken.

### **4. Current Position**

- 4.1. The 'scaled back' project has been designed to RIBA stage 3 and a planning application submitted for consideration by Planning Committee.
- 4.2. Prior to Planning Committee determining the application a review of estimated construction costs was conducted. This review highlighted a fairly significant shortfall in funding required to deliver the scheme, making the proposed scheme undeliverable. This is, in part, as a result of increasing land costs and significant utility diversions that would be required in order to deliver the proposals.
- 4.3. There was also concern regarding the deliverability of the scheme within the agreed funding period. This was due to complexities with the construction process, network sensitivities, the need for off-peak working and uncertainty regarding the duration of the land acquisition process. As a result an extension to the end of 2019/20 has previously been agreed.

### **5. Next Steps**

- 5.1. The justification for the project remains as strong as when the original Business Case was prepared. Although the Lodge Hill development has been delayed it is anticipated that there

will be significant housing development on the Hoo Peninsula. Work is required to alleviate the existing congestion on the A289 in order to facilitate this future development.

- 5.2. Whilst the objectives of the project remain the same it is clear that the scale of the works needs to be considerably reduced in order to allow delivery in accordance with the reduced budget of £11.568m. A consultant has been appointed to draw up some high level proposals for the scheme, which can be delivered within budget. The suitability of each of the proposals, both in terms of deliverability and practicality has been considered by officers.
- 5.3. Following a sift of the high level options proposed by the consultant modelling of the remaining proposals has been requested. This modelling will show which of the options is the most viable in terms of meeting the project objectives of reducing journey times, offering greater journey time reliability and reducing congestion. The results of the modelling will feed into the Benefit Cost Ratio (BCR) calculations within the Business Case.

#### **5.4. Business Case process**

- 5.4.1. When the change request regarding the reduction in budget for the project was discussed at the Accountability Board meeting on 18<sup>th</sup> November 2016 it was agreed that a revised Business Case should be submitted for consideration by Accountability Board. To date this Business Case has not been submitted.
- 5.4.2. It has now been agreed that a revised Outline Business Case will be submitted for consideration before the end of the 2017/18 financial year. Approval of this Business Case would release the funding required to further develop the scheme (up to and including procurement of the contractor). It is anticipated that this Business Case will be submitted for consideration at the February 2018 Accountability Board meeting.
- 5.4.3. A Full Business Case will be submitted once a contractor has been appointed, and there is greater certainty regarding both construction costs and the benefits offered by the scheme. Approval of this Business Case would release the funding required to construct the final scheme. It is expected that this Business Case will be submitted during the 2019/20 financial year (subject to confirmation).

#### **5.5. Programme**

- 5.5.1. The project is currently programmed for completion by the end of March 2020. However, it is likely that a further year will be required to ensure that the project can be delivered in its entirety and to a high quality.
- 5.5.2. It is expected that this extension will be required despite the reduction in scale of the project and therefore likely reduced construction period. The primary reasons for this extension are:
  - Uncertainty regarding the duration of the land acquisition process. All options being considered require the acquisition of land. Whilst acquisition by negotiation will be the preferred option, it is likely that a CPO will be required to acquire some of the land, adding significant uncertainty to the programme for this work stream.
  - Additional design work will be required to progress the selected option adding time to the programme.

5.5.3. An amended spend profile has been developed which takes into account the additional year:

2015/16	2016/17	2017/18					2018/19	2019/20	2020/21	Total
£m		Q1	Q2	Q3	Q4	Total				
0.298	0.402	0.019	0.130	0.150	0.201	0.500	2.001	4.000	3.899	11.1

It should be noted that this spend profile is currently very high level and will be refined as the project progresses. Whilst spend is shown for each quarter for 2017/18 it has been agreed that no further funding will be drawn down from SELEP until the revised Outline Business Case has been approved by Accountability Board.

5.5.4. As the LGF funding period ends at the close of the 2020/21 financial year, the project programme will include a minimum of three months float to significantly reduce the risk of project overrun.

## 5.6. Spend to date

5.6.1. At the end of the 2016/17 financial year LGF spend on the project totalled approximately £700,000.

5.6.2. Medway Council's finance team have indicated that they are satisfied that the spend to date can be capitalised and directly linked to the proposed scheme. These costs will be reflected in the revised Outline Business Case.

## 6. Project Risk

6.1. Until the revised Outline Business Case has been approved by Accountability Board and a clear way forward with the scheme identified the project will be shown as medium risk in all project updates. As the project progresses this risk level will be reviewed and amended as appropriate.

## 7. Background Documents

7.1. Accountability Board Report 18<sup>th</sup> November 2016



LGF Financial Monitoring - East Sussex Scheme Summary (£m)											August 2017 update
SELEP Code	Scheme Name	Total Scheme Cost	Total LGF allocation	LGF Spend in 2015/16	LGF spend in 2016/17, Reported in March 2017	LGF spend in 2016/17 Reported in August 2017	Variation (2016/17)	Total planned spend 2017/18 Reported in March 2017.	Total forecast spend in 2017/18 Reported in August 2017	Variance (2017/18)	Forecast future year LGF spend
LGF00002	Newhaven Flood Defences	9.000	1.500	0.300	0.800	0.800	0.000	0.400	0.400	0.000	0.000
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	3.530	2.100	0.000	0.000	0.000	0.000	1.500	1.500	0.000	0.600
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	10.560	8.600	0.600	0.400	0.370	-0.030	0.850	0.880	0.030	6.750
LGF00036	Queensway Gateway Road	6.000	6.000	1.419	1.121	1.121	0.000	3.460	3.460	0.000	0.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	0.000	1.400	0.505	0.895	0.895	0.000	0.000	0.000	0.000	0.000
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	0.000	1.700	0.530	1.170	1.170	0.000	0.000	0.000	0.000	0.000
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	0.000	16.600	6.410	4.600	4.600	0.000	5.590	5.810	0.220	0.000
LGF00042	Hastings and Bexhill Movement and Access Package	0.000	12.000	0.000	0.000	0.000	0.000	1.352	1.352	0.000	10.648
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	0.000	6.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LGF00044	Eastbourne town centre LSTF access & improvement package	0.000	6.000	0.000	0.500	0.550	0.050	2.500	2.450	-0.050	3.000
LGF00073	A22/A27 junction improvement package	0.000	4.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.000
LGF00068	Coastal Communities Housing Intervention Hastings	0.000	0.667	0.000	0.025	0.000	-0.025	0.642	0.667	0.025	0.000
LGF00097	East Sussex Strategic Growth Project	0.000	8.200	0.000	0.300	0.000	-0.300	6.000	6.300	0.300	1.900
LGF00099	Devonshire Park	0.000	5.000	0.000	0.000	0.000	0.000	3.400	3.400	0.000	1.600

LGF Financial Monitoring - Essex Scheme Summary (£m)											August 2017 update
SELEP Code	Scheme Name	Total Scheme Cost	Total LGF allocation	LGF Spend in 2015/16	LGF spend in 2016/17, Reported in March 2017	LGF spend in 2016/17 Reported in August 2017	Variation (2016/17)	Total planned spend 2017/18 Reported in March 2017.	Total forecast spend in 2017/18 Reported in August 2017	Variance (2017/18)	Forecast future year LGF spend
LGF00004	Colchester Broadband Infrastructure	0.529	0.200	0.200	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LGF00025	Colchester LSTF	2.720	2.400	0.911	1.489	1.489	0.000	0.000	0.000	0.000	0.000
LGF00026	Colchester Integrated Transport Package	12.000	5.000	1.527	0.673	0.673	0.000	1.400	1.400	0.000	1.400
LGF00027	Colchester Town Centre	5.510	4.600	0.955	2.849	2.849	0.000	0.796	0.796	0.000	0.000
LGF00028	TGSE LSTF - Essex	3.044	3.000	2.131	0.869	0.869	0.000	0.000	0.000	0.000	0.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	21.835	10.000	5.870	1.230	2.130	0.900	2.900	2.000	-0.900	0.000
LGF00032	A414 Maldon to Chelmsford RBS	3.500	2.000	1.000	1.000	1.000	0.000	0.000	0.000	0.000	0.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	3.000	3.000	0.409	0.591	0.605	0.014	2.000	1.986	-0.014	0.000
LGF00034	Basildon Integrated Transport Package	13.810	9.000	1.633	0.000	0.000	0.000	1.868	0.000	-1.868	7.367
LGF00037	Colchester Park and Ride and Bus Priority measures	7.500	5.800	5.800	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LGF00079	A127 Fairglen Junction Improvements	19.348	15.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	15.000
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	8.960	4.000	0.513	3.487	3.487	0.000	0.000	0.000	0.000	0.000
LGF00048	A131 Chelmsford to Braintree	7.320	3.660	0.000	0.000	0.000	0.000	0.750	0.750	0.000	2.910
LGF00049	A414 Harlow to Chelmsford	7.320	3.660	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.660
LGF00050	A133 Colchester to Clacton	5.480	2.740	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.740
LGF00051	A131 Braintree to Sudbury	3.600	1.800	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.800
LGF00063	Chelmsford City Growth Area Scheme	15.000	10.000	0.000	0.000	0.000	0.000	0.500	0.500	0.000	9.500
LGF00064	Chelmsford Flood Alleviation Scheme	12.300	0.800	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.800
LGF00070	Beaulieu Park Railway Station	34.000	12.000	0.000	0.000	0.000	0.000	1.250	1.250	0.000	10.750
LGF00068	Coastal Communities Housing Intervention (Jaywick)	0.000	0.667	0.000	0.309	0.000	-0.309	0.358	0.667	0.309	0.000
LGF00095	Gilden Way Upgrading, Harlow	0.000	5.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	0.000	3.500	0.000	0.000	0.000	0.000	1.000	1.600	0.600	1.900
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	0.000	2.000	0.000	0.000	0.000	0.000	1.000	1.000	0.000	1.000
LGF00101	STEM Innovation Centre - Colchester Institute	0.000	5.000	0.000	0.000	0.000	0.000	4.650	4.650	0.000	0.350
LGF00102	A127/A130 Fairglen Interchange new link road	0.000	6.235	0.000	0.000	0.000	0.000	0.000	0.000	0.000	6.235
LGF00103	M11 Junction 8 Improvements	0.000	2.734	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.734



LGF Financial Monitoring - Kent Scheme Summary (£m)											August 2017 update
SELEP Code	Scheme Name	Total Scheme Cost	Total LGF allocation	LGF Spend in 2015/16	LGF spend in 2016/17, Reported in March 2017	LGF spend in 2016/17 Reported in August 2017	Variation (2016/17)	Total planned spend 2017/18 Reported in March 2017.	Total forecast spend in 2017/18 Reported in August 2017	Variance (2017/18)	Forecast future year LGF spend
LGF00003	Kent and Medway Growth Hub	15.000	6.000	0.000	2.000	0.389	-1.612	1.000	2.612	1.612	3.000
LGF00006	Tonbridge Town Centre Regeneration	2.931	2.631	1.833	0.670	0.799	0.129	0.000	0.000	0.000	0.000
LGF00007	Sittingbourne Town Centre Regeneration	4.700	2.500	0.345	2.155	2.155	0.000	0.000	0.001	0.001	0.000
LGF00008	M20 Junction 4 Eastern Overbridge	6.195	2.200	0.488	1.712	1.712	0.000	0.000	0.000	0.000	0.000
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree	2.050	1.800	0.603	0.165	0.189	0.024	0.632	0.160	-0.472	0.848
LGF00010	Kent Thameside LSTF	8.214	4.500	2.051	0.448	0.480	0.032	0.500	0.468	-0.032	1.500
LGF00011	Maidstone Gyratory Bypass	5.740	4.600	0.704	3.896	3.724	-0.172	0.000	0.171	0.171	0.000
LGF00012	Kent Strategic Congestion Management programme	4.800	4.800	0.863	0.610	0.687	0.077	0.805	0.728	-0.077	2.522
LGF00013	Middle Deal transport improvements	1.550	0.800	0.000	0.800	0.800	0.000	0.000	0.000	0.000	0.000
LGF00014	Kent Rights of Way improvement plan	1.288	1.000	0.193	0.138	0.056	-0.082	0.219	0.300	0.081	0.450
LGF00015	Kent Sustainable Interventions Programme	2.915	2.728	0.143	0.528	0.406	-0.122	0.500	0.492	-0.008	1.686
LGF00016	West Kent LSTF	9.060	4.900	0.800	1.400	1.308	-0.092	0.700	0.792	0.092	2.000
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	0.691	0.541	0.533	0.008	0.008	0.000	0.000	0.000	0.000	0.000
LGF00038	A28 Chart Road	32.800	10.200	0.885	0.801	0.984	0.183	1.314	1.131	-0.183	7.200
LGF00039	Maidstone Integrated Transport	11.850	8.900	0.000	0.715	0.265	-0.450	1.685	2.135	0.450	6.500
LGF00040	A28 Sturry Link Road	29.600	5.900	0.000	0.459	0.401	-0.058	0.315	0.416	0.101	5.083
LGF00053	Rathmore Road	9.500	4.200	1.562	2.638	2.638	0.000	0.000	0.000	0.000	0.000
LGF00054	A28 Sturry Rd Integrated Transport Package	0.426	0.300	0.022	0.024	0.005	-0.019	0.254	0.272	0.018	0.000
LGF00055	Maidstone Sustainable Access to Employment	2.625	2.000	0.131	1.869	1.869	0.000	0.000	0.000	0.000	0.000
LGF00059	Ashford Spurs	10.500	9.800	0.000	0.924	0.167	-0.757	8.617	9.633	1.016	0.000
LGF00041	Thanet Parkway	16.500	10.000	0.000	0.000	0.000	0.000	4.000	4.000	0.000	6.000
LGF00058	Dover Western Dock Revival	15.000	5.000	0.000	5.000	4.915	-0.085	0.000	0.085	0.085	0.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LGF00062	Folkestone Seafront (non-transport)	22.110	5.000	0.000	1.933	1.967	0.034	3.067	3.033	-0.034	0.000
LGF00072	A226 London Road/B255 St Clements Way	6.903	4.200	0.000	0.934	0.715	-0.219	1.093	1.270	0.177	2.215
LGF00068	Coastal Communities Housing Intervention (Thanet)	1.530	0.666	0.000	0.000	0.000	0.000	0.667	0.667	0.000	0.000
LGF00086	Dartford Town Centre Transformation	12.000	4.300	0.000	0.000	0.000	0.000	0.200	0.200	0.000	4.100
LGF00088	Fort Halsted	32.030	1.530	0.000	0.000	0.000	0.000	1.530	1.530	0.000	0.000
LGF00092	A2500 Lower Road	1.805	1.265	0.000	0.000	0.000	0.000	0.387	0.387	0.000	0.878
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	21.000	6.120	0.000	0.000	0.000	0.000	1.120	1.120	0.000	5.000
LGF00096	A2 off-slip at Wincheap, Canterbury	10.055	4.400	0.000	0.000	0.000	0.000	0.354	0.354	0.000	4.046
LGF00094	Leigh Flood Storage Area and East Peckham - unlocking growth	24.691	4.636	0.000	0.000	0.000	0.000	0.091	0.091	0.000	4.545

LGF Financial Monitoring - Medway Scheme Summary (£m)											August 2017 update
SELEP Code	Scheme Name	Total Scheme Cost	Total LGF allocation	LGF Spend in 2015/16	LGF spend in 2016/17, Reported in March 2017	LGF spend in 2016/17 Reported in August 2017	Variation (2016/17)	Total planned spend 2017/18 Reported in March 2017.	Total forecast spend in 2017/18 Reported in August 2017	Variance (2017/18)	Forecast future year LGF spend
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	11.564	11.100	0.298	0.420	0.402	-0.018	2.335	0.500	-1.835	9.900
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	10.270	9.000	0.200	1.770	1.772	0.003	2.420	2.397	-0.023	4.631
LGF00020	Chatham Town Centre Place-making and Public Realm Package	4.900	4.000	0.870	0.938	0.945	0.007	2.191	1.384	-0.807	0.800
LGF00021	Medway Cycling Action Plan	2.800	2.500	0.228	1.150	1.150	0.000	1.121	1.122	0.001	0.000
LGF00022	Medway City Estate Connectivity Improvement Measures	2.094	2.000	0.300	0.181	0.181	0.001	0.100	0.060	-0.040	1.459
LGF00061	Rochester Airport - phase 1	4.400	4.400	0.000	0.177	0.179	0.002	2.827	1.361	-1.466	2.860
LGF00089	Rochester Airport - phase 2	48.670	3.700	0.000	0.000	0.000	0.000	0.300	0.150	-0.150	3.550
LGF00091	Strood Civic Centre - flood mitigation	36.300	3.500	0.000	0.000	0.000	0.000	1.000	1.000	0.000	2.500

LGF Financial Monitoring - Southend Scheme Summary (£m)											August 2017 update
SELEP Code	Scheme Name	Total Scheme Cost	Total LGF allocation	LGF Spend in 2015/16	LGF spend in 2016/17, Reported in March 2017	LGF spend in 2016/17 Reported in August 2017	Variation (2016/17)	Total planned spend 2017/18 Reported in March 2017.	Total forecast spend in 2017/18 Reported in August 2017	Variance (2017/18)	Forecast future year LGF spend
LGF00005	Southend Growth Hub	7.092	6.720	0.018	0.702	0.702	0.000	0.000	0.000	0.000	6.000
LGF00029	TGSE LSTF - Southend	1.000	1.000	0.800	0.200	0.200	0.000	0.000	0.000	0.000	0.000
LGF00081	A127 Kent Elms Corner	5.020	4.300	0.500	2.800	2.389	-0.411	1.000	1.411	0.411	0.000
LGF00082	A127 The Bell	5.020	4.300	0.000	0.000	0.000	0.000	0.860	0.860	0.000	3.440
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	8.000	8.000	0.400	0.240	0.289	0.049	0.360	0.311	-0.049	7.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	7.000	7.000	0.000	0.800	0.777	-0.023	2.200	2.223	0.023	4.000
LGF00057	London Southend Airport Business Park (Phase 1 and 2)	31.070	23.090	0.000	3.200	2.366	-0.834	10.440	5.283	-5.157	15.441

LGF Financial Monitoring - Thurrock Scheme Summary (£m)											August 2017 update
SELEP Code	Scheme Name	Total Scheme Cost	Total LGF allocation	LGF Spend in 2015/16	LGF spend in 2016/17, Reported in March 2017	LGF spend in 2016/17 Reported in August 2017	Variation (2016/17)	Total planned spend 2017/18 Reported in March 2017.	Total forecast spend in 2017/18 Reported in August 2017	Variance (2017/18)	Forecast future year LGF spend
LGF00030	TGSE LSTF - Thurrock	1.000	1.000	0.569	0.200	0.162	-0.038	0.000	0.269	0.269	0.000
LGF00046	Thurrock Cycle Network	6.000	5.000	0.000	0.935	0.096	-0.839	1.750	3.120	1.370	1.784
LGF00047	London Gateway/Stanford le Hope	12.050	7.500	0.000	0.700	0.663	-0.037	2.800	2.837	0.037	4.000
LGF00052	A13 Widening - development	5.000	5.000	0.000	5.000	2.708	-2.292	0.000	2.292	2.292	0.000
LGF00056	Purfleet Centre	122.000	5.000	0.000	0.900	0.695	-0.205	4.100	4.305	0.205	0.000
LGF00104	Grays South	41.639	10.840	0.000	0.000	0.000	0.000	0.000	0.000	0.000	10.840
LGF00084	A13 Widening	73.866	66.057	0.000	0.000	0.000	0.000	28.544	8.210	-20.334	57.641

Appendix 2 - LGF Summary Spend Profile

Summary LGF Spend Profile										
Aug-17										
Project Number	SELEP number	Project Name	Promoter	2015/16 (total)	2016/17 (total)	2017/18	2018/19	2019/20	2020/21	All Years
East Sussex										
LGFSE2	LGF00002	Newhaven Flood Defences	East Sussex	0.300	0.800	0.400				1.500
LGFSE23	LGF00023	Hailsham/Polegate/Eastbourne Move	East Sussex	0.000	0.000	1.500	0.600			2.100
LGFSE24	LGF00024	Eastbourne and South Wealden Walk	East Sussex	0.600	0.370	0.880	1.750	2.500	2.500	8.600
LGFSE35	LGF00036	Queensway Gateway Road	East Sussex	1.419	1.121	3.460				6.000
LGFSE49	LGF00066	Swallow Business Park, Hailsham (A22	East Sussex	0.505	0.895	0.000				1.400
LGFSE50	LGF00067	Sovereign Harbour (aka Site Infrastruc	East Sussex	0.530	1.170	0.000				1.700
LGFSE51	LGF00085	North Bexhill Access Road and Bexhill	East Sussex	6.190	4.600	5.810				16.600
tbcb2	LGF00042	Hastings and Bexhill Movement and A	East Sussex	0.000	0.000	1.352	3.648	3.500	3.500	12.000
tbcb3	LGF00043	Hastings and Bexhill LSTF walking and	East Sussex	0.000	0.000					
LGFSE52	LGF00044	Eastbourne town centre LSTF access &	East Sussex	0.000	0.550	2.450	1.500	1.500		6.000
tbcb25	LGF00073	A22/A27 junction improvement packa	East Sussex	0.000	0.000	0.000		2.000	2.000	4.000
LGFSE62	LGF00068	Coastal Communities Housing Interve	East Sussex	0.000	0.000	0.667				0.667
	LGF00097	East Sussex Strategic Growth Project	East Sussex	0.000	0.000	6.300	1.900			8.200
	LGF00099	Devonshire Park	East Sussex	0.000	0.000	3.400	1.600			5.000
Essex										
LGFSE4	LGF00004	Colchester Broadband Infrastructure	Essex	0.200	0.000	0.000				0.200
LGFSE25	LGF00025	Colchester LSTF	Essex	0.911	1.489	0.000				2.400
LGFSE26	LGF00026	Colchester Integrated Transport Pack	Essex	1.527	0.673	1.400	1.400			5.000
LGFSE27	LGF00027	Colchester Town Centre	Essex	0.955	2.849	0.796				4.600
LGFSE28	LGF00028	TGSE LSTF - Essex	Essex	2.131	0.869	0.000				3.000
LGFSE31	LGF00031	A414 Pinch Point Package: A414 First	Essex	5.870	2.130	2.000				10.000
LGFSE32	LGF00032	A414 Maldon to Chelmsford RBS	Essex	1.000	1.000	0.000				2.000
LGFSE33	LGF00033	Chelmsford Station / Station Square /	Essex	0.409	0.605	1.986				3.000
LGFSE34	LGF00034	Basildon Integrated Transport Packag	Essex	1.633	0.000	0.000	2.800	3.100	1.467	9.000
LGFSE36	LGF00037	Colchester Park and Ride and Bus Pri	Essex	6.800	-1.000	0.000				5.800
tbcb8	LGF00048	A131 Chelmsford to Braintree	Essex	0.000	0.000	0.750	1.750	1.160		3.660
tbcb9	LGF00049	A414 Harlow to Chelmsford	Essex	0.000	0.000	0.000	1.830	1.830		3.660
tbcb10	LGF00050	A133 Colchester to Clacton	Essex	0.000	0.000	0.000	1.370	1.370		2.740
tbcb11	LGF00051	A131 Braintree to Sudbury	Essex	0.000	0.000	0.000		0.900	0.900	1.800
tbcb19	LGF00063	Chelmsford City Growth Area Scheme	Essex	0.000	0.000	0.500	4.000	5.500		10.000
tbcb20	LGF00064	Chelmsford Flood Alleviation Scheme	Essex	0.000	0.000	0.000	0.800			0.800
tbcb22	LGF00070	Beaulieu Park Railway Station	Essex	0.000	0.000	1.250		5.750	5.000	12.000
LGFSE62	LGF00068	Coastal Communities Housing Interve	Essex	0.000	0.000	0.667				0.667
	LGF00095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000		2.500	2.500		5.000
	LGF00098	Technical and Professional Skills Cent	Essex	0.000	0.000	1.600	1.900			3.500
	LGF00100	Innovation Centre - University of Esse	Essex	0.000	0.000	1.000	1.000			2.000
	LGF00101	STEM Innovation Centre - Colchester	Essex	0.000	0.000	4.650	0.350			5.000
	LGF00102	A127/A130 Fairglen Interchange new	Essex	0.000	0.000			3.200	3.035	6.235
	LGF00103	M11 Junction 8 Improvements	Essex	0.000	0.000			1.000	1.734	2.734
Kent										
LGFSE3	LGF00003	Kent and Medway Growth Hub	Kent	0.000	0.389	2.612	1.000	1.000	1.000	6.000
LGFSE6	LGF00006	Tonbridge Town Centre Regeneration	Kent	1.833	0.799	0.000				2.631
LGFSE7	LGF00007	Sittingbourne Town Centre Regenerat	Kent	0.345	2.155	0.001				2.500
LGFSE8	LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.488	1.712	0.000				2.200
LGFSE9	LGF00009	Tunbridge Wells Jct Improvement Pac	Kent	0.603	0.189	0.160	0.848			1.800
LGFSE10	LGF00010	Kent Thameside LSTF	Kent	2.051	0.480	0.468	0.800	0.400	0.300	4.500
LGFSE11	LGF00011	Maidstone Gyratory Bypass	Kent	0.704	3.724	0.171				4.600
LGFSE12	LGF00012	Kent Strategic Congestion Manageme	Kent	0.863	0.687	0.728	0.922	0.800	0.800	4.800
LGFSE13	LGF00013	Middle Deal transport improvements	Kent	0.000	0.800	0.000				0.800
LGFSE14	LGF00014	Kent Rights of Way improvement plan	Kent	0.193	0.056	0.300	0.150	0.150	0.150	1.000
LGFSE15	LGF00015	Kent Sustainable Interventions Progra	Kent	0.143	0.406	0.492	0.600	0.586	0.500	2.728
LGFSE16	LGF00016	West Kent LSTF	Kent	0.800	1.308	0.792	0.700	0.700	0.600	4.900
LGFSE17	LGF00017	Folkestone Seafront : onsite infrastru	Kent	0.533	0.008	0.000				0.541
LGFSE42	LGF00038	A28 Chart Road	Kent	0.885	0.984	1.131	6.000	1.200		10.200
LGFSE43	LGF00039	Maidstone Integrated Transport	Kent	0.000	0.265	2.135	3.000	3.285	0.215	8.900
LGFSE44	LGF00040	A28 Sturry Link Road	Kent	0.000	0.401	0.416	1.800	3.283		5.900
LGFSE45	LGF00053	Rathmore Road	Kent	1.562	2.638	0.000				4.200
LGFSE46	LGF00054	A28 Sturry Rd Integrated Transport P	Kent	0.022	0.005	0.272				0.300
LGFSE47	LGF00055	Maidstone Sustainable Access to Emp	Kent	0.131	1.869	0.000				2.000
LGFSE48	LGF00059	Ashford Spurs	Kent	0.000	0.167	8.903	0.730			9.800
tbcb1	LGF00041	Thanet Parkway	Kent	0.000	0.000	4.000	6.000	0.000	0.000	10.000
LGFSE59	LGF00058	Dover Western Dock Revival	Kent	0.000	4.915	0.085				5.000
tbcb16	LGF00060	Westenhanger Lorry Park (removed fr	Kent							0.000
LGFSE61	LGF00062	Folkestone Seafront (non-transport)	Kent	0.000	1.967	3.033				5.000
tbcb24	LGF00072	A226 London Road/B255 St Clements	Kent	0.000	0.715	1.270	2.173	0.042		4.200
LGFSE62	LGF00068	Coastal Communities Housing Interve	Kent	0.000	0.000	0.667				0.667

Appendix 2 - LGF Summary Spend Profile

Summary LGF Spend Profile										Aug-17
Project Number	SELEP number	Project Name	Promoter	2015/16 (total)	2016/17 (total)	2017/18	2018/19	2019/20	2020/21	All Years
	LGF00086	Dartford Town Centre Transformation	Kent	0.000	0.000	0.200	2.050	1.750	0.300	4.300
	LGF00088	Fort Halsted	Kent	0.000	0.000	1.530				1.530
	LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.387	0.781	0.054	0.044	1.265
	LGF00093	Kent and Medway Engineering and Development	Kent	0.000	0.000	1.120	2.500	2.500		6.120
	LGF00096	A2 off-slip at Wincheap, Canterbury	Kent	0.000	0.000	0.354	1.388	2.658		4.400
	LGF00094	Leigh Flood Storage Area and East Peckham	Kent	0.000	0.000	0.091	1.500	1.500	1.545	4.636
Medway										
LGFSE18	LGF00018	A289 Four Elms Roundabout to Medway	Medway	0.298	0.402	0.500	2.001	4.000	3.899	11.100
LGFSE19	LGF00019	Strood Town Centre Journey Time and	Medway	0.200	1.772	2.397	4.631			9.0000
LGFSE20	LGF00020	Chatham Town Centre Place-making and	Medway	0.870	0.945	1.384	0.800			4.000
LGFSE21	LGF00021	Medway Cycling Action Plan	Medway	0.228	1.150	1.122				2.500
LGFSE22	LGF00022	Medway City Estate Connectivity Improvements	Medway	0.300	0.181	0.060	1.459			2.0000
LGFSE60	LGF00061	Rochester Airport - phase 1	Medway	0.000	0.179	1.361	2.510	0.350		4.400
	LGF00089	Rochester Airport - phase 2	Medway	0.000	0.000	0.150	0.520	1.780	1.250	3.700
	LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	1.000	2.200	0.300		3.500
Southend										
LGFSE5	LGF00005	Southend Growth Hub	Southend	0.018	0.702	0.000	0.500	1.000	4.500	6.720
LGFSE29	LGF00029	TGSE LSTF - Southend	Southend	0.800	0.200	0.000				1.000
LGFSE53	LGF00045	Southend Central Area Action Plan (Southend)	Southend	0.000	0.767	2.233	2.000	2.000		7.000
LGFSE58	LGF00057	London Southend Airport Business Park	Southend	0.000	2.366	5.283	11.386	4.055		23.090
Thurrock										
LGFSE30	LGF00030	TGSE LSTF - Thurrock	Thurrock	0.569	0.162	0.269				1.000
LGFSE54	LGF00046	Thurrock Cycle Network	Thurrock	0.000	0.096	3.120	1.784			5.000
LGFSE55	LGF00047	London Gateway/Stanford le Hope	Thurrock	0.000	0.663	2.837	4.000			7.500
LGFSE56	LGF00052	A13 Widening - development	Thurrock	0.000	2.708	2.292				5.000
LGFSE57	LGF00056	Purfleet Centre	Thurrock	0.000	0.695	4.305				5.000
	LGF00104	Grays South	Thurrock	0.000	0.000	0.000		3.000	7.840	10.840
Centrally Managed										
	LGF00001	Capital Skills Projects	SELEP wide	9.923	11.980	0.096				22.000
	LGF00071	M20 Junction 10a	Kent	0.000	0.000	8.300	11.400			19.700
Sub- Total				55.343	69.729	110.847	108.830	72.202	43.079	460.030

Provisional LGF Funding allocation (excluding retained schemes)	69.450	82.270	92.088	91.739	54.915	77.873	468.335
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LGF Option 4 and 5 mitigation 2015/16*	-14.107	14.107					
LGF Option 4 and 5 mitigation 2016/17*		-26.648	26.648				
Forecast LGF slippage 2017/18			-7.890	7.890			

Retained LGF Schemes										
LGFSE37	LGF00079	A127 Fairglen Junction Improvements	Essex (retained)	0.000	0.000	0.000		4.750	10.250	15.000
LGFSE38	LGF00080	A127 Capacity Enhancements Road Scheme	Essex (retained)	0.513	3.487	0.000	0.000	0.000		4.000
LGFSE39	LGF00081	A127 Kent Elms Corner	Southend (retained)	0.500	2.389	1.411				4.300
LGFSE40	LGF00082	A127 The Bell	Southend (retained)	0.000	0.000	0.860	3.440			4.300
LGFSE41	LGF00083	A127 Essential Bridge and Highway Modification	Southend (retained)	0.400	0.289	0.311	1.000	3.000	3.000	8.000
	LGF00084	A13 Widening	Thurrock (retained)	0.000	0.000	8.210	32.168	24.278	1.402	66.057

\* Includes unmitigated carry- forward

SELEP Programme Monitoring									
Appendix 5 - Project Delivery and Risk Assessment									
						Overall Risk Assessment			
SELEP Number	Project Name	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Project Risk	Comment	LGF Spend Risk	Comment
East Sussex									
LGF00002	Newhaven Flood Defences	East Sussex	1.500	Approval for spend of full LGF allocation	Construction is now well under way and LGF spend in 2017/18 is secure. There are technical details relating to later phases of the project which are still to be decided, specifically relating to rail and trunk road protection. Although designs are still being decided the 1:200 year defence level is still the target.	L	Being implemented	L	On track
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	2.100	Approval for the spend of the full LGF allocation	The Business Case has been approved and a full design has been agreed. The profile of spend has been augmented as delivery of the project will slip to cover the 2017/18 and 2018/19 years	L	To be implemented 17/18	L	To be implemented 17/18
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	8.600	Accountability Board approval for £2m of the £8.6m allocation. Approval to be sought from future Accountability Board meeting for the remaining LGF allocation.	The programme has now been agreed for the 2017/18 year and there is strong confidence in the spend ability for this scheme including slippage from previous years. Potential for acceleration of spend in this financial year up to the approved value.	L	Technical delivery issues from previous years have been overcome.	L	Project on course for delivery following delays in previous years. Looking to accelerate delivery this financial year
LGF00036	Queensway Gateway Road	East Sussex	6.000	Approval for spend of full LGF allocation	Land remediation has come to and end and construction of the embankment and is due for completion. Designs for the A21 connection are still being considered. Spend for this financial is considered secure but additional funding my be sought for the completion of the road dependant on the outcomes of value engineering excercises.	H	Higher than expected tender returns for phase 2 of the construction as well as issues surrounding connection to the A21 have created the need for a redesign which could have significant planning implications	L	LGF spend in this financial year is secure but project overspend is likely with more funding required in 2018/19
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	1.400	Approval for spend of full LGF allocation	The LGF portion of the project is now complete and the site is already home to a single occupancy unit of 3000sqm. Development of the phase 2 starter units has now begun with land clearance taking place and piling plans being drawn up.	L	Project Complete	L	Project Complete
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	1.700	Approval for spend of full LGF allocation	This project is now complete with all three sites fully access enabled with substial improvements to the utility provision. There have been a number of enquiries about development on the sites with Heads of terms agreed for 1 company and planning permission in progress.	L	Project Complete	L	Project Complete
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	16.600	Approval for spend of full LGF allocation	CPO complete without objection.Phase 1a is now substantively complete. There has been a new planning application submitted to change the bridge to a culvert. Land clearance is now complete for phase 2 with achaeology and site investigation being undertaken. Groudworks will begin in earnest for phase 2 in early August.	M	Amended planning application is required.	M	Delayed LGF spend in 2016/17 resulting in substantial project spend in 2017/18.
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	12.000	Approval to be sought from a future Board meeting	Business Case to be brought to an Accountability Board meeting in 2017/18, Elements for the first phase of delivery are currently in the design phase, on which most of this years allocation will be spent	L		L	
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex	0.000		Merged with LGF00042 and removed from the programme				
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	6.000	Approval for spend of full LGF allocation	Further delays incurred with this schemedue to the concultation and tender processes. Forecasting significant slippage in 2017/18 with approximate spend of £0.9m. Options for mitigation being considered	L	Delay to scheme, but not a showstopper risk.	M	Delayed LGF spend in 2016/17
LGF00073	A22/A27 junction improvement package	East Sussex	4.000	Approval to be sought from future Board meeting	No LGF spend until 2019/20. The proposed intervention is under consideration and the intervention will depend, to some extent, on Highways Englands scheme for the A27.	L	Project currently at feasibility stage	L	No LGF spend until future years of the programme.
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.667	Approval for spend of full LGF allocation	New preferred site has been identified. Local governance processes being undertaken to approve the project and for an offer to be made.	L	Change to the property being acquired, but project outcomes and objectives are not expected to change. Change request to be considered at future meeting.	L	
LGF00097	East Sussex Strategic Growth Project	East Sussex	8.200	Approval for spend of full LGF allocation	Work on the extension to the access road is underway and will be near completion by the end of August. Tenders for the site groundworks have been sought and planning applications have been submitted for the final building design.	L		L	



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Appendix 5 - Project Delivery and Risk Assessment									
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LGF00099	Devonshire Park	East Sussex	5.000	Approval for spend of full LGF allocation	Demonlition of the exisiting structures and clearance of the land has now taken place and piling has begun. Slight delays due to deeper than expected claybase and a redesign of the piling system to suit.	L		L	
Essex									
LGF00004	Colchester Broadband Infrastructure	Essex	0.200	Approval for spend of full LGF allocation		n/a	Complete	n/a	Complete
LGF00025	Colchester LSTF	Essex	2.400	Approval for spend of full LGF allocation	Completed.	L	Delayed project completion to 2017/18	L	LGF fully spent
LGF00026	Colchester Integrated Transport Package	Essex	5.000	Approval for spend of full LGF allocation	Mixture of design and construction underway.	L	Being implemented	L	
LGF00027	Colchester Town Centre	Essex	4.600	Approval for spend of full LGF allocation	Programme refers to Lexden Rd - final package.	L	Delay to programme due to revise design for Lexton Bus Lane.	M	Slippage of LGF spend to 2017/18
LGF00028	TGSE LSTF - Essex	Essex	3.000	Approval for spend of full LGF allocation	Completed.	L	Completed	L	Completed
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	10.000	Approval for spend of full LGF allocation	2 main phases of work.	L		M	Slippage of LGF spend to 2017/18
LGF00032	A414 Maldon to Chelmsford RBS	Essex	2.000	Approval for spend of full LGF allocation	Completed	L	Complete	L	Complete
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	3.000	Approval for spend of full LGF allocation	Project has suffered significant delays.	M	Complex project and project delays experienced	M	Slippage of LGF spend to 2017/18
LGF00034	Basildon Integrated Transport Package	Essex	9.000	Approval for Phase 1 and 2. Approval required for remaining allocation.	Business case for tranche 2 currently with a low BCR.	L		L	
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	5.800	Approval for spend of full LGF allocation	Completed	n/a	Complete	n/a	Complete
LGF00079	A127 Fairglen Junction Improvements	Essex (retained	15.000	Approval to be sought from future Board meeting	To be combined with Fairglen LGF Rd 3 project.	L	Risk of delivery extending beyond Growth Deal period and DfT / HE processes and planning (tbc) present programme risks.	M	
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex (retained	4.000	Approval for spend of full LGF allocation	All LGF spent in 16/17. Brought forward at request of DfT.	L	Being implemented	L	LGF fully spent
LGF00048	A131 Chelmsford to Braintree	Essex	3.660	Approval for spend of full LGF allocation	BC approved at Feb Board.	L		L	
LGF00049	A414 Harlow to Chelmsford	Essex	3.660	Approval to be sought from Board meeting on 17th November 2017.	Early stage feasibility and options work done in 16/17.	L		L	No LGF spend forecast until 18/19
LGF00050	A133 Colchester to Clacton	Essex	2.740	Approval to be sought from Board meeting on the 17th November	Early stage feasibility and options work done in 16/17.	L		L	No LGF spend forecast until 18/19
LGF00051	A131 Braintree to Sudbury	Essex	1.800	Approval to be sought from future Board meeting	Early stage feasibility and options work done in 16/17.	L		L	No LGF spend forecast until 19/20
LGF00063	Chelmsford City Growth Area Scheme	Essex	10.000	Approval to be sought from future Board meeting	A number of small scale measures.	L		L	No LGF spend forecast until 17/18. Consultation > possible delay risk
LGF00064	Chelmsford Flood Alleviation Scheme	Essex	0.800	Approval to be sought from future Board meeting	Project being delivered by the Environment Agency.	L		M	No spend until 2018/19.
LGF00070	Beaulieu Park Railway Station	Essex	12.000	Approval to be sought from future Board meeting	Looking to start GRIP Stage 3 in summer 2017.	H	Complex. Delay could also mean implementation post-LGF programme period.	H	Complex rail project and total project cost is currently uncertain
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.309	Approval for spend of full LGF allocation	Awaiting programme.	L		L	



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LGF00095	Gilden Way Upgrading, Harlow	Essex	5.000	Approval to be sought from a future meeting	To be combined with M11 J7A.	L		L	
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	3.500	Approval for spend of full LGF allocation	Expectation that BC will go to May board.	L		L	
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	2.000	Approval to be sought on 22nd September 2017	Aiming for Sept accountability board.	L		L	
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	5.000	Approval to be sought from a future meeting	Awaiting campus decision.	L		L	
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	6.235	Approval to be sought from DfT	To be combined with Rd 1 Fairglen project.	L		L	
LGF00103	M11 Junction 8 Improvements	Essex	2.734	Approval to be sought from a future meeting	Currently looking to plug funding gap left by reduced LGF a	L		L	
<b>Kent</b>									
LGF00003	Kent and Medway Growth Hub	Kent	6.000	Approval for spend of full LGF allocation	Phase 1 agreed at I3 Approval Board and accepted by applicants to a value of £388,500. Phase 2 complete and contract meetings have been successful with £700k of loans committed to be defrayed to applicants, although none of the LGF allocation was defrayed before the end of March 2017.Phase 3 complete with £920,000 of loans agreed, although only £170,000 has been defrayed to applicants to date. Phase 4 now open, with 3 companies completing full application. Investment board set up to approve further loans on 4th August 2017.	L		M	Large underspend in 2016/17, further phases of loans opened to utilise 2017/18 allocation. Likely to spend £2m in 2017/18 further £612k at risk.
LGF00006	Tonbridge Town Centre Regeneration	Kent	2.631	Approval for spend of full LGF allocation	Main works complete (June 2016) - Main Works completed on High Street (Phase 1), River Walk improvements and Hadlow Road/Cannon lane junction improvements (Phase 2) but some supplementary High Street footway improvements are planned with £50K 3rd party funding.	L	Project Complete	L	
LGF00007	Sittingbourne Town Centre Regeneration	Kent	2.500	Approval for spend of full LGF allocation	S106 has now been signed which will allow the S278 works to proceed. The first phase of works are scheduled to start in the first week of August with a completion date planned for the start of December 2017. The remaining phases are scheduled for completion by September 2018. Once complete, the works will release the multi-storey car park and leisure areas, significantly progressing the Spirit of Sittingbourne regeneration project.	L		L	LGF allocation spent in full in 2016/17 and is underwritten by Swale BC.
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	2.200	Approval for spend of full LGF allocation	Main works complete (Feb 2017) - but some supplementary works are planned. Castleway Right turn closure in June 17 Resurfacing and replacement of waterproofing on the Western overbridge in September 17.	L	Main works complete (Feb 2017)	L	
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells)	Kent	1.800	Approval for Phase 1 of works. Phase 2 approval to be sought on 22nd September 2017.	Construction – Phase 1 works (Yew Tree Rd junction) completed Scheme identified and designs and TRO work underway but business case approval required for phase 2 scheme. Spend re-profiled over 17/18 and 18/19 to link more closely with anticipated delivery following SELEP Accountability Board Approval in September 2017.	M	Amended project scope to be considered in September 2017 with BC and accompanying paper.	M	Amended spend profile for 2017/18 to reflect updated project programme submitted in business case.
LGF00010	Kent Thameside LSTF	Kent	4.500	Approval for spend of full LGF allocation	Detailed design work commissioned for Barrack Row Bus Hub scheme. Princes Road scheme, Dartford to be delivered in early 17/18 following resident engagement and Burnham Road scheme, Dartford will be delivered in 2017/18 following consultation and amendments to the design. Gravesend Station to Cyclopark cycle route outline design completed with consultation in July and detailed design and construction in Quarter 3 and 4 of 17/18. Gravesend wayfinding extension will be delivered by GBC in 17/18.	L	Being implemented	M	Reprofiling of allocation into 2018/19, as Land purchase was not achieved before end of March 2017 and there is risk it will not be completed by March 2018 due to NR timescales.
LGF00011	Maidstone Gyratory Bypass	Kent	4.600	Approval for spend of full LGF allocation	Official opening took place on 23rd March 2017.	L	Main works complete (Dec 2016)	L	
LGF00012	Kent Strategic Congestion Management programme	Kent	4.800	Annual approval. Approval in place for 2015/16, 2016/17 and 2017/18 interventions.	2015/16 and 2016/17 schemes completed. 2017/18 schemes –  - Blue Bell Hill CITS Scheme - Professional Contract out to tender;  - Dartford Network Improvements - upgrades programmed to start at the end of July with estimated build duration of 12 weeks. Integration of Bluewater Traffic Management suite to the KCC HMC being developed ;  Barton Hill Drive, Sheerness - Scheme design to be amended following TRO feedback.	L		L	

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LGF00013	Middle Deal transport improvements	Kent	0.800	Approval for spend of full LGF allocation	Planning permission granted and good progress being made on site, focussing on road development. Progressing with design work.	M	Works on site have paused as require further agreements with Southern Water and EA.	M	LGF Allocation spent and evidenced, although amount held by KCC until satisfied that S38 and remaining issues dealt with.
LGF00014	Kent Rights of Way improvement plan	Kent	1.000	Approval for spend of full LGF allocation	2016/16 schemes in progress and being implemented, but delay to project delivery in 2016/17 (Power Mills 17/18 scheme accelerated to help with spend)	M	Being implemented, but delay to project delivery in 2016/17 (Power Mills 17/18 scheme accelerated to help with spend)	M	Reduced spend in 2016/17, which is now included in profile for 2017/18.
LGF00015	Kent Sustainable Interventions Programme	Kent	2.728	Approval for 2015/16, 2016/17 and 2017/18 interventions. Annual Business Case approval.	2015/16 schemes completed.  2016/17 schemes in progress 1 - Folkestone to Dymchurch Cycle improvements - Phase 1 & 2 -Cinque ports Phase 1 - Consultation on last elements of Phase 1 (Pedestrian Crossing and resurfacing along with on street parking). Implementation due in September as busy time for seaside trade; 2 - Tonbridge Angels to Rail Station cycle improvements - Construction of cycle facility complete. Additional work required on additional footway required over small portion of land in Welland Road; 3 - Highfield Lane/Kingsford Street, Mersham, Ashford - Designs nearing completion and to be delivered following the signing of the S106 funding agreement; 4 - A21 NMU via Pembury Road, Tunbridge Wells, due for construction in Summer 2017.  2017/18 schemes in progress to be delivered in 2018/19.	L	Being implemented	L	Reprofiling of allocation into 2017/18, given delays to individual scheme delivery.
LGF00016	West Kent LSTF	Kent	4.900	Approval for spend of full LGF allocation	Tunbridge Wells Phase 2 scheme - progressing with outline design  Maidstone East Station - tender evaluation currently taking place  Tonbridge Station Interchange- Out to tender  Swanley Station - progressing with works to improve station	M	Changes may be required for Swanley Station and T Wells Schemes	M	Requirement to confirm programme for T Wells Public Realm Phase 2 and associated spend profile.
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.541	Approval for spend of full LGF allocation	Scheme Complete	n/a	Complete	n/a	Complete
LGF00038	A28 Chart Road	Kent	10.200	Approval for spend of full LGF allocation	Site surbey ongoing. Public consultation planned for November/ December 2017.	L	Being implemented	M	Public Inquiry could delay delivery by at least 12 months
LGF00039	Maidstone Integrated Transport	Kent	8.900	Approval for Phase 1 of works.	Progress being made on either outline or detailed design across all schemes.	M	Amendment to project scope and project programme is required.	M	Slippage of LGF spend from 2016/17 to 2017/18/, with substantial LGF allocation in 2017/18.
LGF00040	A28 Sturry Link Road	Kent	5.900	Approval for spend of full LGF allocation	Progressed the outline design, and developed documents for submission of planning application.	M	Complex project with local funding from 3 developers.	M	Slippage of LGF spend from 2016/17 to 2017/18.
LGF00053	Rathmore Road	Kent	4.200	Approval for spend of full LGF allocation	Site Work Progressing,	L	Being implemented	L	LGF fully spent (match funding remains)
LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	0.300	Approval for spend of full LGF allocation	Scheme designs are currently being worked on for consultation purposes. Overall scheme cost has been reviewed and further funding will be required from Canterbury CC and S106 contributions.	M	Scheme delayed to 2017/18	M	LGF spend delayed to 2017/18.
LGF00055	Maidstone Sustainable Access to Employment	Kent	2.000	Approval for spend of full LGF allocation	Construction progressing well on site, with first section opened between Forstal and Allington Lock. Official opening to be scheduled.	L	Main works complete (May 2017)	L	

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LGF00059	Ashford Spurs	Kent	9.800	Approval for spend of full LGF allocation	GRIP 4 now complete and GRIP 5 making good progress on time and on budget with project completion on schedule for February 2018. Contract for new signalling awarded by NR to AMEY/Systra	L	Work programme needs to be completed by Feb/March 2018	M	Most recent cost estimate has predicted a possible overall underspend once delivered. Contingency to be held in Q4 of 17/18.
LGF00041	Thanet Parkway	Kent	10.000	Approval to be sought from future Board meeting.	Network Rail progress: Approval in Principle (AiP) of the signalling scheme received. GRIP 3 AiP achieved. Planning progress: Amey commissioned to undertake highway access road review work. Funding: NSF2 announcement unsuccessful.	H	Current funding gap leading to delayed project delivery.	H	LGF allocation in 2017/18, but project funding gap is impacting project delivery.
LGF00058	Dover Western Dock Revival	Kent	5.000	Approval for spend of full LGF allocation.	Dover Harbour Board have supplied evidence of spend to date and have raised invoices to drawdown LGF allocation from KCC. Dover Harbour Board have signed and sealed the legal agreement (26/07) which now needs to be sealed by KCC.	L	Being Implemented	L	Business case approved for £5m allocation
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent	0.000		N/A	n/a	Removed from programme. Approval given to reallocate funds to Ashford Spurs	n/a	Removed from programme. Approval given to reallocate funds to Ashford Spurs
LGF00062	Folkestone Seafront (non-transport)	Kent	5.000	Approval for spend of full LGF allocation	Dredging works completed at the end of May 2017 and the remaining Earthworks to shape the beach and complete timber board walk completed in July 17. Drop dead date for all work stages is 31st August 2017 for the Triannual event, and although work is on target, two elements have been identified that may not be completed beforehand.	M	Delayed programme, but works need to be completed before Folkestone Triennial in September 2017.	M	Slippage of LGF from 2016/17 to 2017/18
LGF00072	A226 London Road/B255 St Clements Way	Kent	4.200	Approval for spend of full LGF allocation	Tender review currently being completed.	L		L	
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.667	Approval for spend of full LGF allocation	1. Ethelbert Crescent – this project has planning consent and Thanet DC are currently preparing tender documents. An anticipated start on site during the Autumn 2017.  2. Warwick Road – Thanet DC have reviewed the proposals for this project and will shortly be undertaking some pre-planning community consultation. A physical start on site in June 2018 is anticipated.	L		M	Ethelbert Crescent works should begin in Autumn 2017 but Warwick Road unlikely to begin until summer 2018 so some risk to LGF spend unless front loaded.
LGF00086	Dartford Town Centre Transformation	Kent	4.300	Approval to be sought from future Board meeting.	DBC will be leading on this project in its entirety including preparation of the SELEP Business Case. A draft Legal Agreement has been issued to DBC for comment in relation to the SELEP and HCA funding Agreements already in place with KCC.	M	Project to be delivered by Dartford BC	M	
LGF00088	Fort Halsted	Kent	1.530	Approval to be sought from future Board meeting.	KCC is currently drafting the funding agreement with Sevenoaks District Council and Gate 0 review carried out with SDG on 11th May 2017. Based on the work that is required to complete the business case, it is currently scheduled for submission on 24th November 2017,	M	Project to be delivered by Sevenoaks DC	M	Spend risk in 17/18 if business case not approved this financial year
LGF00092	A2500 Lower Road	Kent	1.265	Approval to be sought from Board on 22nd September 2017	WSP commissioned to undertake the detailed design, business case submitted in June 2017 for decision at Accountability Board in September 2017.	L		L	Spend risk in 17/18 if business case not approved this financial year
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	6.120	Approval to be sought from Board on 22nd September 2017	KCC is currently drafting the funding agreement and CCCU submitted the business case in June 2017 for decision at Accountability Board in September 2017.	L	Project to be delivered by CCCU	L	
LGF00096	A2 off-slip at Wincheap, Canterbury	Kent	4.400	Approval to be sought from future Board meeting.	Ongoing discussions with Highways England, Canterbury City Council and PBA on design relating to obtaining HE approval of new layout. HE continue to have both modelling and design concerns. Discussions have been held with the Developer on who is best placed to make the planning application and deliver the scheme.	L		L	
LGF00094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	4.636	Approval to be sought from future Board meeting.	KCC is currently drafting the funding agreement with the EA and reviewing the Outline Business case.	L		L	
Medway									

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LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Medway	11.100	Business Case review required.	The review of estimated construction costs has been completed and has highlighted a significant budget shortfall based on the original proposal. Alternative options which can be delivered to budget have been proposed and are currently being modelled to determine the level of improvement in journey times offered. Once the modelling is complete and a preferred option selected work will begin on the revised Outline Business Case, with the intention of submitting it in November for consideration at February Accountability Board.	M	Substantial project delay in light of change of scope. Updated Business Case to be brought forward.	M	Uncertainty regarding spend on the project until the revised designs have been considered and approved. Also Business Case review required prior to any further funding release.
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	9.000	Approval for spend of full LGF allocation	Work has commenced on the detailed design for the town centre works. Work is expected to start on site in January 2018.	L	In progress	L	
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	4.000	Approval for spend of full LGF allocation	The detailed design for the route improvement scheme between the train station and the town centre is complete and a contractor has begun delivery of the works. It is anticipated that the works will be completed in June 2018. Facade improvement works at The Brook Theatre have been completed.	L	In progress	M	Project completion may be delayed to the end of Q1 2018/19, putting anticipated spend for 2017/18 at risk.
LGF00021	Medway Cycling Action Plan	Medway	2.500	Approval for spend of full LGF allocation	Work has continued to construct new cycle routes as per the Cycling Action Plan document. Design work is continuing on all routes programmed for construction before the end of 2017/18.	L	In progress	L	
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	2.000	Approval for spend of full LGF allocation	Phase 1 of the project is substantially complete. The new traffic signals (at the entrance to the westbound tunnel bore) are now operational, although testing is still underway to identify the most effective timing of the signals to offer the most benefit to users of Medway City Estate whilst causing minimal disruption on the remainder of the road network. Options for the use of the funding assigned to the phase 2 works will be considered once the impact of the phase 1 works has been assessed.	L	Phase 1 implementation predominantly complete.	L	
LGF00061	Rochester Airport - phase 1	Medway	4.400	Approval for spend of full LGF allocation	Rochester Airport Ltd have split the planning application into two parts. An amendment to the original planning application was submitted in December 2016 and now only covers the hangars, car parking and fuel tank enclosure. The application was determined in March 2017, with planning consent being given. Rochester Airport Ltd are continuing to work on the EIA and planning application required for the paved runway and the control tower/hub in anticipation of planning application submission in August 2017. Medway Council are engaging with the airport operator to identify ways to progress the project as quickly as possible following determination of the planning applications.	M	Delays to planning decision have caused delays to project delivery.	M	Substantial LGF slippage from 2016/17 to 2017/18.
LGF00089	Rochester Airport - phase 2	Medway	3.700	Approval to be sought from future meeting	Business case approval required.	M	Risk of delay to project delivery, as per phase 1	M	Risk of LGF slippage.
LGF00091	Strood Civic Centre - flood mitigation	Medway	3.500	Approval to be sought from future meeting	Business case approval required.	L		L	
Southend									
LGF00005	Southend Growth Hub	Southend	6.720	Approved in Part	Two phases to the project. First phase on track and due to spend the full LGF allocation this financial year. The second phase of the project will require a Change Request and slippage of LGF spend.	L	Phase 1 complete. BC for Phase 2 to be brought forward.	L	Phase 1 complete.
LGF00029	TGSE LSTF - Southend	Southend	1.000	Approval for spend of full LGF allocation to project	On track. Project due to complete by March 2017.	L	Being implemented	L	LGF spend in full
LGF00081	A127 Kent Elms Corner	Southend (reta	4.300	Approval for spend of full LGF allocation to project	Some delay to scheme due to gas works which has had a knock-on effect to other utility diversions. Utility diversions still on going. 85% of highways works complete with East bound works complete. New westbound lane will be constructed October 2017, once utility works are complete. Footbridge contractor appointed. LGF contribution will be spent 17/18. Project due to be completed in February 2018 incl. footbridge.	L	Being implemented	M	£1m LGF reprofiled from 2016/17 to 2017/18
LGF00082	A127 The Bell	Southend (reta	4.300	Approval to be sought from future Board meeting	No LGF spend until 2017/18.	L		L	
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend (reta	8.000	Approval in Part	Business Case was approved at the last Accountability Board meeting. Spend in 2016/17 to support A127 Kent Elms Corner.	L		L	



SELEP Programme Monitoring									
Appendix 5 - Project Delivery and Risk Assessment									
						Overall Risk Assessment			
SELEP Number	Project Name	Promoter	LGF allocation (£m)	Accountability Board Decision (Business Case approval status)	Project Update	Project Risk	Comment	LGF Spend Risk	Comment
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	7.000	Approval in Part. Phase 2 to be considered by the Board on the 22nd September 2017.	Improvements to Carnarvon Road / Victoria Avenue junction, Great Eastern Avenue / Victoria Avenue junction, East Street/ Victoria Avenue junction and part of the decluttering along Victoria Avenue completed March 2017. Some LGF carried over to 2017/18 to complete improvements to public realm and cycling facilities along Victoria Avenue service road in 2017/18. Buisness case for Phase 2 submitted 2017 and include improvements to layout and public realm along London Road between London Road/ Queensway roundabout and London Road/Collegeway roundabout , Phase 2 also includes streetscape works on the College Way / Queens Road / Elmer Avenue route between London Road and The Forum / South Essex College	L		L	
LGF00057	London Southend Airport Business Park	Southend	23.090	Approval for Phase 1. Approval for Phase 2 Development funding to be sought on 22nd September 2017	s.106 now agreed and Phase 1 works fully committed and on site - progressing to programme.	L	Management risk	M	
Thurrock									
LGF00030	TGSE LSTF - Thurrock	Thurrock	1.000	Approval for spend of full LGF allocation	Phase 1 complete, amendments required from S3 safety audit	L	Being implemented	M	Ongoing
LGF00046	Thurrock Cycle Network	Thurrock	5.000	Approval for spend of full LGF allocation	Construction of Tranche 1a schemes started on 31 May. Currently procuring designs for Tranches 1b and 2. Cycle schemes to be constructed by the new highways Term Maintenance contractor, Henderson & Taylor.	L		M	LGF slippage 2016/17 to 2017/18
LGF00047	London Gateway/Stanford le Hope	Thurrock	7.500	Approval for spend of full LGF allocation	Preparing a collaboration agreement and Asset protection agreement. Morgan Sindall's target price submission exceeds the available budget. Looking at ways of reducing the target price. If agreement cannot be reached, we will have to consider re-tendering Stage 2.	L		M	
LGF00052	A13 Widening - development	Thurrock	5.000	Approval to spend £5m on project development work	DfT announced funding for the scheme on 12 April 2017. Land procured using powers embodied in the London Gateway Port Harbour Empowerment Order	M		M	
LGF00056	Purfleet Centre	Thurrock	5.000	Approval for spend of full LGF allocation	Land acquisition continues. The Council is aiming to purchase via negotiation wherever possible so timescales are hard to define. A CPO will be pursued if required. Detailed design is nearing completion and submission of planning application is expected in the Summer.	L		M	Substantial re-profiling of LGF required between 2016/17 and 2017/18. Negotiations and land acquisition continues into 2017/18.
LGF00104	Grays South	Thurrock	10.840	Approval to be sought at future Board meeting		L	Timeframe largely determined by Network Rail processes	L	
LGF00084	A13 Widening	Thurrock (retai	66.057	Approval for spend of full LGF allocation	Awarded two separate contracts for detailed design and construction. Entered into a licence with DP World to access the land for construction. Issued licences to occupiers of adjacent land to enable them to continue using it for operations and events until needed by the contractor.	M		H	High risk of substantial LGF slippage from 2017/18 to future years.
Centrally Managed Projects									
LGF00001	Skills	Pan LEP	22.000	Final project approved on 26.05.2017	All LGF has now been spent on projects awarded funding. Project benefits now being monitored.	L		L	
LGF00071	M20 Junction 10a	Kent	19.700	Approval in part, subject to Highways England Value for Money assurance	Awaiting decision on the Development Consent Order. Legal agreement nearly in place to enable the transfer of LGF to support development phase of the project.	M	Value for money risk. Approval for construction phase of project required by Highways England	L	



<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b>	<b>22/09/17</b>
<b>Date of report:</b>	12/09/17
<b>Title of report:</b> <b>Open Golf 2020 – Royal St George’s Golf Course, Sandwich Rail Infrastructure Project</b>	
<b>Report by:</b> Stephanie Holt, Head of Countryside, Leisure and Sport, Kent County Council	
<b>Enquiries to:</b> Stephanie Holt, <a href="mailto:Stephanie.holt@kent.gov.uk">Stephanie.holt@kent.gov.uk</a> , 03000 412064	

## 1. Purpose of report

- 1.1 To provide an update to the SELEP Accountability Board (the Board) on the development of the Open Golf 2020 infrastructure project (the Project).

## 2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Note** the intention for Kent County Council (KCC) to bring forward a Business Case through the SELEP Independent Technical Evaluator (ITE) review process for the potential allocation of £1,025,745 LGF to the Open Golf Rail Infrastructure Project, subject to the Business Case completing the ITE review process and the identification of an appropriate funding stream.
- 2.1.2 **Note** the change to the Project’s total cost estimate since January 2017; and
- 2.1.3 **Note** the intention for the Permanent Solution to be taken forward as the preferred option of the Board on the 17<sup>th</sup> November for a funding decision, subject to the Project Business Case completing the ITE review process and identification of an appropriate funding source.

## 3. Background

- 3.1 On the 20th January 2017, the Board were made aware of KCC, East Kent District Councils and The Royal and Ancient (R&A) Golf Club’s intention to provide financial contributions towards the delivery of temporary rail infrastructure at Sandwich Railway Station to support transport infrastructure to secure and enable The Open Golf 2020 event at Sandwich, Kent.
- 3.2 The Board was asked to approve the submission of a letter in support of the project to The R&A. This letter set out the SELEP willingness to explore the

possibility of funding the project shortfall in recognition of the significant economic benefits to the local economy. The Board noted that a formal commitment could not be entered into until the Independent Technical Evaluator had assessed the business case, and a funding stream had been identified and confirmed.

- 3.3 The Board noted the proposal that the funding be managed within the Kent and Medway programme, and further discussion at a future Board would be required on which funding stream could be utilised.
- 3.4 The Project Business Case is currently being developed by KCC and is due to be submitted to SELEP for ITE review at the end of September for a funding decision to be taken on the 17<sup>th</sup> November 2017.
- 3.5 The Project is not currently included in SELEP's Growth Deal programme and there is no existing LGF allocation to the Project.

#### **4. The Open Golf 2020 – Royal St George's Golf Course Sandwich (The Open) Rail Infrastructure Project**

- 4.1 The Open is a prestigious sporting event that independent research demonstrates brings significant economic benefits to the area in which the event is held, due to the global profile it provides the area and the resulting interest from international business and spectators.
- 4.2 The Open is the oldest of the four major international championships in professional golf. This event is administered by The R&A Golf Club and is the only 'major' outside the United States. It is a 72-hole tournament held annually at one of nine designated links golf courses across the UK.
- 4.3 Following negotiation between KCC, Dover District Council and The R&A, and thanks to the financial letters of support from the Councils and SELEP, The Open will be returning to Royal St George's Golf Club in Sandwich for the fifteenth time in 2020. There is an agreement in principle that The Open will return on a further two occasions after 2020, no more than eight years apart each time.
- 4.4 The last time Kent hosted The Open in 2011, it generated a £77m benefit to the Kent economy, of which £24.14m was direct additional spend. The event is forecast to grow from 180,000 spectators in 2011 to at least 200,000 spectators for 2020 (the venue hosting the 2017 Open exceeded this figure, and its capacity is smaller than Royal St George's).
- 4.5 Royal St George's will be able to accommodate an even higher number of visitors in future years beyond 2020, owing to the layout of the course and its



capacity to 'absorb' greater numbers of spectators. That economic impact is therefore forecast to grow. In 2020, the economic impact is forecast to be in excess of £85m, of which at least £26.8m is forecast to be direct additional spend.

- 4.6 However, critical transport improvements are required at Sandwich Station to enable the expected number of spectators to access the Royal St George's Golf Course when The Open is underway. Without these transport improvements, The R&A have confirmed that Kent will not be invited to host The Open at all, and the area will lose the resultant economic impact.

## 5. Project Cost and Funding Proposal - Temporary Solution

- 5.1 In January 2017, the Board were made aware of a proposed temporary infrastructure solution at Sandwich Railway Station, with a proposed SELEP funding contribution of £300,000 LGF towards the cost of the temporary infrastructure.
- 5.2 Since then, further detailed examination of the required engineering has identified that in addition to the cost of delivery of a temporary measure for the 2020 event, there would be a further cost of £909,000 each time the infrastructure was re-established for the second and third returns. This is at 2017/18 prices, and it can reasonably be expected that this cost would in fact be greater each time as a result of inflation.
- 5.3 If the temporary solution is taken forward a detailed cost estimate has identified a funding shortfall. The LGF ask from SELEP for the temporary solution would increase from £300,000 to £750,693, to enable the Project to be delivered. Increased contributions from The R&A are similarly sought.
- 5.4 The proposed funding breakdown for a temporary solution is set out in Table 1 below.

Table 1 Funding Profile – Temporary Solution

Partner	Proposed Funding Contribution
Kent County Council	£250, 000
Five East Kent Councils	£100,000
SELEP LGF	£750, 693^
Royal and Ancient	£421, 542
Department for Transport	£819, 665*
Total	£2, 341, 900

\*Department for Transport assurance of funding has been orally confirmed, subject to business case

^Subject to the Project Business Case completing the SELEP ITE review process, approval by SELEP Accountability Board to transfer LGF to this project

## 6. Project Cost and Funding Profile - Permanent Solution

- 6.1 As a result of identifying the scale of the re-establishment costs of this project, all partners to the Project have been looking at a permanent infrastructure option, and this is now the stated preferred option of the Department for Transport (DfT), Department for Digital, Culture, Media and Sport (DCMS), KMEP, KCC, R & A, Dover District Council, and Royal St George's Golf Club as it provides better value long term and negates the extra re-establishment costs of £909,000 (at 17/18 prices) each time The Open returns to Sandwich.
- 6.2 The Permanent Solution provides for the platform extensions and a second permanent over-footbridge to be installed, meaning that the event can return in the future without any uncertainty around the rail infrastructure needed to support the event each time. In addition, the investment in Sandwich Railway Station becomes more cost effective at the time of the second return of The Open.
- 6.3 The partners have all considered the increase in the initial cost of the Project and the initial funding profile set out in Table 2 below sets out the proposed funding profile for the Permanent Solution.

*Table 2 Funding Profile – Permanent Solution*

Partner	Proposed Funding Contribution (not confirmed)	Percentage contribution
Kent County Council	£250,000	6%
East Kent District Councils	£100,000	2%
SELEP LGF	£1,025, 745	24%
Royal and Ancient	£1,418,735	33%
Department for Transport	£1, 504, 720	35%
<b>TOTAL</b>	<b>£4, 299, 200</b>	

## 7. KMEP Board Meeting

- 7.1 On 7<sup>th</sup> September 2017, the Kent and Medway Economic Partnership (the local federated SELEP board) met to discuss The Open funding situation.
- 7.2 There was a unanimous vote by all those present that the permanent solution, rather than temporary solution, be put to the SELEP Accountability Board for consideration and their decision, as upon the second return, the permanent option becomes more cost efficient.
- 7.3 All KMEP Board Members were also asked to consider which LGF funding streams could be considered as a source of funding for this Project. The agreement of the KMEP Board was secured to consider using the anticipated underspend from the Ashford International Rail Connectivity project ("Ashford

Spurs”) towards funding the Sandwich Rail Improvements. This will be presented for consideration to the SELEP Accountability Board in November.

## **8. SELEP LGF Funding Contribution**

- 8.1 Based on the delivery of the Project Permanent Solution, a £1,025,745 LGF allocation will be sought to enable the completion of the Project. The Project will submit a Business Case which will go through the SELEP ITE process. The funding decision is expected to be considered by the Board on the 17<sup>th</sup> November 2017.
- 8.2 The Project is not part of the LGF programme and therefore there is no funding allocated. Accordingly, following KMEP Board’s agreement to use the anticipated underspend from the Ashford Spurs Project, the Board will be asked in November to include it within the programme of works and the report will clearly identify where the funding will be identified from.

## **9. Financial Implications (Accountable Body Comments)**

- 9.1 In advance of any funding decision to award £1,025,745 of Local Growth Funding (LGF) to this project, it will need to added to the SELEP Growth Deal Programme and the respective funding streams identified and confirmed in the Business case. This will include ensuring that the required approvals to reallocate LGF from another project within the KMEP LGF programme are in place and formal confirmation by Government of their intended contribution including any restrictions or conditions that may be applied.
- 9.2 All decisions to award LGF funding must be supported by a Business Case, in line with SELEP’s Assurance Framework and which has been assessed through the Independent Technical Evaluation (ITE) process to ensure that the project demonstrates Value for Money.
- 9.3 Following the completion of the ITE review of the Business Case, the funding decision can be considered at a future Accountability Board meeting, currently planned for November 2017.

## **10. Legal Implications (Accountable Body Comments)**

- 10.1 The Board is asked to note the proposal from the Kent and Medway Economic Partnership that the permanent, not temporary solution, be supported by the Board. In addition, the Board is asked to note KCC and its partners’ intention for the future management and funding of this Project. It will note that the initial proposal presented in January has changed which has resulted in a significant increase in the funding to be sought from LGF. In November 2017, the Board will be presented with a decision paper in which full details of the Project and its funding profile will be identified. Through the Capital Programme the Board will also be presented with full details of any underspend within KMEP’s profile, including any associated risks to the

underspend, and approval will be sought at that time for its reallocation to this Project. Such underspend must be identified and approved by the Board before approval for its reallocation can be obtained.

**11. Staffing and other resource implications (Accountable Body Comments)**

11.1 *None*

**12. Equality and Diversity implications (Accountable Body Comments)**

- 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 their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.
- 12.4 An equality impact assessment will be undertaken once a decision is taken on whether it is temporary or permanent infrastructure

**13. List of Appendices**

13.1 *None*

**14. List of Background Papers**

- 14.1 SELEP Accountability Board paper, 20/01/17
- 14.2 Letter from Christian Brodie to Royal and Ancient, 30/01/17

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

Role	Date
<b>Accountable Body sign off</b>  Lorna Norris  (On behalf of Margaret Lee)	13/09/2017



<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/110
<b>Date of Accountability Board Meeting:</b>	<b>22<sup>nd</sup> September 2017</b>
<b>Date of report:</b>	<b>9<sup>th</sup> August 2017</b>
<b>Title of report:</b>	<b>2017/18 First Quarter Revenue Budget Report</b>
<b>Report by:</b>	<b>Suzanne Bennett</b>
<b>Enquiries to:</b>	<a href="mailto:suzanne.bennett@essex.gov.uk">suzanne.bennett@essex.gov.uk</a>

## 1. Purpose of report

- 1.1 The purpose of this report is to inform the Accountability Board (the Board) of the current year revenue budget forecast outturn position as at the end of the first quarter. In addition, following the Board's approval of an increased contribution to reserves at its meeting held on 26 May 2017, approval is now sought to drawdown those funds to support activity that was previously budgeted to take place in financial year 2016/17.

## 2. Recommendations

- 2.1 Board is asked to:

2.1.1 **Approve** the withdrawal of **£132,000** from reserves and the subsequent equivalent increase in revenue expenditure budgets; and

2.1.2 **Note** the current forecast outturn position.

## 3. Background

- 3.1 Table 1 overleaf details the current forecast outturn spend for the SELEP 2017/18 Revenue Budget. It is currently forecast that spend will be **£124,000** in excess of budget. This over spend is due to £132,000 of additional activity being carried forward from the previous financial year. This activity had been budgeted to take place in 2016/17 and there was an under spend against last year's budget as a result of this slippage.
- 3.2 At the 26 May 2017 meeting of the Board, it was agreed that a contribution of £132,000 would be made to reserves from the 2016/17 under spend with the intention that these monies would be withdrawn in 2017/18 financial year to support the carried forward activity. The activity carried forward can be seen in Table 2 overleaf. The Board is asked to approve this withdrawal now.
- 3.3 The underlying forecast outturn is a £8,000 under spend. This is due to an increase in interest receipts of £45,000 within the general secretariat budget. The forecast external interest receipt has increased due to the early receipt of funding for the A13 Widening project. This increase has been mostly offset by increases to the costs of the ITE contract for additional work to be undertaken to support the next round of GPF allocations.

**Table 1 – 2017/18 Revenue Budget**

	<b>Forecast Outturn - £000</b>	<b>Current Budget - £000</b>	<b>Variance - £000's</b>	<b>Variance - %</b>
Staff salaries and associated costs	553	552	1	0.2%
Staff - non salaries	32	32	-	0.0%
Recharges (incl'd Accountable Body)	74	74	-	0.0%
<b>Total staffing</b>	<b>659</b>	<b>658</b>	<b>1</b>	<b>0.2%</b>
Meetings and administration	47	45	2	4.4%
Communications	40	40	-	0.0%
Chairman's Allowance	20	20	-	0.0%
Consultancy and Sector support	2,063	1,897	166	8.8%
<b>Total other expenditure</b>	<b>2,170</b>	<b>2,002</b>	<b>168</b>	<b>8.4%</b>
<b>Total expenditure</b>	<b>2,829</b>	<b>2,660</b>	<b>169</b>	<b>6.4%</b>
Grant income	(2,184)	(2,184)	-	0.0%
Other OLA contributions	(200)	(200)	-	0.0%
External interest earned	(200)	(155)	(45)	29.0%
<b>Total income</b>	<b>(2,584)</b>	<b>(2,539)</b>	<b>(45)</b>	<b>1.8%</b>
<b>Net expenditure</b>	<b>245</b>	<b>121</b>	<b>124</b>	<b>102.5%</b>
Contributions to/(from) reserves	(121)	(121)	-	0.0%
<b>Net over/(under)spend</b>	<b>124</b>	<b>-</b>	<b>124</b>	<b>100%</b>
Additional draw down from reserves as requested	(132)	-	(132)	100%
<b>Underlying over/(under)spend</b>	<b>(8)</b>	<b>-</b>	<b>(8)</b>	<b>100.0%</b>

- 3.4 The activity carried forward from last year is mainly related to Growth Hubs and the Strategic Economic Plan (SEP) refresh. It is currently expected the full £98,000 of Growth Hub monies will be spent this year as improvements to websites are made from this pot.
- 3.5 £29,000 of SEP funding was not required in 2016/17 and activity has slipped to 2017/18. This was due to delays in releasing the tender for the consultancy support. This contract has now been let and the work is fully underway.
- 3.6 The Skills Funding Agency made available £5,000 for supporting costs of publicising the apprenticeship programmes. This funding was received very close to the end of the financial year, agreements to pass the funding to partners hadn't been reached at that time. These agreements are now all in place.

**Table 2 – consultancy overspend due to activity moved from 2016/17**

	<b>Value - £000</b>
Growth Hub - centrally funded activities	98
SEP costs	29
SFA funded apprenticeships support	5
<b>Total</b>	<b>132</b>

- 3.7 The Secretariat budget is considered to be low risk and large variations are not expected through the year. The secretariat is now largely fully staffed and, aside from Consultancy and Sector Support, staffing makes up the bulk of the budget. The other two major pieces of expenditure are the ITE contract and the contract for supporting the SEP. The costs of these contracts for the year



have been agreed and will now only vary should activity levels change. There is a risk that additional work is needed on the SEP should the Industrial White Paper be fundamentally different from what was put forward at the Green Paper stage, but this risk is recognised in both the forecast outturn and budget provision.

- 3.8 Further work is currently been undertaken by the Accountable Body to review the cash flow and impact on the interest receipts. It is thought that there is potential to increase the value of the forecast interest receipts and this will be updated for the half year report.

#### **Other Specific Grants**

- 3.9 Currently it is forecast that all revenue grants will be spent in line with budgets set. Information on specific grants can be found at Appendix 1. A further application for the next round of Enterprise Zone Commercial Funding has been made but final funding decisions from DCLG are not known at the time of writing.

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

- 4.1 The report is authored by the Accountable Body and the recommendations made are considered appropriate.

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

- 5.1 None at present.

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

- 6.1 None at present.

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

- 7.1 None at present.

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

- 8.1 Details of specific revenue grants for the financial year.

#### **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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Stephanie Mitchener	13/09/17
On behalf of Margaret Lee	

## South East LEP – Revenue Grants

<b>Name of Grant</b>	<b>Core Funding £'000</b>	<b>GPF Revenue £'000</b>	<b>EZ Commercial Funding £'000</b>	<b>Growth Hubs £'000</b>	<b>TDE Funding £'000</b>	<b>Co- ordinator Funding £'000</b>	<b>Total £'000</b>
Brought forward (April 2017)	-	(2,725)	(27)	-	(26)	-	<b>(2,778)</b>
Additional receipts expected in year	(500)	-	-	(656)	-	(236)	<b>(1,392)</b>
Draw downs planned in year	500	739	27	656	26	236	<b>2,184</b>
<b>Balance to carry forward (March 2018)</b>	<b>-</b>	<b>(1,986)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,986)</b>

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b>	<b>22<sup>nd</sup> September 2017</b>
<b>Date of report:</b>	<b>5<sup>th</sup> September 2017</b>
<b>Title of report:</b> Assurance Framework Implementation Update	
<b>Report by:</b>	Adam Bryan, Managing Director Amy Beckett, Programme Manager
<b>Enquiries to:</b>	amy.beckett@essex.gov.uk

## 1. Purpose of report

- 1.1 The purpose of this paper is to make the Accountability Board (the Board) aware of:

1.1.1 The progress which has been made by the SELEP team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework. This is to follow on from the update to the Board on 26<sup>th</sup> May 2017. *The Board is reminded that it is accountable for assuring that all requirements are implemented; it is a condition of the funding that the Assurance Framework is being implemented.*

## 2. Recommendations

- 2.1 The Board is asked to:

2.1.1 **Note** the progress to date in implementing the SELEP Assurance Framework.

## 3. Assurance Framework Implementation Update

- 3.1 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.
- 3.2 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. The expectation is that the practices and standards which are necessary to provide Government and local partners with assurance that decisions over funding are proper, transparent, and deliver value for money, are fully implemented.

- 3.3 Whilst a majority of the requirements of the Assurance Framework are fully embedded in the activities of the SELEP team, Strategic Board, Accountability Board, Federated Areas and local partners, an Assurance Framework Implementation Plan has been developed to ensure that any gaps can be addressed. This is a regular item for the Accountability Board.
- 3.4 Appendix 1 provides a summary version of work required to implement the new Assurance Framework for SELEP and charts progress to date.
- 3.5 The summary provided in Appendix 1 sets out the substantial progress which has been made by the SELEP team and local partners in ensuring that the requirements of the Assurance Framework have been fully implemented. During the last quarter, Federated Boards have been working to agree their updated Terms of Reference, to meet the requirement of the SELEP Assurance Framework. Federated Areas have also been working to agree their local priorities for Growing Places Fund (GPF) investment, following the process agreed by the SELEP Strategic Board.
- 3.6 In addition, SELEP has now published its revised Business Case templates to meet with the requirements of the Assurance Framework. This includes a section to consider the Social Value impact of investment award by the Board, such as through conducting the procurement process for Local Growth Fund (LGF ) and GPF projects in a way to help improve the economic, social and environmental well-being of the local area and local businesses
- 3.7 The outstanding gaps to fully meeting the requirements of the Assurance Framework relate to the publication of information on the SELEP website and local partners websites for SELEP Board, Federated Board and working group meetings. To date, resource constraints and the capability of the SELEP website have hindered delivery of these actions. To help mitigate this issue specific resource has been allocated within the SELEP team to make the necessary updates and ensure that SELEP is able to act as a leading example of transparency and accountability in its decision making.
- 3.8 To ensure Federated Areas are fully engaged in the Assurance Framework implementation, SELEP's expectations will be discussed at the next SELEP Senior Officer Group meeting to ensure all outstanding actions are addressed through joint working with local partners. Appendix 1 provides further detail of the action which has been taken to date and the task required to be completed to meet each of the Assurance Framework requirements.
- 3.9 The SELEP team will report to all 2017 Accountability Board meetings (inclusive of this one), with the intention that all the required changes will be fully implemented during 2017.
- 3.10 It is understood from Government that a further revised National Assurance Framework may be published in Autumn 2017, which will reflect the outcomes of the LEP review that is being undertaken by Central Government.

- 3.11 As part of the annual review of the SELEP Assurance Framework by SELEP Strategic Board, any additional requirements set out in the expected revised National Assurance Framework will be taken into consideration and reflected in SELEP's governance arrangements.

#### **4. Accountable Body Comments**

- 4.1 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.
- 4.2 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.
- 4.3 The SELEP Secretariat have been advised by the Accountable to identify and prioritise the key actions required to ensure that the Assurance Framework is fully implemented and embedded into the day to day operation of the SELEP.
- 4.4 In particular, key areas to be addressed include:
- 4.4.1 Ensuring transparency and accountability in decision making through making all relevant information available on the SELEP website and, where appropriate, partner websites in a timely and accessible manner.
  - 4.4.2 Demonstrating clear processes are in place for accessing funding and prioritisation of investment and making these available on the SELEP website.
  - 4.4.3 Ensuring that the delivery of the Growth Deal can be actively monitored and evaluated by the Strategic Board and other key stakeholders, including the public through the provision of regular updates to the Board and on the SELEP website.
  - 4.4.4 Timely provision of all board reports to the Accountable Body for review in advance of publishing.
- 4.5 It is noted from the implementation plan included in Appendix 1 that plans are in place to address the outstanding actions by the end of 2017.
- 4.6 The SELEP Secretariat also have a role in supporting the Accountable Body to meet its responsibilities that have been identified and agreed within the Assurance Framework. In particular, these responsibilities include ensuring appropriate governance, transparency and value for money with regard to the use of funding allocated to SELEP and ensuring implementation of the Assurance Framework by SELEP.

#### **5. Financial Implications (Accountable Body Comments)**

- 5.1 Government has advised in its Grant Offer Letter (Appendix 2) that the use of all Local Growth Funding will need to fulfil the following requirements:

- 5.1.1 It will be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal. Within that we expect you and your accountable body to use the freedom and flexibilities that you have to manage your capital budgets between programmes.
  - 5.1.2 It will be deployed solely in accordance with decisions made through the local assurance framework agreed between the LEP and the accountable body. This must be compliant with the standards outlined in the national LEP assurance framework.
  - 5.1.3 That you will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
  - 5.1.4 You will continue to improve governance through the strengthened Assurance Framework to ensure high levels of transparency and accountability.
- 5.2 The implementation plan set out in Appendix 1 is intended to demonstrate that the requirements of the SELEP Assurance Framework are being fully implemented as certified by the S151 Officer of the Accountable Body to the DCLG. The 2017/18 LGF grant payment has been made on this basis and it is therefore essential that the plan is delivered in full by 28<sup>th</sup> February 2018 when the S151 Officer is expected to update the certification of implementation.

## **6. Legal Implications (Accountable Body Comments)**

- 6.1 There are no legal implications arising from the recommendations in this report.

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

- 7.1 None at present.

## **8. Equality and Diversity implications**

- 8.1 None at present.

## **9. List of Appendices**

- 9.1 Appendix 1 – SELEP Assurance Framework Implementation Plan progress update
- 9.2 Appendix 2 - Local Growth Fund Grant Offer Letter 2017/18

## **10 List of Background Papers**

- 10.1 SELEP Assurance Framework

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

Role	Date
<b>Accountable Body sign off</b>	
Lorna Norris	14/09/2017
(On behalf of Margaret Lee)	





## Appendix 1 SELEP Assurance Framework Implementation Plan progress update

Assurance Framework Ref.	Requirement	Responsibility	Priority	Timescales for Completion	Status/ Action Required
5.7.11	SELEP will identify a named individual with overall responsibility for ensuring value for money for all projects and programmes.	SELEP	Medium	Complete  The SELEP Accountability board is responsible for ensuring value for money for all projects and programmes.	In advance of each Accountability Board the Chair is provided with a briefing which sets out the Chair's responsibilities to ensure decisions taken by the SELEP Accountability Board present high value for money. This includes the scrutiny of decisions coming forward at the Board meeting, with a particular focus on those decisions to award funding
5.7.11	SELEP will identify a named individual (which may be a different person) responsible for scrutiny of and recommendations relating to each business case	SELEP	Medium	Complete  SELEP Accountability Board Chair is responsible for the scrutiny of recommendations relation to each	As above

				business case,	
5.11.4	A copy of the Change Request Template is available on the SELEP website	SELEP	Medium	Complete	<p>A copy of the Template is available on the 'How we Award Funding' section of the SELEP website.</p> <p>In addition, a report was presented to SELEP Accountability Board on the 26<sup>th</sup> May which set out the Change Request process.</p> <p>Local partners are implementing the practice of bringing forward a Change Request using the SELEP template.</p> <p>These Change Requests are also shared with Central Government, for their record.</p>
5.2.7	All Strategic Outline Business Cases will use the Business Case Template	Federated Area	High	Complete	<p>On the 16th August the new SELEP Business Case template was issued to all partners.</p> <p>Local partners are implementing the practice of using the SELEP Business Case template for the</p>

					<p>development of Business Cases.</p> <p>The new template is being used to develop Strategic Outline Business Cases for GPF submissions.</p>
3.7.3	Declaration of interest to be noted from outset of each meeting	Board Members	High	<p>Complete</p> <p>This is an ongoing requirement which is met at the quarterly strategic board meetings.</p>	<p>At the start of each Strategic board, Accountability Board and Federated Board meeting Board members are required to state any Declarations of Interest in relation to decisions to be taken at that meeting. Declarations are included in the meeting minutes and held as part of the record of the meeting.</p>
2.7	The standard business case template includes space for promoters to explain how work is within Equality Act 2010.	SELEP	Medium	Complete	<p>A copy of the new SELEP Business Case template is available on the SELEP website in the 'How we Award Funding' section. The Business Case seeks confirmation that an Equality Impact Assessment will be completed as part of the project and how the findings of this assessment will be considered as part of the</p>

					<p>projects development.</p> <p>In addition, the S151 officer letter which is required from the lead County Council / Unitary Authority provides confirmation that the project will be delivered in accordance with the Equality Act 2010.</p>
3.9	A section is to be included in the standard business case template for promoters to set out how they will maximise social value.	SELEP	Medium	Complete	As above, the new SELEP Business Case template asks scheme promoters to provide details on how the procurement for the scheme increases social value in accordance with the Social Value Act 2012 (e.g. how in conducting the procurement process it will act with a view of improving the economic, social and environmental well-being of the local area and particularly local businesses);
5.2.2	Each Federal Board shall ensure that they apply the prioritisation process as approved by Strategic Board	SELEP / Federated Areas	High	<p>Complete</p> <p>Each Federated Area has followed the</p>	On the 9 <sup>th</sup> June 2017, the Strategic Board agreed the approach to the prioritisation of projects for Growing Places Fund (GPF). This approach has now been

				prioritisation process agreed by Strategic Board for the prioritisation of GPF Projects, during July and August 2017	<p>followed by each of the Federated Areas, with each Board having met to discuss and each Federated Board has agreed their priority projects to be put forward for GPF, in accordance with the prioritisation process.</p> <p>This sets a clear expectation of the process for future rounds of allocating funding.</p>
5.2.9	The business case template to include confirmation of approval by the Federal Board.	SELEP	High	Complete	Each Business Case put forward for funding allocation is required to demonstrate endorsement of the project by the Federated Board.
4.1.1	A process for implementing the prioritisation methodology will be agreed by the Strategic Board	SELEP	Very High	<p>Part Complete</p> <p>Process has been agreed for GPF.</p>	<p>On the 9<sup>th</sup> June 2017, the Strategic Board agreed the approach to the prioritisation of projects for Growing Places Fund (GPF). This approach has now been followed by each of the Federated Areas</p> <p>Process will be agreed with Strategic Board, based on the requirements for awarding funding set out in the SELEP Assurance</p>

					Framework for other streams of funding.
2.4.4	Federated Boards will publish their meeting details and minutes on either their own or SELEP's website	Federated Board / SELEP	Medium	Part complete  All Federated Board meeting papers to be made available on the SELEP website by November 2017.	All meeting dates for Federated Boards are available on the SELEP website.  Further work is now required to ensure that all meeting papers are available on the website.
4.1.1	Accountability Board reports where funding is sought or changes are to be agreed will include a reporting table to confirm requirements are met.	SELEP	Medium	Complete - Ongoing	A table is included in each report to SELEP Accountability Board for the award of funding which sets out the SELEP team's assessment of the projects eligibility for funding against the requirements of the Assurance Framework.
4.1.1	The phasing of investments will be reflected in report templates for funding requests to Accountability Board.	SELEP	Medium	Complete - Ongoing	A table is included in each report to SELEP Accountability Board for the award of funding which sets out the profile over which the funding is sought and the phasing of match funding contributions to the project.

5.6.14	The Gate 2 Outline Business Case for the project will be published on the SELEP website at least one month in advance of the Accountability Board meeting.	SELEP / Federated Areas	High	Complete - Ongoing	Business Cases are uploaded alongside the meeting date and meeting Forward Plan at least one month in advance of the funding decision being taken.
5.6.14	Projects completing a Gate 4 and 5 review, the full business case will be published at least one month in advance of the Accountability Board meeting	SELEP / Federated Areas	High	Complete -Ongoing	Business Cases are uploaded alongside the meeting date and meeting Forward Plan at least one month in advance of the funding decision being taken.
5.7.7	Value for money section to be reflected in the standard reporting template for Accountability Report funding approvals and changes.	SELEP	High	Complete - Ongoing	A section is included in each report to SELEP Accountability Board for the award of funding, which sets out details of the projects value for money assessment and the ITE's recommendation on the projects Value for Money.
3.2.3	A link to Accountability Board papers to be available for all upper tier authorities	SELEP	High	To be completed by November 2017	A copy of the SELEP Accountability Board Agenda Pack is circulated once it has been published by Essex County Council, as SELEP Accountable

					<p>Body.</p> <p>Action is now required to ensure that this Agenda Pack is being published locally. This will be brought to the attention of officers through SELEP's next Senior Officer Group and Programme Consideration Meeting.</p>
5.2	Any pan-LEP priority projects will be reviewed by the Strategic Board	SELEP	Medium	Part Complete	<p>A process was detailed within the GPF prioritisation process (agreed at the last Strategic Board meeting on the 9<sup>th</sup> June 2017) for both the GPF revenue and GPF capital funding for the consideration of pan – LEP projects.</p> <p>Process will be agreed with Strategic Board, based on the requirements for awarding funding set out in the SELEP Assurance Framework for other streams of funding.</p>
	The business case template to be amended to include confirmation of assurances from the	SELEP	High	Complete	The Business Case template contains an Appendix which sets out a S151 officer letter to be



5.7.12	Section 151 officer of the promoting authority that Value for Money is true and accurate.				submitted alongside the Business Case to provide assurance that the information contained within the Business Case is true and accurate.
2.1.2	Federated Boards to determine and evidence own recruitment process for membership.	Federated Board	Medium	Part complete,  To be fully completed by December 2017	<p>The process has been agreed with the Kent and Medway Economic Partnership (KMEP) and Team East Sussex (TES) Terms of Reference for the recruitment of new board members.</p> <p>A process is also due to be agreed at the next meeting of Opportunity South Essex (OSE) and Greater Essex Business Board. (GEBB).</p>
2.5.1	Each group requested to ensure that the terms of reference has been updated to reflect the requirements of the Assurance Framework.	Federated Board / Working Groups	Medium	Part complete  To be fully completed by December 2017	Updated Term of Reference have been agreed by KMEP, TES and OSE, and have been drafted for GEBB to reflect the revised SELEP Terms of Reference and Assurance Framework requirements. These Terms of Reference are being reviewed to ensure compliance with the SELEP

					<p>Assurance Framework.</p> <p>Terms of reference for GEBB are due to be agreed at the next Board meeting.</p>
2.2.3	Appoint an additional strategic board member from the Social Enterprise group that is to be established.	SELEP	Medium	To be completed by February 2018.	<p>A Social Enterprise group has been established, with an inception meeting being held in September 2017.</p> <p>A Terms of Reference is being developed for the group, to comply with the SELEP Assurance Framework and Terms of Reference.</p> <p>The role of the group will include identifying a Board member to attend the SELEP Strategic Group to represent Social Enterprise.</p>
2.4.1	SELEP secretariat to work with Federated Boards to set out their plans to implement and monitor the Assurance Framework.	SELEP	High	<p>Ongoing, review dates are to be planned with each area lead.</p> <p>To be completed by December 2017</p>	<p>A meeting will be organised with each Federated Board lead officer to discuss the implementation of the Assurance Framework by each Federated Board.</p> <p>Any risks or issues identified through this meeting will be brought to the attention of</p>

					the Accountability board in the next Assurance Framework implementation update report.
2.4.1	Working Groups will publish their Terms of Reference, calendar of dates and papers produced on SELEP's website	Working Groups / SELEP	Medium	Ongoing  To be completed by December 2017.	A member of the SELEP team will be attending each of the Working Groups to help identify any gaps in the publication of information on the website.
3.2.1	A section to be added to the website to address issues of governance, for example: the policy for public questions; conflicts of interest; communications and complaints to the LEP	SELEP	High	Ongoing  To be completed by October 2017	A majority of the policies are now available on the SELEP website, including the Policy for Public Questions.  Where this information is outstanding, it will be uploaded by the end of October 2017.
3.2.4	All key decisions are published on the Forward Plan and available on the SELEP and upper tier authorities websites	SELEP	High	Ongoing  To be completed by October 2017	All key decisions taken by the Accountability Board are included within the Forward Plan.  Action is now required to ensure that the Forward Plan is also published by County Council and Unitary Authorities. This will be brought to the attention of officers in County Council's

					and Unitary Authorities at the next SELEP Senior Officer Group and Programme Consideration Meeting.
3.2.5	Draft minutes of all meetings are publicly available on SELEP website no more than 10 days after the meeting	SELEP	Medium	Ongoing  To be completed by September 2017	Draft meeting minutes are made available on the SELEP website from the each Accountability Board meeting within 10 days of the meeting being held.  This will now also be implemented for SELEP Strategic Board.
3.3.1	Communications Strategy to be refreshed and taken to Strategic Board for approval and implementation	SELEP	Medium	To be completed by December 2017	An interim role (to cover maternity leave) has been appointed to in order to lead work on the SELEP website and develop a SELEP Communication Strategy, in partnership with Federated Areas.
3.7.1	All members of Strategic or Accountability Board are required to complete a Declaration of Interest form	SELEP / Board Members	High	Ongoing  To be completed by October 2017	Whilst a majority of Board members have made available their Declaration of Interest Form (which have been published on the SELEP website), the Strategic Board meeting on the 22 <sup>nd</sup> September will be

					used to remind Board members of this requirement.
3.7.2	Declaration of Interest forms to be published on website	SELEP	High	Ongoing  To be completed by October 2017	As above.
5,2,3	A single LEP project list will be published on the SELEP website as part of the Infrastructure and Investment Plan	SELEP	Very High	Planned	<p>A single list of priorities will be identified as part of the GPF bidding process. This list will be published on the SELEP website once it has been agreed at the Investment Panel meeting on the 17<sup>th</sup> November 2017.</p> <p>In addition, the LGF Round 3 single list of priorities (and available on the SELEP website), sets out a list of SELEP priority projects for investment, in advance of the new Strategic Economic Plan and Infrastructure and Investment Plan being agreed by the Strategic Board.</p>
3.7.2	All declarations of interest reviewed annually	SELEP	High	Planned	Dec 2017

1.10	Refresh of Assurance Framework to be a standing item to the last Strategic Board meeting of each calendar year.	SELEP	Low	Planned	Dec 2017
2.1.3	A best practice review undertaken annually as part of the review of the Assurance Framework.	SELEP	Low	Planned	Dec 2017



April 2017

By email: [adam.bryan@essex.gov.uk](mailto:adam.bryan@essex.gov.uk)

Dear Adam,

### Local Growth Fund 2017-18 payment

I am writing to confirm the arrangements for Local Growth Fund (LGF) grant payments to be made in 2017-18 by the Department for Communities and Local Government ('DCLG') to Essex County Council ('the Council') as the accountable body for South East LEP.

A LGF capital grant payment of **£92,088,396** will be made to the Council on 11 April and should reach the Council's bank account **on or around 18 April 2017**. This letter confirms that, following the successful conclusion of the annual conversation process, the LEP will receive its previously indicative allocation for 2017-18 in full. I can also confirm that we are removing the requirement for the LEP to give us prior notification of project changes.

As standard, we will seek final approval from HM Treasury for payment of 2017-18 awards through the section 31 grant process. This approval, which is routine process and required under the terms of the relevant legislation, is expected at the start of the financial year and should allow awards to be paid in April.

11 April Payment (£)	Future Indicative (£)		
2017-18	2018-19	2019-20	2020-21
<b>92,088,396</b>	<b>91,738,956</b>	<b>54,914,715</b>	<b>77,873,075</b>

### Local Growth Funding paid by the Department for Transport (LEPs with tail or portfolio schemes only)

Please note that this grant and the indicative forward profiles set out in this letter do not include the funding for the following LGF portfolio transport schemes. Grant arrangements for those schemes are dealt with directly by the Department for Transport.

- A13 Widening (Delivery)
- TGSE Roads – A127 Corridor: A127 Pinch Point; A127 Route Management; A127 Kent Elms; A127 Bell; Bridge and Highway Maintenance

### The Annual Conversation

Thank you for your participation in the annual conversation process which took place between November 2016 and January 2017. This is important for assuring all concerned that Growth Deal delivery is progressing well and that the LGF is securing value for money. As a two way conversation we gathered useful feedback through each of the meetings I hope you found it helpful and constructive.

We have been satisfied as a result of your annual conversation that you are making good progress with delivering your Growth Deal. At the same time I must remind you that future allocations will remain subject to the outcome of future annual conversations, which will focus on progress with Growth Deal delivery over the duration of the programme.

### Funding Requirements

Use of all funding will need to fulfil the following requirements:

1. It will be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal. Within that we expect you and your accountable body to use the freedom and flexibilities that you have to manage your capital budgets between programmes.
2. It will be deployed solely in accordance with decisions made through the local assurance framework agreed between the LEP and the accountable body. This must be compliant with the standards outlined in the national LEP assurance framework.
3. That you will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
4. You will continue to improve governance through the strengthened Assurance Framework to ensure high levels of transparency and accountability.

Councils and Combined Authorities are reminded that, as accountable bodies for their LEPs, they are responsible for ensuring that expenditure is spent in accordance with all applicable legal requirements. This includes, for example, state aid and public procurement law. Councils and Combined Authorities are reminded that any development decisions for specific proposals must go through the normal planning process and be guided by local plans, taking into account all material considerations. Councils and Combined Authorities will be subject to their normal internal and external audit controls.

The LEP and accountable body are also reminded of their responsibilities under the Public Sector Equality Duty as set out in Section 149 of the Equality Act 2010 and should have regard to these requirements when apportioning LGF funding.

As set out in your original Growth Deal, we expect that the LEP and the accountable body will communicate the ongoing outcomes and outputs of their Growth Deals, ensuring that local people understand how Government money is being spent. We will now be clarifying these requirements, including emphasising in all communications that this funding originates from the Government's local growth fund. We will confirm revised expectations with you in due course. The LEP should also continue to discuss publicity opportunities for Growth Deal projects with your Government Area Lead and through the LEP Communications Leads Group.



## Skills Capital

As with all Growth Deals it is our expectation that you will fund the projects agreed with the Government at the time of the deal, in line with your proposal. Whilst we recognise there may be legitimate reasons not to proceed with some projects, it is particularly important, if this is the case, that awards originally for skills capital continue to be spent on new or extended skills projects.

All LEPs should follow the recommendations of their Post 16 area reviews when making future skills capital investment decisions, including supporting any capital requirements identified as part of the area review implementation. Where necessary, we would expect priority to be given to supporting the area reviews outcomes using the full scope of Local Growth funding to support the implementation of the area reviews.

## LEP Assurance Framework

As you know, we recently strengthened the requirements within the LEP National Assurance Framework. Your Section 151/73 officer wrote in to confirm your compliance with the revised framework. However, there is an expectation within Government that LEPs adopt a continuous improvement approach to transparency and accountability, and I ask that you commit to working with us to continue to strengthen our approach. In some cases, this will involve us approaching you and your S151/73 Officer with an indication of where further improvements are required. The LEP Network will also continue to support you with the sharing of best practice and learning amongst LEPs on assurance and transparency.

## Growth Hubs Funding 2017-18

In addition to the LGF grant detailed above, your LEP will also receive an allocation of £656,000 for 2017-2018 Growth Hub funding. This money will be managed via local authority accountable bodies and grants are issued under Section 11 of the Industrial Development Act, payable quarterly in advance. Funding will be subject to the terms and conditions detailed in the 2017-2018 grant letters issued by the Department for Business, Energy and Industrial Strategy (BEIS). Following acceptance by the accountable body of their grant offer letter the first quarterly payment can be claimed from 10 April 2017.

## LEP Core Funding

In line with last year you will be paid £500,000 LEP core funding for 2017-18. This is revenue funding and will be paid alongside 2017-18 Growth Deal funding on 11 April 2017.

I am copying this letter to the Section 151/73 officer for your accountable body and to your Government Area Lead.

Yours,



Tom Walker  
Director, Cities and Local Growth Unit



<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b>	22 <sup>nd</sup> September 2017
<b>Date of report:</b>	13 <sup>th</sup> September 2017
<b>Title of report:</b>	Growing Places Fund update
<b>Report by</b>	Rhiannon Mort, SELEP Capital Programme Manager Amy Beckett, Programme Manager, SELEP
<b>Enquiries to</b>	Rhiannon.mort@essex.gov.uk

## **1. Purpose of report**

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

## **2. Recommendations**

- 2.1. The Board is asked to:

- 2.1.1 **Note** the updated position on the GPF programme

## **3. SELEP Growing Places Fund investments**

- 3.1 In total, £49.210m GPF was made available to SELEP, of which £48.705m GPF has been allocated to date. These allocations include loan investments in 13 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and the remaining proportion has been ring-fenced to support the activities of SELEP's Sector Groups; as agreed by the Strategic Board.
- 3.2 Of the 13 capital infrastructure projects allocated GPF funding to date, credit agreements are now in place for all of these projects including Harlow West Essex, Discovery Park and Live Margate.
- 3.3 The loan repayment schedule for each GPF projects is set out within the credits 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.
- 3.4 Repayments are now being made on these initial GPF investments, with £4.656m having been repaid to date.

- 3.5 At the last Strategic Board meeting a process was agreed for the recycling of the GPF through a competitive bidding process. This set out the approach for the re-investment of £9.317m GPF over the next three years.
- 3.6 At the next Board meeting members of the Board will be joined by the SELEP Chair and three SELEP Vice-Chairs to form an Investment Panel, to agree the GPF priorities for the next round of investment, based on the bids developed by Federated Areas.

#### **4. Growing Places Fund Project Delivery to Date**

- 4.1 The detail of GPF project delivery to date is shown in Appendix 1.
- 4.2 Eight GPF projects have now been completed, with the benefits of this infrastructure investment starting to be realised. To date, it is reported that 865 jobs have been delivered through investment in commercial space and new business premises, as set out in Appendix 3. However, it is expected that the project benefits extend beyond the direct job creation and housing benefits captured through the current reporting.
- 4.3 Repayments are now being made from this initial GPF investment; totalling £4.655m. There are eight projects which have made repayments to date, including Chelmsford Urban Expansion project which has now repaid the £1m GPF loan in full.

#### **5. Financial Implications (Accountable Body Comments)**

- 5.1 The Accountable Body will continue working with the SELEP secretariat to provide support and advice with regard to monitoring repayments on-going and the plans for reinvesting the funds.
- 5.2 It should also be noted that delayed repayments on investments made on an interest-free basis will further erode the true value of the fund over time; this presents a risk to the on-going sustainability of the fund as a recyclable loan scheme.

#### **6. Legal Implications (Accountable Body Comments)**

#### **7. Staffing and other resource implications (Accountable Body Comments)**

- 7.1 None

#### **8. Equality and Diversity implications (Accountable Body Comments)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Suzanne Bennett  <b>On behalf of Margaret Lee</b>	14/09/17

## **9. List of Appendices**

- 9.1 Appendix 1 – Growing Places Fund Project Summary
- 9.2 Appendix 2 – Growing Places Fund Repayment Schedule
- 9.3 Appendix 3 – Benefit Realisation

## **10. List of Background Papers**

- 10.1 None

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



## Growing Places Fund Update Appendix 1 - Summary Position

Name of Project	Upper Tier	Description	Award of Funding	Current Status	Total Allocation (£000s)	Current Status				
						Legal agreements in place	Investment Made	Project Complete	Repayments being made	GPF repaid in full
Priory Quarter Phase 3	East Sussex	Provision of 2,323 sqm of high quality office premises at Priory Quarter in Hastings town centre to meet the needs of expressed private sector employer interest wishing to expand their operation in the town.	Round 1	GPF invested and project complete. Repayments are scheduled to start, but revised repayment schedule has been agreed.	7,000					
North Queensway	East Sussex	Construction of a new junction and preliminary site infrastructure to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000 sqm (gross) of high quality industrial and office premises	Round 1	GPF invested and project complete. £1m GPF has been repaid. Repayment of the remaining £0.5m has been delayed, as agreed by the Board in March 2017.	1,500					
Rochester Riverside	Medway	The project will deliver key infrastructure investment including the construction of the next phase on the principle access road, public space and site gateways.	Round 1	GPF invested and project is currently being delivered. Developers for the site have been identified and outline masterplan is being prepared and detailed planning application for Phase 1.	4,410					
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 Chatham Waterfront Development.	Round 2	GPF invested and project being delivered. Outline planning application has been submitted for the development. Still awaiting decision but looking to market the site in 2017. Delayed repayment schedule has been agreed.	2,999					
Bexhill Business Mall	East Sussex	The delivery of 2,490 sqm managed workspace facility.	Round 3	GPF invested, project complete and repayments are being made	6,000					
Parkside Office Village	Essex	Initial phase of business space targeting SMEs as part of a 42 acre business and R&D park on the University of Essex campus in Colchester	Round 1	GPF invested, project complete and repayments are being made	3,250					

## Growing Places Fund Update Appendix 1 - Summary Position

Name of Project	Upper Tier	Description	Award of Funding	Current Status	Total Allocation (£000s)	Current Status				
						Legal agreements in place	Investment Made	Project Complete	Repayments being made	GPF repaid in full
Chelmsford Urban Expansion	Essex	The early phase development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The funding will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1350, improving cash flow and the simultaneous commencement of two major housing schemes	Round 1	GPF invested, project complete and GPF has been repaid in full.	1,000					
Grays Magistrates Court	Thurrock	Conversion of the Magistrates Court into office accommodation	Round 3	GPF invested, project complete and repayments are being made	1,400					
Sovereign Harbour	East Sussex	Provision of 2,323 sqm of high quality office premises.		GPF invested, project complete and repayments expected to start.	4,600					
Workspace Kent	Kent	Contribution to a challenge fund co-financed by Kent County Council and GPF, to which private developers and organisations in the public and third sectors can apply for loan funding matched with other sources of investment to bring forward business premises that would otherwise not be developed in the current economic circumstances.	Round 2	GPF invested, project complete and repayments expected to start.	1,500					
Harlow West Essex	Essex/Harlow	To provide new and improved access to the two sites designated within the Harlow Enterprise Zone	Round 1	Working to completion of agreements	3,500					
Discovery Park	Kent	Investment in Discovery Park Enterprise Zone in Sandwich.		Working to completion of agreements	5,300					



## Growing Places Fund Update Appendix 1 - Summary Position

Name of Project	Upper Tier	Description	Award of Funding	Current Status	Total Allocation (£000s)	Current Status				
						Legal agreements in place	Investment Made	Project Complete	Repayments being made	GPF repaid in full
Live Margate	Kent	A self sustaining cycle of investment and re-investment that will regenerate the housing market in Margate through the development of existing homes dominated by poor quality, multi occupied, poorly managed private homes and replacing it with a quality balanced mixed tenure offer	Round 1	Legal agreement now in place.	5,000					
Revenue admin cost drawn down	n/a			Legal agreement now in place.	2					
Harlow EZ Revenue Grant	n/a			Legal agreement now in place.	1,244					
<b>Totals</b>					<b>48,705</b>					



South East LEP  
Appendix 2 - Growing Places Fund Repayment Schedule

£000's

Name of Project	Upper Tier	Total Allocation	Total Invested to Date	Total Repaid to Date
Revenue admin cost drawn down	n/a	2	2	-
Harlow EZ Revenue Grant	n/a	1,244	717	-
Priory Quarter Phase 3	East Sussex	7,000	7,000	65
North Queensway	East Sussex	1,500	1,500	1,000
Rochester Riverside	Medway	4,410	4,410	-
Chatham Waterfront	Medway	2,999	2,999	-
Bexhill Business Mall	East Sussex	6,000	6,000	225
Parkside Office Village	Essex	3,250	3,250	1,620
Chelmsford Urban Expansion	Essex	1,000	1,000	1,000
Grays Magistrates Court	Thurrock	1,400	1,400	500
Sovereign Harbour	East Sussex	4,600	4,600	25
Workspace Kent	Kent	1,500	1,437	221
Harlow West Essex	Essex/Harlow	3,500	-	-
Discovery Park	Kent	5,300	3,400	-
Live Margate	Kent	5,000	-	-
Totals		48,705	37,715	4,656

2017/18 total	2018/19 total	2019/20 total	2020/21 total	2021/22 total	2022/23 total	2023/24 total	2024/25 total	Total
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
65	735	735	5,400	-	-	-	-	7,000
500	-	-	-	-	-	-	-	1,500
110	130	1,650	2,520	-	-	-	-	4,410
-	-	2,999	-	-	-	-	-	2,999
300	500	4,975	-	-	-	-	-	6,000
1,630	-	-	-	-	-	-	-	3,250
-	-	-	-	-	-	-	-	1,000
300	300	300	-	-	-	-	-	1,400
200	300	475	400	3,200	-	-	-	4,600
148	448	508	112	-	-	-	-	1,437
500	500	500	-	-	2,000	-	-	3,500
-	-	408	1,624	1,738	1,530	-	-	5,300
-	-	-	1,000	1,000	1,000	1,000	1,000	5,000
3,753	2,913	12,550	11,056	5,938	4,530	1,000	1,000	47,396



## Growing Places Fund Appendix 3 - Benefit Realisation

Name of Project	Current Status	Outputs defined in Business Case		Outputs delivered to date		
		Jobs	Houses	Jobs	Houses	Other
Priory Quarter Phase 3	GPF invested, project complete and repayments are being made	440	0	74		The Priory Quarter (Havelock House) project is now complete and has delivered 2247sqm of high quality office space. This is currently 16% let with over 20 enquiries recieved since opening. Once fully let the building is still forecast to create the 440 jobs in the business case.
North Queensway	GPF invested, project complete and repayments are being made but to a delayed schedule.	6	0	0	0	
Rochester Riverside	GPF invested and project is currently being delivered. Developers for the site have been identified and outline masterplan is being prepared and detailed planning application for Phase 1.	402	450	0	0	
Chatham Waterfront	GPF invested and project being delivered. Outline planning application has been submitted for the development.	211	159	0	0	River Walk - Improvements to approximately 600m of pedestrian footpath have been made. Chatham Big Screen - Installation of a large digital screen for local and national news, events, entertainment and culture, adjacent to Chatham Waterfront Development Site. Sun Pier pontoon, phase 1 - Improvement works to Sun Pier
Bexhill Business Mall	GPF invested, project complete and repayments are being made	299	0	125	0	The Bexhill Business Mall (Glover's House) project is now complete and has delivered 2345sqm of high quality office space. The building is 100% let to a single occupier and has currently provided space for 125 jobs.
Parkside Office Village	GPF invested, project complete and repayments are being made	169		120		Parkside Office Village Phase 1 1100 sq ft of lettable space (completed June 2014). University are 100% let or under offer.  Parkside Office Village Phase 1a 3,743 sq ft of lettable space (completed September 2016). 100% let.

## Growing Places Fund Appendix 3 - Benefit Realisation

Name of Project	Current Status	Outputs defined in Business Case		Outputs delivered to date		
		Jobs	Houses	Jobs	Houses	Other
Chelmsford Urban Expansion	GPF invested, project complete and GPF has been repaid in full.	2,105		365		
Grays Magistrates Court	GPF invested, project complete and repayments are being made	200		69		1879 sq. m. of refurbished office accommodation and business space has been delivered. Refurbishment work was completed in December 2015. Since that date take up of office units has been in line with the targets that were set at the outset and in September 2016 the number of people employed on site was 38 with 5 virtual tenants.
Sovereign Harbour	GPF invested, project complete and repayments expected to start.	299		55		The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2345sqm of high quality office space. This is currently 37% let with over 126 enquiries recieved since opening.
Workspace Kent	GPF invested, project complete and repayments expected to start.	183		57	0	Maidstone Studios Hub and The Folkestone Business Hub CIC have been delivered. The Capital Enterprise Centres hub has secured planning permission and GFP due to be defrayed.
Harlow West Essex	Legal agreement has been signed.	4,000	1,200	0	0	
Discovery Park	Legal agreement has been signed.	130	0	0	0	
Live Margate	Legal Agreement has been signed.	0	66	0	0	
<b>Totals</b>		<b>8,444</b>	<b>1,875</b>	<b>865</b>	<b>0</b>	