

Appendix C: High risk LGF projects

1. Purpose

- 1.1. There are a total of 10 high risk projects, with a further 10 projects identified as medium/high risk.
- 1.2. This appendix provides information on the projects considered high risk, with a risk score of 5 (high), based on deliverability, finance and reputational risk, on a 1 – 5 scale.
- 1.3. The high-risk projects include the following schemes:
 - 1.3.1. Queensway Gateway Road, East Sussex (£10m LGF)
 - 1.3.2. Bexhill Enterprise Park North, East Sussex (£1.9m LGF)
 - 1.3.3. Beaulieu Park Railway Station, Essex (£12m LGF)
 - 1.3.4. M11 Junction 8, Essex (£2.7m LGF)
 - 1.3.5. University of Essex Parkside Phase 3, Essex (£5m LGF)
 - 1.3.6. A28 Chart Road, Kent (£2.8m LGF)
 - 1.3.7. A28 Sturry Link Road, Kent (£5.9m LGF).
 - 1.3.8. M2 Junction 5, Kent (£1.6m LGF)
 - 1.3.9. Innovation Park Phase 2, Medway (£3.7m LGF)
 - 1.3.10. Innovation Park Phase 3, Medway (£1.5m LGF)
- 1.4. Updates are provided on the delivery of Queensway Gateway Road, M11 Junction 8, University of Essex Parkside Phase 3 and A28 Sturry Link Road under separate update reports as part of the meeting agenda pack.
- 1.5. An update on the delivery of the remaining six high risk projects is set out below, with the Innovation Park Medway Phases 2 and 3 having been combined into one update.

Project: Bexhill Enterprise Park North	LGF award: £1.94m	Risk Rating:	5
Status: Project development stage	Forecast LGF spend beyond 31 March 2021: £0.4m		
<u>Project description:</u>			
The Project will deliver the site and servicing infrastructure required to access individual development plots within the business park from the North Bexhill Access Road.			
The delivery of the enabling infrastructure will unlock the site and will allow delivery of the first light industrial units which are essential to address the local jobs deficit in the area. In the first instance 8,000sqm of light industrial (B1) space will be brought forward, with the potential for 8,000sqm of manufacturing (B2) space to follow.			
<u>Project benefits:</u>			
The key objectives of the Project are:			
<ul style="list-style-type: none"> • the delivery of employment floorspace; • creation of jobs to benefit economic development; • to enable private sector investment; 			

- to encourage foreign investment; and
- to demonstrate market viability.

The wider Bexhill Enterprise Park North site has the capacity to support 493 net FTE jobs when fully delivered. Modelling of the take-up and occupancy of new development at the site suggests that the delivery of the wider project has the potential to generate £341m of GVA towards the economy by 2038.

Risk:

The planning committee has resolved to refuse the reserved matters application for the development. On 24th December 2019, an appeal was lodged with the Planning Inspectorate in respect of the refusal of the reserved matters application. The decision to refuse the reserved matters application presents a significant deliverability risk to the Project.

The Planning Inspectorate have indicated that the time to process appeals has been affected due to site COVID-19 and the outcome of the appeal will not expected to be confirmed until February 2021.

Mitigation/action required:

If the planning appeal is unsuccessful, the Board has agreed that the £1.94m LGF should be reallocated. On 11 December 2020, SELEP Ltd will be asked to agree a new pipeline of LGF projects which the £1.94m LGF will be reallocated to should the planning appeal be unsuccessful.

Project: Beaulieu Park Railway Station, Essex	LGF award: £12m	Risk Rating:	5
Status: Project is currently at GRIP Stage 3 (Option Selection) of project development through Network Rail processes.	Forecast LGF spend beyond 31 March 2021: £12m		
<u>Project description:</u>			
The delivery of a new railway station to support the delivery of 3,600 new homes in North East Chelmsford.			
<u>Project benefits:</u>			
Chelmsford's transport network is acting as a constraint to growth in Chelmsford. There is neither the desire nor the space to expand the City Centre's road network, which is widely reported to be at 96% capacity at peak periods. City Centre car parks and Chelmsford station itself are unable to cater for significant growth in demand.			
The Project is being brought forward to support the growth of North Chelmsford, tackle congestion issues within Chelmsford Town Centre, and improve rail access and capacity.			
<u>Risk:</u>			
The project is a large-scale infrastructure projects, estimated to cost between £154m and £157m. The project has been successful allocated Housing Infrastructure Fund (HIF) but the funding agreement has not yet been signed with Central Government to secure this funding.			
The delivery of the project extends beyond the Growth Deal, as construction works are not due to			

commence until 2023/24 and the project is due to complete in 2024/25. This creates a reputational risk to SELEP as the LGF is due to be spent by the end of 2020/21. As the LGF is not due to be spent until 2024/25, no LGF has been transferred to Essex County Council to date in relation to the project.

Mitigation/action required:

An update on the HIF agreement was provided to the Board at the next meeting in October 2020 and a further update is expected in February 2021 to confirm that the full funding package is in place for the project to proceed to delivery.

Project: A28 Chart Road	LGF award: £2.756m	Risk Rating:	5
Status: On hold	Forecast LGF spend beyond 31 March 2020: £0m		
<u>Project description:</u>			
The Project scope includes the dualling of the existing A28 Chart Road carriageway with two lanes being provided in both directions between Matalan (Brookfield Road) and Tank (Templer Way) roundabouts, separated by a central island. A new bridge over the railway line is proposed to take the southbound carriageway with the existing bridge carrying the northbound carriageway. The existing carriageway between Matalan and Tank is single carriageway with limited capacity.			
<u>Project benefits:</u>			
The Project is linked to the Chilmington Green development, with the Project needing to be completed in order to unlock this area for development including 5,750 dwellings.			
<u>Risk:</u>			
The project has been placed on hold, as the local funding contributions were not forthcoming within the timescales required to enable the project to proceed. The unspent portion of the £10.2m LGF award was reallocated but there remains a risk that the £2.756m LGF spent to date will become an abortive cost if the project is unable to proceed through delivery by the private sector.			
<u>Mitigation/action required:</u>			
Project to be kept under review.			

Project: M2 Junction 5	LGF award: £1.6m	Risk Rating:	5
Status: Awaiting approval to proceed	Forecast LGF spend beyond 31 March 2020: £1.6m		
<u>Project description:</u>			
The M2 Junction 5 project will deliver major improvements to the junction between the M2 and the A249. The project itself will be delivered by Highways England, with a total estimated cost of £94.5m.			
<u>Project benefits:</u>			
The improvements at the junction tackle existing congestion issues at the intersect of the M2 and A249 which are expected to worsen as a result of the New Lower Thames Crossing changing travel patterns.			

The Kent and Medway Growth and Infrastructure Framework (GIF) forecasts that between 2011 and 2031 the authorities of Swale, Maidstone, Medway and Canterbury will collectively deliver an increase of 65,800 homes and 59,000 jobs. Improvements to this junction are essential to enable delivery of this growth.

Risk:

The award of LGF to the project was made subject to confirmation being provided that the full funding package is in place and the project had been approved by the Secretary of State for Transport.

At the point of the funding decision being made by the Board it was expected that a Public Enquiry would take place in March 2020, with the outcome being confirmed by July 2020. As a result of delays due to COVID-19, the inquiry has been delayed and it now due to commence on 9 November 2020. This creates a risk that the project will not have been approved by the Secretary of State by the end of March 2021.

Mitigation/action required:

As all LGF must be spent by the end of 2020/21, the funding will either need to be transferred to KCC for spend across their wider capital programme before the project is approved by Central Government or the LGF will need to be reallocated.

An update report will be presented to the Board in February 2021 to provide an update on the Public Inquiry and the seek the Board's agreement on whether the £1.6m LGF should be transferred to Kent County Council or reallocated to the next project on the LGF pipeline.

If the project is not approved by the Secretary of State, the £1.6m LGF will need to be returned to SELEP as an abortive cost.

<p>Project: Innovation Park Medway (Phases 2 & 3)</p>	<p>LGF award: £3.7m Phase 2, £1.5m allocated for Phase 3</p>	<p>Risk Rating:</p>	<p>5</p>
<p>Status: Awaiting planning consent</p>	<p>Forecast LGF spend beyond 31 March 2021: £2.0m – Phase 2 £0.647m – Phase 3</p>		
<p><u>Project description:</u></p> <p>The Innovation Park Medway (Phase 2) will deliver the enabling infrastructure required to bring forward development on the northern section of the Innovation Park. This includes the delivery of an access road and utility works.</p> <p>Innovation Park Medway Phase 3 seeks to deliver enabling works on a wider section of the northern site of the Innovation Park. This aims to allow accelerated development of commercial space and maximising the number of businesses who can benefit from establishing themselves within the North Kent Enterprise Zone.</p>			
<p><u>Project benefits:</u></p> <p>Phase 2 is expected to create 1,365 highly skilled jobs in engineering and technology.</p>			

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

Risk:

The project has previously been brought to the Boards attention due to concerns that have been raised by Highways England in relation to the impact of the project on the Strategic Road Network (SRN). Until these concerns have been fully addressed, the planning consent cannot be secured to proceed with the delivery of the project.

Medway Council have confirmed that positive discussions have continued with Highways England to agree the scope of the mitigation work. This mitigation is currently being designed and costed, prior to formal approval by Highways England and Kent County Council. Once the mitigation works have been agreed, the revised Local Development Order will be consulted on. The Local Development Order is now not expected to be approved until December 2020. The project is unable to proceed until the LDO is in place and as such, the delivery programme for the project has been delayed.

It is intended that recommendations will only be made to the Accountability Board to implement an option 4 swap (i.e. the advanced payment of all remaining funding to Medway Council in relation to the project) at the end of 2020/21 if the Local Development Order is in place.

Mitigation/action required:

An update will be provided to the Board in February 2021 to confirm that the LDO has been approved to enable the project to proceed.