

ACCOUNTABILITY BOARD

10:00	Friday, 07 June 2019	High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ
--------------	---------------------------------	---

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
Lucy Druesne

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

For information about the meeting please ask for:

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

democratic.services@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)

		Pages
1	Welcome and Apologies for Absence	
2	Minutes To approve the minutes of the meeting held on 12th April 2019.	7 - 14
3	Declarations of Interest To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
4	Questions from the Public In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the Managing Director of the South East LEP (adam.bryan@essex.gov.uk) by no later than 10.30am seven days before the meeting. Please note that only one speaker may speak on behalf of an organisation, no person may ask more than one question and there will be no opportunity to ask a supplementary question. On arrival, and before the start of the meeting, registered speakers must identify themselves to the member of staff collecting names. A copy of the Policy for Public Questions is made available on the SELEP website - http://www.southeastlep.com/images/uploads/resources/PublicQuestionsPolicy.pdf Email (adam.bryan@essex.gov.uk)	
5	Vote on Vice-Chair	
6	Digital Technology Campus, Basildon LGF funding decision	15 - 34

7	Groundworks and Scaffolding Training Centre LGF funding decision	35 - 40
8	Skills and Business Support for Rural Businesses, Plumpton College LGF funding decision	41 - 48
9	Flightpath Phase 2 LGF Funding Decision	49 - 56
10	Sidney Little Road Business Incubator Hub LGF funding decision	57 - 64
11	A131 Braintree to Sudbury project update	65 - 72
12	A127 Network Resilience Package Update	73 - 81
13	Medway City Estate Project Update si	82 - 87
14	Capital Programme Management of the Local Growth Fund Please note that Appendix 4 is to follow.	88 - 112
15	A13 Widening Update	113 - 122
16	Growing Places Fund update	123 - 140
17	SELEP Operations Update	141 - 212
18	Chart Road Project Update Appendices 1-6 are to be considered under Exempt Items	213 - 223
19	Sturry Link Road Update Appendix 1 is to be considered under Exempt Items.	224 - 233
20	Bexhill Enterprise Park North LGF funding decision Appendix 2 is to be considered under Exempt Items.	234 - 240
21	Date of Next Meeting To note that the next meeting of the Board will be held on Friday 13th September 2019 at High House Production House	
22	Urgent Business To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

Exempt Items

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

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

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

23 A28 Chart Road Update Confidential Appendix 1

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

24 A128 Chart Road Confidential Appendix 2

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

25 A128 Chart Road Confidential Appendix 3

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

26 A128 Chart Road Confidential Appendix 4

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

27 A128 Chart Road Confidential Appendix 5

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

28 A128 Chart Road Confidential Appendix 6

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

29 A28 Sturry Link Road Confidential Appendix 1

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

**30 Bexhill Enterprise North Park LGF funding decision
CONFIDENTIAL APPENDIX 2**

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

31 Urgent Exempt Business

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

Minutes of the meeting of the SELEP Accountability Board, held in High House Production Park Vellacott Close, Purfleet, Essex, RM19 1RJ on Friday, 12 April 2019

Present:

Geoff Miles	Chair
Cllr Kevin Bentley	Essex County Council
Cllr Paul Carter	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Rob Gledhill	Thurrock Council
Cllr John Lamb	Southend Borough Council
Lucy Druesne	Higher Education representative
Paul Sayers	Further Education/Skills representative

ALSO PRESENT Having signed the attendance book

Suzanne Bennett	SELEP
Adam Bryan	SELEP
Edmund Cassidy	Steer
Paul Cale	Kent County Council
Kim Cole	Essex County Council (Legal representative for the Accountable Body)
Helen Dyer	SELEP
Jessica Jagpal	Medway Council
Joel John	Essex County Council
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Andy Rayfield	MAXIM
Tim Rignall	Southend Borough Council
Paul Rogers	Thurrock Council
Stephen Taylor	Thurrock Council
Matthew Waldie	Essex County Council
Amy Wharton	SELEP

1 Welcome and Apologies for Absence

The Board welcomed back Lucy Druesne, as Higher Education representative, following a year of parental leave.

The Board were informed that Graham Razey would now be the Further Education representative. Paul Sayers, from East Kent College Group, attended this meeting as Graham Razey's substitute.

2 Minutes

The minutes of the meeting held on Friday, 15th February 2019 were agreed as an accurate record and were signed by the Chair.

3 Declarations of Interest

As a private Businessman, Geoff Miles declared a pecuniary interest in respect of agenda item 13.

He advised of his intention to step out of the room whilst agenda item 13 (Growing Places Fund Update) was discussed; and it was confirmed that Lucy Druesne would chair this item.

4 Questions from the Public

There were none.

5 Thanet Parkway LGF funding decision

The Accountability Board (the Board) received a report from Helen Dyer, Capital Programme Officer which was presented by Rhiannon Mort SELEP Capital Programme Manager, and a presentation from Steer, the purpose of which was for the Board to consider the award of £14m Local Growth Fund (LGF) to the Thanet Parkway Project, as detailed in the Project Business Case.

Cllr Carter pointed out that the figures used by Steer did not reflect the real situation in this area; this project would create a significant part in the regeneration of the East Kent peninsula. He added that he wanted to get on with the project and not delay further, as the process of getting new rolling stock into service took six years from the placing of the order. Other members agreed that Network Rail needed to be more positive in developing these schemes.

It was agreed that Rhiannon Mort should write to the Department for Transport on behalf of the Board, expressing members' concerns. She would circulate a draft electronically.

It was also agreed that, once the financial conditions were satisfied (probably in June/July), the project could proceed, and not be delayed till the September Board meeting.

Resolved:

1. To **Approve** the award of £14m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium certainty of achieving this, subject to written

confirmation from Kent County Council S151 officer, following completion of GRIP Stage 4, to confirm:

- 1.1 That the total cost estimate for the Project does not exceed those set out in section 8 of the report; and
- 1.2. That all funding has been secured to enable the delivery of the Project.

2. To **Note** that no LGF can be drawn down or spent on the Project until the funding conditions have been satisfied.

6 Kent Sustainable Interventions Programme update

The Board received a report from Rhiannon Mort, the purpose of which to make the Board aware of the latest progress in the delivery of the annual programme of works covered under the Kent Sustainable Interventions Programme (the Programme).

The particular issue of how to reallocate funding underspend was raised. It was pointed out that to permit reallocation of underspend to other projects, rather than to return it to SELEP for pipeline projects, would set a precedent. This was noted but it was agreed that any such determination should be made on a case by case basis.

Resolved:

1. **To Note** the progress in delivering the Programme and the individual schemes that have been delivered each year.

2. **To Agree** that the Sloe Lane, Thanet scheme will not be taken forward as part of the Programme, which will result in a total of £200,000 LGF being available for alternative investment:

3. **To Note** that the following two schemes will not be taken forward as part of the LGF programme as they have been delivered through alternative funding, which will result in £250,000 LGF being available for alternative investment:

- (1) A2070 Barrey Road - £150,000;
- (2) Highfield Lane, Mersham - £100,000

4 **To Note** the following schemes which have been delivered under budget, and therefore the availability of £174,000 LGF underspend from the following:

- (1) Cinque Ports phase 2/3/4 (£36,000);
- (2) Morants Court (£3,000);
- (3) Kent Spa and Castle Ride (£9,000);
- (4) Forward design of future Programme schemes (£126,000)

5. **To Note** the reallocation of £25,500 LGF from the LGF schemes identified in 2.1.2 and 2.1.3 of the report to the following schemes which have been approved within the scope of the Programme:

- (1) Morehall to Folkestone (£20,000);
- (2) A228 Holborough (£5,500)

As the changes to the LGF allocations to specific interventions sit below the 10% threshold, the Board is only asked to note this change.

6. **To Agree** the proposal for the net £599,000 underspend from the Programme to be combined with the remaining £432,000 allocation to the Programme to deliver the following schemes in 2019/20 and 2020/21, considered for approval under agenda item 7.

- (1) Maidstone East redevelopment expansion (£650,000)
- (2) Week Street/County Road raised table (£381,000)

This is subject to the approval of Maidstone East redevelopment expansion and Week Street/County Road raised table under agenda item 7.

7 **Kent Sustainable Interventions Programme LGF funding decision**

The Board received a report from Helen Dyer, SELEP Capital Programme Officer, which was presented by Rhiannon Mort and presentation from Steer, the purpose of which was for the Board to support the delivery of the 2019/20 and 2020/21 Kent Sustainable Interventions Programme (the Project) as part of the wider Kent Sustainable Interventions Programme. The Project has been considered by through the Independent Technical Evaluator (ITE) review process, to enable £1.031m Local Growth Fund (LGF) to be devolved to Kent County Council for Project delivery.

It was suggested that, to avoid the need to underwrite any further risk, any potential overspend should be design engineered out of the project as it proceeds.

Resolved:

1. **To Note** that a Project has been brought forward for the award of £1.031m LGF, of which £432,000 LGF has been provisionally allocated to the Programme but has not be drawn down to date and a further £599,000 LGF has been identified as underspend from previous phases of the Programme.
2. **To Agree** the award of £1.031m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with low/medium certainty of achieving this, with the Board agreeing, under agenda item 6, that the £599,000 LGF underspend from previous phases of the programme should remain allocated to the Programme.

8 Kent Strategic Congestion Management Programme 2019/20 funding decision

The Board received a report from Rhiannon Mort, and a presentation from Steer, the purpose of which was to ask the Board to consider the award of £1.127m Local Growth Fund (LGF) the Kent Strategic Congestion Management Programme 2019/20 (the Project) which has been through the Independent Technical Evaluator (ITE) process, to be devolved to Kent County Council for scheme delivery.

It was noted that the bulk of the overall funding had been already agreed, but each year had to present a business case, to specify the projects. There were concerns voiced about the way that local authorities had to deal with problems on roads managed by Highways England.

It was also suggested that the Government should be looking to provide funding for infrastructure to major ports, particularly in the face of Brexit.

Resolved:

To Approve the allocation of £1.127m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as achieving high value for money with a low to medium certainty of achieving this.

9 Maidstone Integrated Transport Package LGF funding decision

The Board received a report by Rhiannon Mort, the purpose of which was for the Board consider the project change which has been brought in relation to Phase 1 of the Maidstone Integrated Transport Project (the Project). This involves a revised project scope and an additional LGF ask of £700,000.

In addition, the Board were asked to consider the award of a further £4.2m to Phase 3 of the Project.

Resolved:

1. **To Approve** the change of scope for Phase 1 of the Project, as set out in section 5 of the report;
2. **To Approve** the award of an additional £700,000 to the Phase 1 Project, as set out in section 6 of the report. This funding is being reallocated from Phase 3;
3. **To Approve** the award of £4.2m LGF to Phase 3 of the Project.

10 Capital Programme Management of the Local Growth Fund

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

There was some discussion about how potential projects were taken through the system. It was noted that there were often delays caused by third parties, and

that the lack of certainty over government funding might lead to projects failing in midstream. It was suggested that the statistics regarding delays should be reviewed at the next Board meeting, creating hard evidence of the Board's concerns that could be communicated to Government.

It was also noted that the statistics as presented gave a potentially misleading picture of house building, so should be presented with a suitable caveat.

Resolved:

1. **To Note** the updated LGF spend forecast for 2019/20, as set out in section 2 of the report.
2. **To Note** deliverability and risk assessment, as set out in section 5 of the report.
3. **To Note** the inclusion of nine new LGF3b projects within the LGF capital programme, as set out in Section 4 of the report.
4. **To Note** the changes to 2018/19 LGF spend forecast, as set out in Appendix 2 of the report. The financial end of year position will be reported to the Board in September 2019.
5. **To Agree** the changes to 2019/20 LGF spend forecast, as set out in Appendix 2 of the report.
6. **To Agree** the removal of the A2 Wincheap Off-Slip project from the Growth Deal programme and the reallocation of the £4.4m LGF provisional allocation to the project through the LGF3b process, as detailed in section 7 of the report.
7. **To agree** the removal of the Chelmsford Flood Alleviation project from the Growth Deal programme and the reallocation of the £800,000 LGF provisional allocation to the project through the LGF3b process, as detailed in section 8 of the report.

11 Innovation Park Medway – LGF3b update

The Board received a report from Rhiannon Mort, and a presentation from Steer, the purpose of which was to make the Board aware of the updated Independent Technical Evaluation in relation to the deliverability of the proposed LGF3b Innovation Park Medway (northern site) – Extended Enabling Infrastructure project (the Project).

It was noted that the aim was to bring the revised business plan to the Board at its September meeting.

Resolved:

To Agree that Medway Council have satisfactorily addressed the deliverability concerns raised by the ITE in their initial assessment of the Project, which was presented to Investment Panel on 8th March 2019; having done so, Medway Council will be required to bring forward an updated Business case to satisfy the ITE process prior to a Board decision to award the funding to the Project.

12 A13 widening update

The Board received a report from Paul Rogers, Programme Manager Major Schemes, Thurrock Council, the purpose of which was to provide the Board with an update on the A13 widening project (the Project).

The importance of community engagement was noted, and it was also pointed out that local people were more positive about the project, as they were now able to see actual changes being made.

Resolved:

To Note the update set out within the report on the A13 widening Project

13 Growing Places Fund update

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

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

Resolved:

1. **To Note** the updated position on the GPF programme;
2. **To Note** the accelerated repayment schedule for the Bexhill Business Mall Project;
3. **To Note** the amended draw down schedule for the Colchester Northern Gateway Project;
4. **To Note** the amended draw down schedule for the Eastbourne Fisherman's Quayside and infrastructure development Project.

14 SELEP Operations update

The Board received a report from Suzanne Bennett, Chief Operating Officer, the purpose of which was for the Board to note the operational planning within the Secretariat to support both this Board and the Strategic Board.

Noted were the results of the Annual Performance Review, by the Cities and Local Growth Team in Central Government:

- Governance - Good
- Deliverability - Good
- Strategy – Needs Improvement (need to move quicker on Local Industrial Strategy)

An action plan will now be produced, to demonstrate how SELEP intends to address this Strategy point. Once this is signed off by Jake Berry MP, the Under-Secretary of State, it will be brought to the next Board meeting.

The importance of restating the Board's legal position and modus operandi was noted; and it was imperative for the Board to receive written recognition of its legal status from the Government as soon as possible. This had been requested for some time and it was hoped that the release of civil servants from Brexit duties would expedite this.

The Chairman encouraged members to make their MPs aware of any ongoing issues.

Resolved:

1. To **Note** the operational plan for 2019/20 at Appendix A of the report;
2. To **Note** the risk register at Appendix B of the report;
3. To **Note** the financial update; and
4. To **Note** the Assurance Framework Implementation Plan at Appendix D of the report.

15 Date of Next Meeting

The Board noted that the next meeting will take place on Friday 7th June 2019 at High House Production Park.

The Chair wished Cllr Lamb well for the future, as this was his last Board meeting.

There being no urgent business the meeting closed at 12.05 pm

Chairman

Forward Plan reference number: FP/AB/212

Report title: Digital Technology Campus, Basildon LGF funding decision	
Report to Accountability Board on 7th June 2019	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Date: 16 th April 2019	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £2.15m LGF to the delivery of the Digital Technology Campus, Basildon, Essex (the Project). This project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.
- 1.2 The business case for the Project has been considered through the Independent Technical Evaluation (ITE) process and the Project has been assessed as presenting high value for money with medium to high certainty of achieving this.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of £2.15m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

3. Digital Technology Campus, Basildon

- 3.1. The Project involves the development of a new 3,200m² Digital Technologies Campus at the heart of Basildon Town Centre.
- 3.2. The Project will provide new facilities and learning opportunities across the digital technologies spectrum to meet the identified industry and employer needs. It will provide training and learning in key identified skills shortages areas where there also significant employment opportunities, such as IT networking, cyber-security, animation, games design and programming.
- 3.3. The Project will provide programmes from Level 2 through to Level 6 (Full Honours Degrees). South Essex College (the College) will be developing the

new 'T' Levels in Digital Technologies, growing their Apprenticeship offer and will deliver a number of degree programmes to provide young people and adults with the skills required by both the local and regional employers.

3.4. The key strategic objectives of the Project are:

- 3.4.1. To provide high quality state of the art learning and training facilities in Basildon Town Centre;
- 3.4.2. To increase the number of 16 - 18 year olds along the Thames Gateway undertaking STEM subjects in Digital Technology, including IT infrastructure and programming;
- 3.4.3. To increase Digital Apprenticeships;
- 3.4.4. Increase the number of women studying in the Digital Technologies Sector;
- 3.4.5. Provide opportunities for those from low socio-economic backgrounds to progress to high skilled technical roles;
- 3.4.6. Increase the number of young people and adults with learning difficulties and disabilities to access jobs in Digital Industries;
- 3.4.7. To raise the profile of Digital Technologies with school pupils across the Thames Estuary through the provision of taster and Saturday programmes delivered in this hi-tech environment;
- 3.4.8. To contribute to the regeneration of Basildon Town Centre;
- 3.4.9. Support high value employment through skills acquisition; and
- 3.4.10. Support digital skills development as an enabling skill to support other identified growth sectors.

3.5. The Project will provide over 150 jobs at the centre, including 20.5 new full time employee (FTE) net additional teaching/ support jobs as well as relocating staff from the existing Basildon campus which is due to close and so will be safeguarded through this Project. Furthermore the Project will provide facilities for over 800 students per annum by 2021, including 143 new additional further education learners and 200 net additional higher education learners per annum, together with associated wider employment and town centre regeneration benefits.

3.6. In total, the Project will support 16,000 FE and HE learners over a 20 year period.

4. Options Considered

- 4.1. In developing the College's Property Strategy the College explored a range of options. These options include:
- 4.1.1. Refurbishment of existing facilities;
 - 4.1.2. Redevelopment of existing site;
 - 4.1.3. Purchase of accommodation in town centre;
 - 4.1.4. Leasing of accommodation in town centre; and
 - 4.1.5. Site acquisition and development.

- 4.2. Options to remain at the existing site were discounted by the College, on the basis of the site being remote from the town centre and not well served by public transport; and there were no options to fund redevelopment of the existing site as insufficient surplus land would be released to fund the development without moving off site.
- 4.3. Options for purchasing and/or leasing of facilities were discounted following searches by appointed property agents which revealed no sites with accommodation capable of refurbishment to meet the functional and operational needs of the College were available.
- 4.4. As such, options have been considered for the development of a town centre site. The College, in association with Basildon Council and Homes England, appraised three potential town centre sites for development. The development of the Market Square site was identified as the preferred option.
- 4.5. The preferred option involves the College developing its 3,200m² Digital Technologies campus on the Northern part of the Market Square site. The location of the site is directly adjacent to the bus hub, train station and town centre. This aligns with the objectives of regenerating the town centre, increasing footfall and providing better public transport access. It also links the campus to the College's other main hubs in Southend and Thurrock, to improve access to education and employment.

5. Public Consultation and Engagement

- 5.1. The Project has undergone numerous public consultations, as part of the planning process and has been strongly supported by consultees.
- 5.2. Through the delivery of the Project, monthly meetings are held with Project partner stakeholders who are fully engaged in all aspects of design, programme and cost. The College regularly meet with local employers, key manufacturers and suppliers and student bodies/groups.

6. Project Cost and Funding

- 6.1. The total cost of the Project is estimated at £15.8m, as set out in Table 1 below.
- 6.2. The College is seeking a £2.15m LGF contribution towards the delivery of the Project. The remaining cost will be funded by the College through the Nethermayne campus land disposal receipts.
- 6.3. There are no constraints on the Nethermayne receipts, as these contributions are available and have been approved by partners to be spent on the Project.

Table 1 – Digital Technology Campus, Basildon Spend Profile (£m)

	2018/19	2019/20	2020/21	Total
SELEP LGF		1.150	1.000	2.150
College capital contribution (Nethermayne site capital receipts)	0.355	8.295	5.000	13.650
Total	0.355	9.445	6.000	15.800

7. Outcome of ITE Review

- 7.1. The ITE review confirms that the Project Business Case provides a proportionate assessment of the schemes costs and benefits which results in a benefit cost ratio representing very high Value for Money. It was noted that optimism bias has not been taken into account, however, given the level of contingency applied this is not considered to be a significant risk.
- 7.2. The ITE review confirms that a reasonable assessment approach has been employed, with the Skills Funding Agency appraisal approach having been used to calculate the transport related benefits of the Project.

8. Project Compliance with SELEP Assurance Framework

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

Table 2 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now, however, the rationale could have been strengthened by articulating how the identified problems specifically impact the South East. The objectives presented align with the

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
		objectives identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Amber	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. Optimism bias has not been included within the Economic Case.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates experience of delivering similar schemes. A comprehensive risk register has been developed which provides an itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR of 7.7:1 has been calculated, which indicates high value for money. This does not take into account optimism bias, however, this is not considered to be a significant risk given the level of contingency applied.

9. Financial Implications (Accountable Body comments)

- 9.1. All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been received, however, funding for future years is indicative.
- 9.2. Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 9.3. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.

- 9.4. The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the Decisions of the Board.

10. Legal Implications (Accountable Body comments)

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

11. Equality and Diversity implication

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

12. List of Appendices

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

13. List of Background Papers

- 13.1. Business Case for the Digital Technology Campus, Basildon.

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	24/5/19

Independent Technical Evaluator - Local Growth Fund Business Case Assessment – Q1 2019/20 Report

Independent Technical Evaluator - Local Growth Fund Business Case Assessment – Q1 2019/20 Report

Prepared by:

Steer
28-32 Upper Ground
London SE1 9PD

+44 20 7910 5000
www.steergroup.com

Prepared for:

South East Local Enterprise Partnership
c/o Essex County Council
County Hall
Market Road
Chelmsford
Essex
CM1 1QH
Client ref: F1523058
Our ref: 22790508

Contents

1 Independent Technical Evaluation of Q1 2019/20 Growth Deal Schemes 1

 Overview..... 1

 Method 1

 Evaluation Results 3

Tables

Table 1.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q1 2019/20 5

1 Independent Technical Evaluation of Q1 2019/20 Growth Deal Schemes

Overview

- 1.1 Steer was reappointed by the South East Local Enterprise Partnership in April 2016 as Independent Technical Evaluator. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and decisions on investment to independent scrutiny.
- 1.2 This report is for the review of final Business Cases for schemes which are seeking funding through Local Growth Fund Rounds 1 to 3. Recommendations are made for funding approval on 7th June 2019 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

Method

- 1.3 The review provides commentary on the Business Cases submitted by scheme promoters, and feedback on the strength of business case, the value for money likely to be delivered by the scheme (as set out in the business case) and the certainty of securing that value for money.
- 1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make a 'go' / 'no go' decision 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*¹, and related departmental guidance such as the Department for Transport's WebTAG (Web-based Transport Analysis Guidance) or the DCLG/MHCLG Appraisal Guide. All of these provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a 'checklist for appraisal assessment from Her Majesty's Treasury, and WebTAG and DGLG/MHCLG Appraisal Guide.

¹ Source: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

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

Evaluation Results

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

Recommendations

- 1.12 The following schemes achieve high value for money with medium to high certainty of achieving this. With all schemes at outline business case stage there remains a residual risk to value for money and deliverability until the contractor costs are confirmed, however this should not present a barrier to approval of funding at this stage.
- **Basildon Digital Technologies Campus (£2.2m):** The project involves development of a new South Essex College campus in the centre of Basildon to support an aspiration to increase skills levels in south Essex and to fill a skills gap in a growing industry. The business case analysis provides a proportionate assessment of the scheme costs and benefits and results in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out using Education and Skills Funding Agency's appraisal methodology and delivers high levels of certainty around this value for money categorisation.
 - **Bexhill Enterprise Park North (£1.9m):** The project will deliver the site and servicing infrastructure required to enable development of the site to proceed. The business case analysis provides a proportionate assessment of the scheme costs and benefits and results in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out using Ministry for Homes, Communities and Local Government appraisal guidance and delivers high levels of certainty around this value for money categorisation.
 - **Colchester Institute: Groundworks and Scaffolding Training Centre (£0.1m):** This investment would enable the development of a standalone Groundworks and Scaffolding Training Centre at Colchester Institute supporting the construction sector. The business case analysis provides a proportionate assessment of the scheme costs and benefits and results in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out using Education and Skills Funding Agency's appraisal methodology and delivers high levels of certainty around this value for money categorisation.
 - **Flightpath Phase 2 (£1.4m):** Funding is sought for the second Phase of a new build commercial, mixed use employment workspace development in Thornwood, to the South of Harlow. The business case analysis provides a proportionate assessment of the scheme costs and benefits and results in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out using a GVA-based appraisal methodology and delivers high levels of certainty around this value for money categorisation.
 - **Plumpton College: Skills and business support for rural businesses post Brexit (£2.9m):** Plumpton College is the regional specialist in training and education to support the rural economy. This scheme will enable the college to offer AgriFood productivity and processing skills training and knowledge transfer centre to help ensure resilience post Brexit. The business case analysis provides a proportionate assessment of the scheme costs and benefits and results in a strong benefit cost ratio representing high value for money. The analysis was robustly carried out using Education and Skills Funding Agency's appraisal methodology and delivers high levels of certainty around this value for money categorisation.

- 1.13 The South East Local Enterprise Partnership Assurance Framework states that schemes may be eligible for exemption from quantified benefit cost analysis when the cost of the project is below £2.0m and there is an overwhelming strategic case (with minimal risk in the other cases). The following scheme is subject to this exemption and it is estimated that it will achieve high value for money. However, without monetised benefit cost analysis we cannot assure this outturn value for money categorisation. Therefore, our recommendation is that there is a low/medium certainty of achieving high value for money:
- **Sidney Little Road Business Incubator Hub (£0.5m):** This scheme involves the development of 28 new incubator units on a currently redundant site identified for industrial development in the Hastings Local Plan adopted in 2015. The proposed site is located on a well-established industrial estate within an area of three estates. Since the funding request is less than £2m a full Value for Money assessment is not required and proportionate, high level analysis of economic benefits arising from the scheme has been undertaken. This analysis indicates high value for money.
- 1.14 We are satisfied an overwhelming strategic case has been made for this scheme and that there is minimal risk in the other cases. However, we invite the Accountability Board to consider the risk that a lack of monetised benefit cost analysis presents before determining whether or not to approve funding for the scheme.

Table 1.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q1 2019/20

Scheme Name	LGF Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Outline business cases										
Basildon Digital Technologies Campus	2.2	Gate 1: 7.7	Amber/ Green	Amber	Green	Amber/ Green	Amber/ Green	A reasonable approach has been adopted using the Education and Skills Funding Agency appraisal methodology.	Some of the details of the assumptions underpinning the analysis have not been provided.	The provision of a work programme and details on stakeholder engagement would provide greater certainty of deliverability.
		Gate 2: 7.7	Green	Green	Green	Green	Green	As above.	Identification and justification of assumptions has been provided which gives confidence that the approach is robust.	Additional information around the project delivery timescales and how stakeholders will be engaged as the project progresses has been provided.
Bexhill Enterprise Park North	1.9	Gate 1: 3.3	Green	Amber/ Green	Green	Amber/ Green	Green	A reasonable approach using Ministry for Homes, Communities and Local Government appraisal guidance has been adopted.	The methodology has been applied accurately. Justification for the displacement assumption should be provided.	The business case analysis provides assurance of the deliverability of the scheme.
		Gate 2: 3.3	Green	Green	Green	Green	Green	As above.	Justification of displacement assumption has been provided which gives confidence that the approach is robust.	As above.

Scheme Name	LGF Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Colchester Institute: Groundworks and Scaffolding Training Centre	0.1	Gate 1: 5.6	Green	Amber	Green	Amber	Green	A reasonable approach has been adopted using the Education and Skills Funding Agency appraisal methodology.	Identification and justification for the optimism bias allowance should be provided.	Further information on the availability of other funding sources would provide greater assurance on the deliverability of the scheme.
		Gate 2: 5.6	Green	Green	Green	Green	Green	As above.	Details of optimism bias allowance have been provided which gives further confidence that the approach is robust.	Additional information around availability and security of other funding sources has been provided.
Flightpath Phase 2	1.4	Gate 1: 3.0	Green	Green	Green	Amber/ Green	Amber/ Green	A reasonable approach has been taken using a GVA-based appraisal methodology.	The methodology has been applied accurately.	A stakeholder engagement plan has not been developed. This would provide greater assurance of deliverability.
		Gate 2: 3.0	Green	Green	Green	Green	Amber/ Green	As above.	As above.	As above.
Plumpton College: Skills and business support for rural businesses post Brexit	2.9	Gate 1: 3.5	Amber	Amber/ Green	Green	Amber/ Green	Green	A reasonable approach has been adopted using the Education and Skills Funding Agency appraisal methodology.	The methodology has been applied accurately. Presentation of sensitivity testing would provide evidence of the resilience of the VfM.	Further information on the availability of other funding sources would provide greater assurance on the deliverability of the scheme.
		Gate 2: 3.5	Green	Green	Green	Green	Green	As above.	Some commentary around sensitivity testing has been provided.	Additional information around availability and security of other funding sources has been provided.

Scheme Name	LGF Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Dimension Summary	Economic Dimension Summary	Commercial Dimension Summary	Financial Dimension Summary	Management Dimension Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
Sidney Little Road Business Incubator Hub	0.5	Gate 1: Not derived	Green	Amber/ Green	Green	Green	Amber/ Green	A sensible and proportionate methodology has been applied. The scheme is subject to an exemption from monetised economic appraisal.	Economic impacts have been quantified at a high level. This is appropriate and proportionate.	The economic approach results in less certainty around the Value for Money of the scheme.
		Gate 2: Not derived	Green	Amber/ Green	Green	Green	Green	As above.	As above.	As above.

Control Information

Prepared by

Steer
28-32 Upper Ground
London SE1 9PD
+44 20 7910 5000
www.steergroup.com

Prepared for

South East Local Enterprise Partnership
c/o Essex County Council
County Hall
Market Road
Chelmsford
Essex
CM1 1QH

Steer project/proposal number

Our ref: 22790508

Client contract/project number

Client ref: F1523058

Author/originator

ETC

Reviewer/approver

SGB

Other contributors

Scheme assessors

Distribution

Client: South East Local Enterprise Partnership Steer: Project team

Version control/issue number

V0.1 Draft for Review
V1.0 Draft for Client

Date

17 May 2019
17 May 2019

Forward Plan reference number: FP/AB/213

Report title: Groundworks and Scaffolding Training Centre LGF funding decision	
Report to Accountability Board on 7th June 19	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Date: 29 th April 2019	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £100,000 LGF to the delivery of the Groundworks and Scaffolding Training Centre (the Project) at Colchester Institute (the College), Essex. This project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.
- 1.2 The Business Case for the Project has been considered through the Independent Technical Evaluation (ITE) process and the Project has been assessed as presenting high value for money with medium to high certainty of achieving this.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of £100,000 LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

3. Groundworks and Scaffolding Training Centre

- 3.1. Complementing the existing construction training facilities, the Project aims to counter the identified barriers facing the construction sector.
- 3.2. Within Essex alone, Employment and Skills Board evidence suggests the need for 44,000 new recruits from within the Essex construction sector by 2021 and within Greater London there is already a shortfall of 40,000 skilled construction workers.
- 3.3. In Essex, there are substantial construction projects planned, including three large North Essex garden communities and associated infrastructure. This creates a number of challenges within the construction sector, including:
 - Not enough people want to pursue careers in the sector;

- Not enough people are training;
 - Employers not investing in skills and see apprenticeships as a risk;
 - Training providers have huge challenges in attracting tutors and assessors; and
 - Training provision is not always delivering what industry needs.
- 3.4. The Project aims to address these skills challenges by developing a first-class training facility that will both engender engagement from new learners and help attract staff.
- 3.5. The Project will contribute to the achievement of the Employment and Skills Board's Construction Sector Action Group ambitions:
- To increase the construction workforce in Greater Essex by 2,400-4,800 per annum, to achieve a target of 88,500 by 2021;
 - To increase number of construction learning aims delivered in Essex from 7.3% (6,179) to 10% of all learning aims by 2021, supporting a 28% growth in learner numbers; and
 - To increase the proportion of construction apprenticeship starts from 3.5% to 10% of all apprenticeship starts by 2021, equating to an increase of 285% to 1,429 starts.
- 3.6. The Project will create self-contained training areas supporting both industry sectors with modular buildings to replicate site conditions. This will provide a fit for purpose training centre that will introduce new entrants to apprenticeships and up skill the existing workforce.

4. Options Considered

- 4.1. Colchester Institute was originally approached by several large employers frustrated by the lack of available local training supporting ground working and scaffolding.
- 4.2. This Project proposal has emerged as a key action from the employer engagement group. All members of the group are committed to providing a fit for purpose training centre replicating site conditions that will introduce new entrants to apprenticeships in these sectors and provide careers for local young talent. The employers will contribute in monetary terms £30,000 and also provide free of charge support for site design.
- 4.3. As detailed in the Project Business Case, the feasibility of long list of sites was considered by the College for the delivery of the Project. The preferred option was identified for the delivery of the Project at the main Colchester Institute campus location and for the Project to be delivered by the College directly, rather than subcontracting the delivery of the Project in its entirety.

- 4.4. The preferred option outlined above was unanimously supported by the employer group when they attended their latest meeting held on 24 September 2018.
- 4.5. If there is no intervention then it is expected that the challenges described in 3.3 above would persist. The College is not in a position to self-fund new capital initiatives and as such the concerns raised by local employers about the lack of skilled labour will continue to present a barrier to the delivery of new homes.
- 4.6. There has been the opportunity for the public and wider stakeholders to comment on the project through the planning application processes. Given that the campus is surrounded by meadow land and a commercial development, there has been limited public interest in the planning allocation itself.

5. Project Cost and Funding

- 5.1. The total cost of the Project is estimated at £250,000, as set out in Table 1 below.
- 5.2. The College is seeking a £100,000 LGF contribution towards the delivery of the Project. The remaining cost of the Project will be met by the College and through Employer Groups.

Table 1 – Groundworks and Scaffolding Training Centre Spend Profile (£)

	2019/20	2020/21	Total
SELEP LGF	100,000	-	100,000
Colchester Institute	60,000	40,000	100,000
Employer Groups	50,000		50,000
Total	210,000	40,000	250,000

- 5.3. The match funding from the College and through Employer Groups are assured, with support already pledged by local businesses.

6. Outcome of ITE Review

- 6.1. The ITE review confirms that for the level of LGF investment sought, the assessment provided in the Project Business Case of the scheme costs and benefits go beyond that required. This has provided additional assurance that the Project will deliver Value for Money.
- 6.2. The ITE review confirms that a reasonable assessment approach has been employed, with the Skills Funding Agency methodology having been used to calculate the benefits of the scheme.

7. Project Compliance with SELEP Assurance Framework

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

Table 2 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The objectives presented align with the objectives identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. An additionality assessment has not been completed but this would not be expected for a Project of this size.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates experience of delivering similar schemes. A risk register has been developed which provides itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR of 5.64:1 has been calculated which indicates very high value for money.

8. Financial Implications (Accountable Body comments)

- 8.1. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.

The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the decisions of the Board.

9. Legal Implications (Accountable Body comments)

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

10. Equality and Diversity implication

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

11. List of Appendices

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

12. List of Background Papers

12.1. Business Case for the Groundworks and Scaffolding Training Centre, Colchester Institute

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	24/5/19

Forward Plan reference number: FP/AB/214

Report title: Skills and Business Support for Rural Businesses, Plumpton College LGF funding decision	
Report to Accountability Board on 7th June 2019	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 16 th May 2019	For: Decision
Enquiries to: Helen Dyer, Helen.Dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £2.918m LGF to the delivery of the Skills and Business Support for Rural Businesses project (the Project). This Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.
- 1.2 The Business Case for the Project has been considered through the Independent Technical Evaluation (ITE) process and the Project has been assessed as presenting high value for money with medium to high certainty of achieving this.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of £2.918m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

3. Skills and Business Support for Rural Businesses

- 3.1. Plumpton College, in Lewes, East Sussex, is the regional specialist land-based training and education centre, working with approximately 2,000 businesses and educating in the region of 3,500 students annually.
- 3.2. The Project aims to begin the process of securing better AgriFood business productivity and efficiency post-Brexit through delivery of the first phase of the College's 10-year plan for site development.
- 3.3. The provision of better AgriFood business productivity and efficiency post-Brexit will rely on:

- 3.3.1. a better supply of more highly trained, educated and entrepreneurial new entrants;
 - 3.3.2. continual updating of the existing workforce (professionalising);
 - 3.3.3. business leaders adopting improved business techniques to exploit market opportunities, non-traditional diversification, estate utilisation and available technologies, e.g. the potential offered by automation;
 - 3.3.4. increasing technical skills to fill the current national shortage of 650,000 land-based technical vacancies of which 150,000 are in the south east, and to meet skills demand through new AgriFood opportunities which are not currently delivered elsewhere in the south east;
 - 3.3.5. Plumpton College's enhanced presence to prepare businesses (AgriFood and associated) for Brexit and the post-Brexit period, including recruitment of individuals with appropriate levels of skill.
- 3.4. There are currently three constraints which are limiting Plumpton College's efforts to deliver the skills and business support needed post Brexit, including:
- 3.4.1. Growth in student and business activity has saturated existing facilities, preventing further growth and preventing the college responding to the rising demand for new higher-level skills in new areas of AgriFood;
 - 3.4.2. Technology innovations and new developments mean some college facilities are outdated or not available;
 - 3.4.3. Application of Research and Innovation is hampered by insufficient conferencing/knowledge exchange facilities co-located with high quality technical demonstration facilities.
- 3.5. In order to address these constraints and provide the training and business support required Plumpton College have a 10-year plan for site development. The Project will bring forward the first part of Phase 1 of this plan and will deliver the following outputs:
- 3.5.1. Construction of a two-storey centre of excellence in AgriFood knowledge transfer, business improvement and skills training;
 - 3.5.2. Improved pedestrian and road user access to the new facilities;
 - 3.5.3. Redevelopment of the existing, but time expired and inappropriate, animal production facilities to better meet the training needs for growers and producers who want to produce to a high standard. This will facilitate use of innovative processes and approaches to add value and allow demonstration of the role of automation within the sector; and

- 3.5.4. Development of a village green through landscaping opportunities. These works, which will include significant earthworks and planting, will create an outdoor social/learning space for community and College use.
- 3.6. Plumpton College have considered the State Aid implications of this funding request and have confirmed that State Aid does not apply. The college will not gain a market advantage through the Project, as the primary objective is to equip and prime the AgriFood sector with empowering and effective knowledge and appropriately skilled workforces. In addition, it is noted that the College is an exempt charity for the purposes of Part 3 of the Charities Act 2011 and that they are guided by the Further and Higher Education Act (1992).
- 3.7. Plumpton College have indicated that they are working towards being in a position to independently fund the future phases of the Project. This will, at least in part, rely on their ability to continue to grow student numbers as this translates into a source of core funding. Delivery of the first phase of the Project will provide the facilities required to assist with this requirement.
- 3.8. Plumpton College have indicated that, whilst the Project title and Business Case reference the post-Brexit period, the Project remains relevant regardless of the outcome of the current national Brexit discussions.
- 3.9. The land-based sector is already suffering Brexit-related effects driven by the current political uncertainty. A number of measures have already been put in place in preparation for Brexit, including The Agriculture Bill 2017-19. This Bill will present significant challenge and opportunity to the land-based sector. Related businesses will need consistent support from established sources to guide them through this uncertain period.
- 3.10. Plumpton College are seeking to continue to grow their student numbers, despite the current political uncertainty and a drop in the number of 16 to 18 year olds across the region. Delivery of the Project will contribute towards this objective and will lead to a better supply of more highly trained, educated and entrepreneurial new entrants to the sector.
- 3.11. The Project is expected to create seven new jobs and safeguard 13 existing jobs. Furthermore, there will be an additional 204 apprentices, 248 additional learners and 610 business support interventions annually as a direct result of the Project.
- 3.12. In addition, the Project is expected to generate the following indirect outputs as a result of the operational facilities developed:
- 3.12.1. At least 5,000 learner engagements per year, arising from visits, taster courses, lectures, demonstrations, interviews and networking events;

3.12.2. At least 2,500 business support interventions per year, arising from events, mentoring, peer exchange, masterclasses, demonstrations and student/employers meets; and

3.12.3. Course fee leverage of £938,000 per annum. This represents revenue funding for the delivery of the programmes.

4. Options Considered

4.1. The Project Business Case focuses on the options for bringing forward the outputs included within phase 1 part A of the wider Project. These options include:

4.1.1. **Do Nothing** – under this option no further investment will be made in the development of the college site. Adopting this option would reduce the strategic positioning of the college, severely limit college support to key food production and commercial growing sectors, severely limit apprenticeship numbers and full-time employment opportunities for graduating students and would result in Plumpton College being unable to meet the support requirements that have arisen as a result of the current political uncertainty around Brexit and the requirements of The Agriculture Bill 2017-19.

4.1.2. **Do Something** – Delivery of initial infrastructure to prepare the site for possible future investment – under this option a reduced scope of works would be delivered including: access improvements and preliminary work to develop a village green concept for community-based activities. Whilst this option offers improved access and personal safety at the college, the construction of the knowledge exchange facility is likely to be significantly delayed, which will result in substantially reduced support and engagement with businesses. To realise the full benefits in terms of skills development and business support the knowledge exchange facility is essential. As a result, this option was discounted.

4.1.3. **Do Optimum** – under this option the entirety of phase 1 part A will be delivered as set out in section 3.5. This option will best position the college to provide significant business support and skills development through the construction of the Knowledge Exchange Centre.

4.2. The preferred option is the Do Optimum scenario as it supports facilities improvement and in turn allows best practice modelling and skills development so that students enter the workplace equipped with both knowledge and appropriate professional expectations. The preferred option will also allow the college to provide significant business support over the coming years.

5. Project Cost and Funding

5.1. The total cost of the Project is estimated at £7.037m, as set out in Table 1 below.

- 5.2. Plumpton College are seeking a £2.918m LGF contribution towards the delivery of the Project. The remaining costs will be funded by Plumpton College.
- 5.3. The £4.119m contribution from Plumpton College will be provided through two mechanisms. £3.624m will be provided through secured borrowing. This funding has been agreed by the College Corporation and discussions are ongoing with the bank to secure this loan. The college currently has a low level of borrowing and sufficient income to service the loan.
- 5.4. The remaining £495,020 reflects revenue match which arises from staff allocations for:
- 5.4.1. project management and coordination of wider estate activities to protect the critical path of the Project;
 - 5.4.2. staff costs as additional staff are recruited to deliver the increase in training arising from the expanded facilities;
 - 5.4.3. college staff designing and landscaping the areas around the buildings; and
 - 5.4.4. existing Business-related staff supporting the knowledge exchange centre.
- 5.5. This funding has been committed by the college.

Table 1 – Skills and Business Support for Rural Businesses Spend Profile (£)

	2019/20	2020/21	Total
SELEP LGF	2,133,900	784,100	2,918,000
Plumpton College	1,772,000	2,347,020	4,119,020
Total	3,905,900	3,131,120	7,037,020

6. Outcome of ITE Review

- 6.1. The ITE review confirms that the Project Business Case provides a proportionate assessment of the scheme costs and benefits which results in a strong benefit cost ratio representing high value for money.
- 6.2. The ITE review confirms that a reasonable assessment approach has been employed, with a bespoke appraisal tool used to calculate the benefits of the Project. It was, however, noted that whilst commentary was provided around the sensitivity of the BCR to changes to assumptions, the methodology would have been strengthened through the completion of a full sensitivity analysis that demonstrates that even in adverse conditions the project still provides high value for money.

7. Project Compliance with SELEP Assurance Framework

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

Table 2 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The objectives presented align with national, sub-regional and local policies and strategies.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates clear experience of delivering similar schemes. A risk register has been developed which provides appropriate mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	A BCR of 3.45:1 has been calculated, which indicates high value for money. A reasonable and proportionate assessment approach has been adopted to calculate the BCR, although this could have been strengthened through use of sensitivity analysis.

8. Financial Implications (Accountable Body comments)

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

9. Legal Implications (Accountable Body comments)

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

10. Equality and Diversity implication

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

considered as part of their decision-making process and where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

11. List of Appendices

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

12. List of Background Papers

- 12.1. Business Case for the Skills and Business Support for Rural Businesses post Brexit.

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	24/5/19

Forward Plan reference number: FP/AB/215

Report title: Flightpath Phase 2 LGF funding decision	
Report to Accountability Board on 7th June 2019	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Date: 7 th May 2019	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £1.422m LGF to the delivery of the Flightpath Phase 2 project (the Project) at Woodside Industrial Estate, Thornwood, Essex. This project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.
- 1.2 The Business Case for the Project has been considered through the Independent Technical Evaluation (ITE) process and the Project has been assessed as presenting high value for money with medium to high certainty of achieving this.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of £1.422m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

3. Flightpath Phase 2

- 3.1. Woodside Industrial Estate is located just outside of the town of Epping off the B1393 which runs from Harlow to Epping. The site is 3 minutes from Junction 7 of the M11 and 8 minutes from Junction 25 of the M25, 20 minutes from Stansted Airport, 30 minutes from Docklands & London City Airport and 40 minutes from the City of London & Cambridge. It is also well placed for the Ports of Felixstowe and Harwich.
- 3.2. Woodside Industrial Estate was formerly known as Thornwood Camp and was erected by the MOD on requisitioned farm land and was used throughout World War 2 as the training and accommodation base for the nearby North Weald Airfield. Shortly after the war it became the home of the air cadets before being handed back to the former owners who gradually converted the

buildings, first for farming and storage related uses, and later for wider commercial use, after which the site was established as a commercial site. Due to the age of the buildings some have reached the end of their useful life, whilst others require refurbishment in order to attract high quality tenants to the site.

- 3.3. The site was purchased by its current owners in 2015, and was purchased with a view to retaining, improving and intensifying the important employment site for future generations.
- 3.4. The first phase of the development, funded through alternative means, is nearing completion and consists of 15 two storey B1/B8 industrial mixed-use units totalling 30,000 sq ft (Gross Internal Area). Considerable interest in these units was received whilst construction was ongoing and prior to any formal advertising taking place.
- 3.5. The LGF funding will be used to help bring forward the second and final phase of the Project. This phase will deliver a further 21 single and two storey industrial B1/B8 mixed use units in 4 blocks totalling 40,000 sq ft (Gross Internal Area). This will be coupled with estate infrastructure replacement and improvements including resurfacing roads, environmental remediation, security improvements, a landscaping scheme and making the whole site fibre communication ready bringing the site up to date and in line with the needs of modern businesses.
- 3.6. Due to the current standard of existing buildings on the site, other than those which have been recently refurbished, many tenants are currently paying below market rates and in its current form the site is not providing a return on investment for the current owners.
- 3.7. The key objectives for the Project are:
 - 3.7.1. Construction of Flightpath Phase 2 to deliver 21 new high-quality commercial premises for SME's;
 - 3.7.2. Completion of overall site development and infrastructure to include security upgrades and fibre communications to the whole site to bring the site up to date in line with the expectations of business owners;
 - 3.7.3. Promote localism and increase business to business transactions within the local area;
 - 3.7.4. Increase and continue to develop to business community at the site;
 - 3.7.5. Provision of start-up and grow on space so that the site can offer a range of single and two storey premises from 1000 sq ft thus offering a road map from start up through to medium size;
 - 3.7.6. Increase economic development in the district and increase revenues to the Local Authority through business rate collections on the larger premises;
 - 3.7.7. Creation of 4 new FTE positions within GT Commercial Holdings Ltd., all of which would be located at the site;

- 3.7.8. Expanding the site to create more jobs and employment prospects for local people and encouraging entrepreneurship;
 - 3.7.9. Creating a pleasant working environment close to local amenities where businesses aspire to locate to;
 - 3.7.10. Maximum intensification and remediation of an existing brownfield site in line with local, region and national planning policies;
 - 3.7.11. Safeguarding existing jobs.
- 3.8. The Project (phase 2) will deliver 144 new jobs. The wider Project will safeguard the existing 157 jobs on the site and will create 249 new full-time jobs in the 36 units constructed.

4. Options Considered

- 4.1. When GT Commercial Holdings Ltd. purchased the Woodside Industrial Estate a number of options were considered for the site. These options included:
- 4.1.1. Do Nothing – this option would mean that the site would continue to operate under the previous owner’s business model of renting out the sub-standard space at below market rates to undesirable tenants and managing the problems that are linked with that approach. GT Commercial Holdings Ltd. paid top market value for the site, and continuing with low rental incomes is not considered either viable or desirable.
 - 4.1.2. Do Nothing and obtain residential planning permission – this option would mean that the site would be demolished and employment space would be lost forever, with housing being delivered on the site. This option does not fit with GT Commercial Holdings Ltd. vision for the site. The driving force behind the purchase of the site was to develop and protect the site as a valuable commercial location. For this reason, this option was ruled out.
 - 4.1.3. Do the bare minimum but don’t invest in the site – this option would involve managing the site, moving on undesirable non-paying tenants and replacing them with new tenants. The existing buildings would be maintained but not improved. Under this option it was considered that it would be difficult to attract quality tenants due to the age and poor condition of the buildings. This option is not viable as it would not be possible to achieve a sensible return on the initial investment in purchasing the site.
 - 4.1.4. Do something and invest a little in the site – under this option the existing buildings on the site would be refurbished in order to attract higher quality tenants and therefore a better return on investment. This is a viable option in some cases, however, some buildings on the site are of an age and condition where they are at the end of their useful life. In addition, due to tightening legislation there were

significant cost implications in bringing the existing buildings up to the required standard. This was not considered economically viable.

- 4.1.5. Do something and consider utilisation of unused space throughout the site – under this option existing buildings would be refurbished to attract better quality tenants and consideration would be given to uses for the parcels of brownfield land around the site, including open storage, various yard uses or container storage in order to both increase rental revenue and make use of the brownfield land without bearing any potential remediation costs. External storage and yard space is in high demand in the local area and commands high levels of rent. However, it was felt that this option would not help improve the reputation, look or feel of the site and should therefore not be pursued even in the short-term.
- 4.1.6. Do something and consider filling open spaces on the site with new buildings – this option would involve refurbishment of existing buildings and consideration of options to infill open spaces around the site with new buildings. The planning history for the site suggests that this option has been attempted before with no success, suggesting that this is unlikely to be a viable option.
- 4.1.7. Do something and consider building on the brownfield area of the site – under this option suitable existing buildings would be refurbished, and consideration would be given to constructing a new build on the one large open space on the site, which is currently used as overflow parking and a lorry yard. It is considered that up to 15 units could be constructed on the site. This was considered to be a viable option; however, it was felt that more could be done to maximise the economic benefits offered by the site.
- 4.1.8. Do something and work towards the long-term masterplan for the site – under this option suitable existing buildings would be refurbished and a large-scale proposal put together to completely overhaul and modernise the site. This would include both demolition of buildings which are at the end of their useful life and construction of new buildings. This option would provide the greatest opportunity to attract high quality tenants to the site, with the new buildings attracting high levels of rental income.
- 4.2. The preferred option is to do something and work towards the long-term masterplan for the site. This option would bring forward the most new development on the site, and would offer the opportunity for the greatest economic benefit to the area. In addition, this option is in line with GT Commercial Holdings Ltd. vision for the site.
- 4.3. Planning consent was gained in January 2017 for the demolition of 6 units that had reached the end of their life and construction of 36 new units in 5 blocks

on the site. These units will be delivered through both phase 1 and phase 2 of the Project.

- 4.4. The rental income received from the units delivered as part of the Project will be received by GT Commercial Holdings Ltd, as landowner. The Business Case is clear that without LGF funding the scheme is unviable and that the LGF funding is required in order to help secure the bank borrowing needed to bring the Project forward.
- 4.5. The Project is seeking to address the severe shortage of commercial space in the county, with recent reports highlighting the loss of commercial sites and employment locations to residential developments. Construction of these residential developments has in turn increased the need for local employment sites. In addition, the Employment Land Review 2010 noted that vacancy levels of available commercial sites were very low in the local area. Consistently high levels of demand have been reported by the landowner over the last three years, supporting the evidence that there is a shortage of high-quality commercial space in the local area.

5. Project Cost and Funding

- 5.1. The total cost of the Project is estimated at £2.843m, as set out in Table 1 below.
- 5.2. GT Commercial Holdings Ltd. is seeking a £1.422m LGF contribution towards the delivery of the Project. The remaining cost of the Project will be met by GT Commercial Holdings Ltd. primarily through secured borrowing.

Table 1 – Flightpath Phase 2 Spend Profile (£)

	2018/19	2019/20	2020/21	Total
SELEP LGF	-	1,421,500	-	1,421,500
GT Commercial Holdings Ltd. through bank backed finance	-	150,400	1,271,100	1,421,500
Total	-	1,571,900	1,271,100	2,843,000

- 5.3. Whilst the required loan has not yet been secured, the bank has issued a loan offer to GT Commercial Holdings Ltd.

6. Outcome of ITE Review

- 6.1. The ITE review confirms that the Project Business Case provides a proportionate assessment of the scheme costs and benefits and results in a strong benefit cost ratio representing high value for money.

- 6.2. The analysis was robustly carried out using a GVA-based appraisal methodology and delivers high levels of certainty around this value for money categorisation.

7. Project Compliance with SELEP Assurance Framework

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

Table 2 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The objectives presented align with the objectives identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. Comprehensive value for money calculations have been undertaken.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates clear experience of delivering similar schemes. A comprehensive risk register has been developed which provides appropriate mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR of 2.98:1 has been calculated which indicates high value for money.

8. Financial Implications (Accountable Body comments)

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

9. Legal Implications (Accountable Body comments)

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

10. Equality and Diversity implication

- 10.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not;
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

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

11. List of Appendices

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

12. List of Background Papers

- 12.1. Business Case for the Flightpath Phase 2 project

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	 24/5/19

Forward Plan reference number: FP/AB/216

Report title: Sidney Little Road Business Incubator Hub, Hastings LGF funding decision	
Report to Accountability Board on 7th June 2019	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 14 th May 2019	For: Decision
Enquiries to: Helen Dyer, Helen.Dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £500,000 LGF to the delivery of the Sidney Little Road Business Incubator Hub, Hastings, East Sussex (the Project). This project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.
- 1.2 The Business Case for the Project has been considered through the Independent Technical Evaluation (ITE) process and the Project has been assessed as presenting high value for money (estimated) with low to medium certainty of achieving this.
- 1.3 The Economic Case for the project has been assessed based on a qualitative approach, rather than through a quantified benefit cost ratio and is therefore recommended for approval under a value for money exemption, as detailed in section 6 of the report.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of £500,000 LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money (estimated) with low to medium certainty of achieving this.

3. Sidney Little Road Business Incubator Hub

- 3.1. The Project involves the development of 28 new incubator units on a Hastings Borough Council owned currently redundant site in Sidney Little Road, which has been identified for industrial development in the Hastings Local Plan. The incubator units will range in size from 322sqft to 344sqft, with a total lettable space of 9,558sqft.

- 3.2. The proposed site is ideally located on a well-established industrial estate within an area of three estates known as the '3C's'. The industrial estate style location is within easy reach of two major trunk roads providing ideal access for business employees and visitors, has on-site parking and is close to potential supply chain contacts.
- 3.3. The LGF funding will be used towards the development and building costs of the incubator units. In addition, the LGF will be used to reduce the long-term loan cost to Hastings Borough Council. This investment will enable the Project to financially break-even within five years of development and will close the funding gap to ensure long-term viability.
- 3.4. It is noted in the Business Case that without the LGF funding the project is unlikely to proceed given Hastings Borough Council's current financial situation. Hastings Borough Council are seeking to borrow £2.27m from the Public Works Loan Board but have indicated that no further borrowing is possible as this would be considered too high risk by the Council.
- 3.5. Hastings Borough Council have undertaken an initial State Aid self-assessment and based on this have concluded that they may be considered to be in receipt of State Aid in principle. The intention is that this will be managed by using a suitable General Block Exemption Regulation, such as Article 56.
- 3.6. If the Board approve the LGF funding allocation to the Project Hastings Borough Council will seek to confirm their State Aid assessment and will register the General Block Exemption Regulation on the SANI system.
- 3.7. The key objectives of the Project are:
 - 3.7.1. To build 28 units of 322sqft to 344sqft to attract start-up businesses given the latent demand. Hastings Borough Council will retain ownership and will act as landlord for these units;
 - 3.7.2. To establish a proposed lease model of 'easy in, easy out', with affordable and favourable long-term tenancy terms, allowing the businesses to keep costs down to attract further investment;
 - 3.7.3. To bring developments forward for phase 2 of the Project on the adjoining plot of land.
- 3.8. In total, the Project is expected to lead to the creation of 74 FTE jobs in the first five years, with an additional 14 design and construction jobs created in the first two years of the Project. The incubator units will continue to offer opportunities to new entrepreneurs over the next 20 to 30 years.

4. Options Considered

- 4.1. When considering development of the Sidney Little Road site Hastings Borough Council explored a range of options. These options include:
- 4.1.1. **Do Nothing** – adopting this option would leave the entire Sidney Little Road site under developed, without any forward momentum. This may have a negative effect on the ability of the Hastings area to support newly created businesses and jobs, resulting in outward migration of skilled workers and innovative technologies. In addition, failure to develop this site will put at risk past investments in the area and may impact on the progress of economic regeneration in the town. As a result, this option has been ruled out;
 - 4.1.2. **Do Minimum** – this option would involve clearing and tidying up the Sidney Little Road site. However, this option would offer no economic or regeneration benefit to the local area. In addition, this option would not inform any alternative future options for the site as within the Hastings Borough Council Local Plan the site has been designated for industrial development only. As a result, it was considered that this was not a viable option;
 - 4.1.3. **Do Something** – this option would make use of the site to create additional industrial units based on current and projected demand from market analysis. However, consideration would not be given to adopting a strategic approach to developing the whole site. This could result in the Project flooding the market with industrial units whilst also limiting the available unit offer to one segment of the market, which may result in fewer local start-ups having the opportunity to develop and grow. For these reasons this option was discounted;
 - 4.1.4. **Do Optimum** – this option would make use of the site to create additional units with a phased approach, based on current and projected demand from market analysis. This development would initially provide facilities for start-ups and small-scale businesses with flexible leases, with phase 2 development to allow for larger units if demand exists.
- 4.2. The preferred option is the Do Optimum scenario in which a phased approach is used to developing the site, allowing the unit size of the later phase 2 development to be adapted as dictated by market demand.
- 4.3. The preferred option involves the development of 28 new incubator units on the currently redundant site, which has been identified for industrial development in the Hastings Local Plan. The incubator units form phase 1 of the development of the site. It is considered that this option will best meet both Hastings Borough Council and SELEP's priorities and strategies.

5. Project Cost and Funding

- 5.1. The total cost of the Project is estimated at £2.774m, as set out in Table 1 below.
- 5.2. Hastings Borough Council are seeking a £500,000 LGF contribution towards the delivery of the Project. The remaining costs will be funded through borrowing from the Public Works Loan Board.
- 5.3. Hastings Borough Council's Cabinet approved the borrowing from the Public Works Loan Board in February 2019, subject to receipt of the LGF funding considered in this report. Due to fluctuating interest rates a further report to Cabinet may be required before the funds can be formally borrowed.

Table 1 – Sidney Little Road Business Incubator Hub Spend Profile (£)

	2019/20	2020/21	2021/22	Total
SELEP LGF	381,250	118,750	-	500,000
Public Works Loan Board borrowing	-	2,266,686	7,000	2,273,686
Total	381,250	2,385,436	7,000	2,773,686

6. Outcome of ITE Review

- 6.1. There is a requirement for projects to demonstrate BCR values of at least 2.0:1 unless they comply with one of the two exemptions outlined in the SELEP Assurance Framework.
- 6.2. As a part of the Business Case the benefits of the project have been considered in terms of the return on investment and a qualitative assessment on the social return on investment. This method has been applied as an alternative to calculating a benefit cost ratio, given the low value of the project.
- 6.3. The Project can be therefore be considered under exemption 1 of the Assurance Framework, as the LGF funding ask is for under £2m.
- 6.4. Exemption 1 may be applied where a project does not present High Value for Money (a Benefit Cost Ratio of over 2:1), but has a Benefit Cost Ratio value of greater than 1.5:1 or where the project benefits are notoriously difficult to appraise in monetary terms. Exemption 1 will only apply if the following conditions are satisfied:
 - 6.4.1. The funding sought from SELEP in relation to the project must be less than £2.0m and to conduct further quantified and monetised economic appraisal would be disproportionate; and
 - 6.4.2. Where there is an overwhelming Strategic Case (with minimal risk in the other cases); and

- 6.4.3. There are qualitative benefits which, if monetised, would most likely increase the Benefit Cost Ratio above 2:1.
- 6.5. The ITE review confirms that the Project Business Case provides an overwhelming strategic case for the Project and that there is minimal risk associated with other sections of the Business Case.
- 6.6. A sensible and proportionate methodology has been applied, with the economic impacts quantified at a high level. However, it was noted that the economic approach to quantifying benefits offers less certainty around the value for money offered by the Project. As such, the ITE have stated that there is low to medium certainty of the project achieving high value for money.
- 6.7. To mitigate this risk, any substantial changes to the project scope, expected project outcomes or cost of the Project will trigger a further review of the business case and decision from the Board.
- 6.8. The impact of the Project will be assessed in line with the monitoring and evaluation plan, included as part of the Business Case. This will include an assessment of the impact of the Project in terms of completion and letting of the business units and job creation and safeguarding.

7. Project Compliance with SELEP Assurance Framework

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

Table 2 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The objectives presented align with the objectives identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. Due to the low level of LGF funding required for this

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
and deadweight have been taken into account		Project a full BCR assessment is not required.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates experience of delivering similar schemes. A comprehensive risk register has been developed which provides mitigation options.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	<p>The Project is subject to a Value for Money exemption, so a full monetised economic appraisal has not been completed. However, the Project complies with value for money exemption 1, as set out in the SELEP Assurance Framework.</p> <p>The economic impacts have been quantified at a high level, however, this approach offers less certainty around the value for money offered by the Project. The overall impact of the project will be monitored in line with the monitoring and evaluation plan, included as part of the business case.</p>

8. Financial Implications (Accountable Body comments)

- 8.1. All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been received, however, funding for future years is indicative.
- 8.2. Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 8.3. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the

Accountable Body.

- 8.4. The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the Decisions of the Board.

9. Legal Implications (Accountable Body comments)

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

10. Equality and Diversity implication

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

11. List of Appendices

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

12. List of Background Papers

12.1. Business Case for the Sidney Little Road Business Incubator Hub, Hastings.

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	24/5/19

Forward Plan reference number: FP/AB/217

Report title: A131 Braintree to Sudbury Project update	
Report to Accountability Board on 7th June 2019	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 15 th May 2019	For: Decision
Enquiries to: Helen Dyer, Helen.Dyer@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of Report

- 1.1 The purpose of this report is to give the Accountability Board (the Board) an update on the A131 Braintree to Sudbury Project (the Project).
- 1.2 The Strategic Board has previously agreed that all high-risk Local Growth Fund (LGF) projects should be considered by the Board by the end of June 2019, to determine the next steps for the Project.
- 1.3 The Project has previously been approved by the Board for the award of £1.8m LGF but is identified as high risk, due to Essex County Council's (ECC) decision to withdraw their funding contribution to the Project following a review of their capital programme.
- 1.4 This report outlines the options currently being investigated which may mitigate the removal of the ECC financial contribution to the Project allowing the Project to progress to delivery.

2. Recommendations

- 2.1. The Board is asked to:

2.1.1. Agree one of the following Options:

- 2.1.1.1. That the Board is satisfied that sufficient mitigation has been put in place to enable the Project to progress; **or**
- 2.1.1.2. Agree one of the three alternative options agreed by the Strategic Board:
 - **Option 1** - Cancellation of the Project from the LGF programme due to being undeliverable within the Growth Deal period and the LGF is reallocated through the LGF3b (LGF single pipeline development) process;
 - **Option 2** - The Project is put on hold but the LGF remains allocated to the Project, subject to a change request being

brought forward to the September Board meeting to confirm that the revised project scope still offers value for money, to clarify the impact on the project outcomes of not delivering the other interventions and to confirm that there is a full funding package in place (**recommended option**); or

- **Option 3** - The Project is put on hold and the LGF is reallocated through the LGF3b process, but the Project is prioritised for future funding opportunities, such as the Shared Prosperity Fund.

2.1.2. **Note** the requirement for a project update report to be received by the Board at least every six months, to monitor the Project risk. These separate update reports will continue until the point that the Board is satisfied that the Project risks have been sufficiently mitigated.

3. High Risk LGF Projects

3.1. The Strategic Board in December 2018 agreed that the LGF projects which had been Red-Amber- Green (RAG) rated as Red due to the risk to LGF spend within the Growth Deal period must come back to the Accountability Board within the next six months to confirm that a delivery solution has been identified to progress the project or to agree one of the three options:

3.1.1. **Option 1** - Cancellation of the Project from the LGF programme due to being undeliverable within the Growth Deal period and the LGF is reallocated through the LGF3b (LGF single pipeline development) process;

3.1.2. **Option 2** - The Project is put on hold but the LGF remains allocated to the Project; or

3.1.3. **Option 3** - The Project is put on hold and the LGF is reallocated through the LGF3b process, but the Project is prioritised for future funding opportunities, such as the Shared Prosperity Fund.

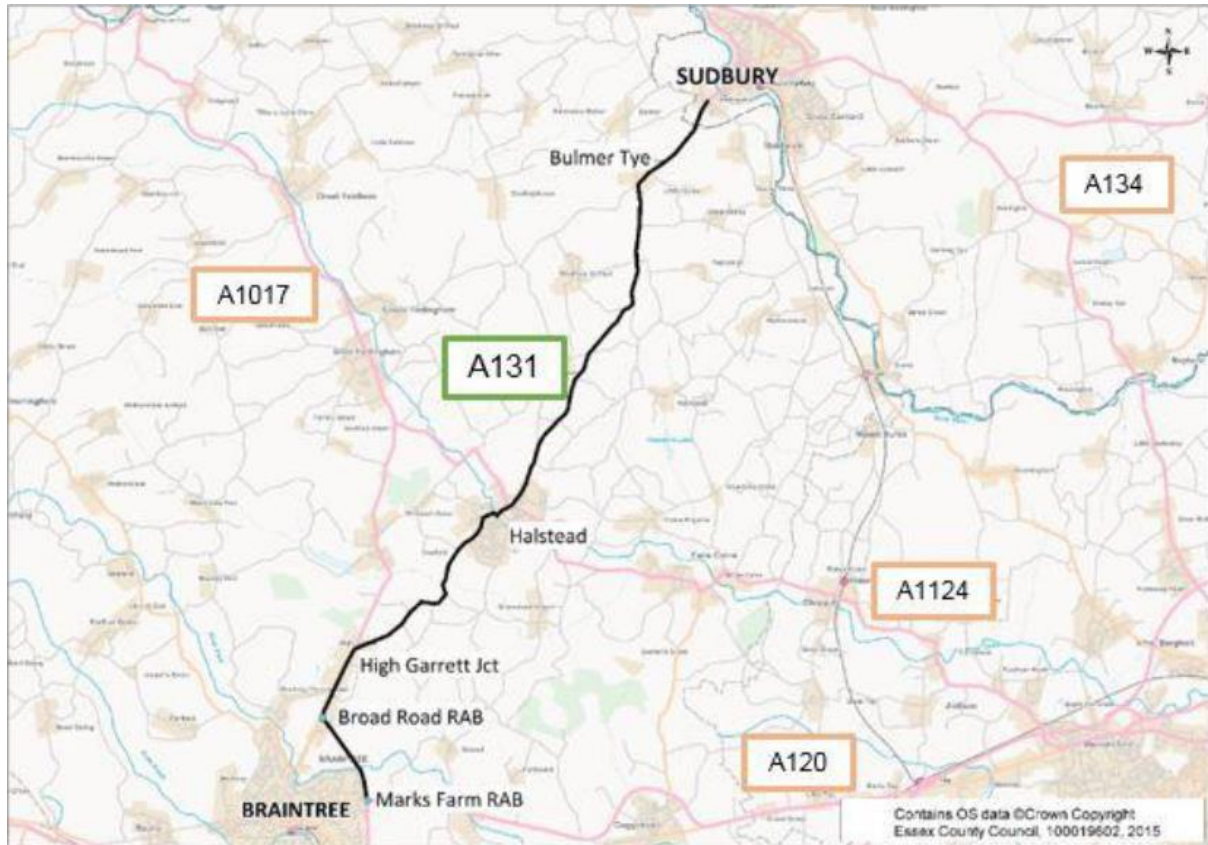
3.2. The Project has been identified as high risk due to due to ECC's decision to withdraw their funding contribution to the Project following a review of their capital programme.

4. A131 Braintree to Sudbury Route Based Strategy

4.1. The Project was awarded £1.8m LGF by the Board in June 2018, with a total estimated Project cost of £3.6m. The £1.8m LGF was due to be matched with a £1.8m contribution from ECC, which had been committed by ECC through their formal governance processes at the time of the LGF funding decision being taken.

A131 Braintree to Sudbury Project update

- 4.2. The funding was awarded to allow delivery of a package of schemes to improve safety and reduce delays along the A131 corridor from Braintree to the Suffolk border, just south of Sudbury. As a result of significant growth planned in both Braintree and Sudbury, the A131 will be subject to increased pressure in terms of both capacity and performance.



- 4.3. The scope of the Project included interventions at the following four locations:
- 4.3.1. **Marks Farm roundabout** - widening of all four entry flares, introduction of a left turn slip from the A120 heading south and general improvements to the roundabout;
 - 4.3.2. **Broad Road roundabout** – improving entry flare from Broad Road and realignment to improve traffic flow;
 - 4.3.3. **High Garrett junction with A1017** – major improvements to layout, changes to signals, relocated and improved crossings and pedestrian facilities; and
 - 4.3.4. **Plaistow Green and Bulmer Tye** – safety improvements including improved signage and non-slip surfacing.
- 4.4. The delivery of the Project was set to achieve the following six outcomes:
- 4.4.1. Improve journey times and reliability for all vehicles;
 - 4.4.2. Improve safety, especially for cyclists and pedestrians;

- 4.4.3. Improve sustainable transport;
- 4.4.4. Support the completion of at least 1,550 new homes;
- 4.4.5. Support economic growth and businesses; and
- 4.4.6. Provide for incremental jobs associated with the new development.

5. Project Scope, Cost and Funding

- 5.1. ECC have recently undertaken a comprehensive review of their Capital Programme with a view to reducing capital spend. As part of this review ECC took the decision to no longer support the Project and withdrew their match funding for the Project.
- 5.2. The Project was originally awarded £1.8m LGF funding on the basis that ECC would also provide £1.8m towards the project cost, giving a total budget of £3.6m. To date, none of the funding allocated to the Project has been spent.
- 5.3. In light of the ECC funding contribution to the Project no longer being available, discussions have been ongoing regarding both the scope of the Project and alternative funding sources which may still allow delivery of some elements of the Project.
- 5.4. As set out in the Project Business Case (and at section 3.3 above) the Project originally consisted of improvements at four locations along the route – Marks Farm roundabout, High Garrett junction with A1017, Broad Road roundabout and Plaistow Green/Bulmer Tye. In light of changes to the funding package ECC have reviewed the scope of the Project and have indicated their intention, subject to Board approval, to progress with the Marks Farm roundabout element of the Project only.
- 5.5. The Marks Farm roundabout is the most strategically important element of the wider Project, with the proposed works expected to have a significant positive effect on traffic movements in Braintree.
- 5.6. ECC have revised the cost estimate for the Marks Farm roundabout improvements which was included in the original Project Business Case and have concluded that the total cost of delivering the proposed works will be in the region of £3.5m. As a result, it is expected that the total Project cost will be reduced by £0.1m.
- 5.7. Following ECC's decision to remove their entire capital funding contribution from the Project, a funding gap of approximately £1.7m was created. Given the significant positive impact that the Marks Farm roundabout proposals will have on traffic movements in Braintree, Braintree District Council have expressed a strong commitment to the scheme and have indicated an intention to contribute towards the cost of the Project. There is also the potential for S106 contributions to be used to help fill the funding gap.
- 5.8. In addition, the Marks Farm roundabout is an interface with the A120, which is on the Strategic Road Network. As such the proposals for the scheme have been discussed with Highways England, who have indicated support for the

works. As the scheme offers benefit to the Strategic Road Network, there is the potential for Highways England to provide financial support in the future.

6. Impact on Value for Money

- 6.1. Within the original Project Business Case the Benefit Cost Ratio (BCR) for the overall Project was stated as 10.48:1, which represents high value for money.
- 6.2. Removal of three elements of the Project will have an impact on the value for money offered by the scheme. However, ECC have indicated that the Marks Farm roundabout works are by far the biggest component of the Project and will generate the majority of the benefits set out in the Business Case. It is therefore expected that the BCR offered by the revised scheme will still demonstrate good value for money. Calculations are ongoing to confirm the updated BCR and this information will be included in the Change Request report which will be considered at the September Board meeting should the Board approve Option 2 as set out in the recommendation.
- 6.3. The Project was intended to support the delivery of at least 1,550 new homes. In light of the change in scope of the Project and the need to revisit the delivery programme the impact on the outcomes which will be delivered within the Growth Deal period and beyond is being assessed and will be reported at the September Board meeting. It is, however, expected that the impact will be minimal as outlined at section 5.2.

7. Next steps and potential options

- 7.1. The ongoing discussions between ECC and Braintree District Council regarding the funding package for the revised scope of the Project have been positive, however, at this stage a confirmed funding package which would enable delivery of the improvements to Marks Farm roundabout is not in place.
- 7.2. In addition, ECC are still assessing the impact of the reduced project scope on both the value for money offered by the Project and the outcomes/benefits that would be realised.
- 7.3. As part of this report, the Board is therefore asked to consider whether board members are satisfied that sufficient mitigation has been put in place to progress with the Project, or if alternative options should be considered. The alternative options available to the Board include:
 - 7.3.1. **Option 1** – Cancellation of the Project from the LGF programme due to being undeliverable within the Growth Deal period and the LGF is reallocated through the LGF3b (pipeline development) process.
 - 7.3.2. **Option 2** – The Project is put on hold but the LGF remains allocated to the Project (**recommended option**).

Under option 2, given the additional flexibility that has been indicated by the Ministry for Housing, Communities and Local Government to spend LGF beyond the Growth Deal then the Board could consider placing the project on hold until the funding package has been confirmed, along with the impact on the value for money and benefits/outcomes of the reduced Project scope.

Given the positive discussions between ECC and Braintree District Council this may provide a sensible approach to give ECC time to finalise the funding package for the Project.

It is recommended that if this option is supported by the Board that a full Project change request is brought forward to the September Board meeting by ECC to confirm that the revised project scope still offers value for money, to clarify the impact on the project outcomes of not delivering the other interventions as detailed in the original Project Business Case and to confirm that there is a full funding package in place.

- 7.3.3. **Option 3** – The Project is put on hold and the LGF is reallocated through the LGF3b process, but the Project is prioritised for future funding opportunities, such as the Shared Prosperity Fund.
- 7.4. To date, no LGF funding has been spent on the Project and therefore should the Board support Options 1 or 3 the entire LGF allocation to the Project of £1.8m will be returned for reallocation through the LGF3b process.
- 7.5. Following positive discussions with Braintree District Council it is likely that a complete funding package will be identified for the Marks Farm roundabout improvements. Work is ongoing to understand the impact of the reduced project scope on the value for money offered by the Project and on the realisation of benefits set out in the original Project Business Case.
- 7.6. At this stage, it is therefore recommended that the £1.8m LGF allocation remains allocated to the Project. However, if this option is supported it is recommended that a full Project change request is brought forward to the September Board meeting to provide assurances around the funding package and the impact on value for money and benefits realisation as a result of the reduced project scope. No LGF will be transferred to the Project until the change request has been considered and agreed by the Board.
- 7.7. In addition, a project update report will be provided to the Board at least every six months, until the Board is satisfied that the Project risks have been sufficiently mitigated.

8. Financial Implications (Accountable Body comments)

- 8.1. In considering the recommendations of this report, the Board is advised to assess the risk of further delay in spend of LGF in ensuring best use of

funding and securing value for money in the use of the grant.

- 8.2. It is noted that there is a proposal to bring the change request to the meeting in September 2019. Should the Board chose to agree to this proposal, it would be necessary for Essex County Council to give assurances within the change request that the outstanding funding gap had been fully addressed to enable a recommendation to fund the project to be supported.
- 8.3. The amended business case would also be subject to a further review by the ITE to determine the robustness of the proposal, in particular in relation to the value for money assessment.
- 8.4. Any funding approved would be dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been received, however, funding for future years is indicative.

9. Legal Implications (Accountable Body comments)

- 9.1. There are no legal implications arising out of this report.

10. Equality and Diversity implication

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

11. List of Appendices

- 11.1. None

12. List of Background Papers

12.1. Business Case for the A131 Braintree to Sudbury

12.2. A131 Braintree to Sudbury Change Request

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	24/5/19

Forward Plan reference number: FP/AB/218

Report title: A127 Network Resilience Project Change Request	
Report to Accountability Board on 7th June 2019	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 13 th May 2019	For: Decision
Enquiries to: Helen Dyer, Helen.Dyer@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the Change Request which has been submitted by Essex County Council (ECC) for the A127 Network Resilience project (the Project).
- 1.2 The Project has been awarded £4m Local Growth Fund (LGF), with ECC originally due to contribute £4.35m towards the delivery of the Project.
- 1.3 A Change Request has been submitted by ECC to SELEP, for approval by the Board. The Change Request, detailed in this report, sets out the proposed changes of scope to the Project. This will result in improvements to one of three junctions no longer being delivered. In doing so, this will deliver a saving to ECC, as necessitated through the review of the ECC capital programme, but will reduce the benefits delivered as a result of the Project.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the change of the total cost and scope of the Project, as detailed in the report

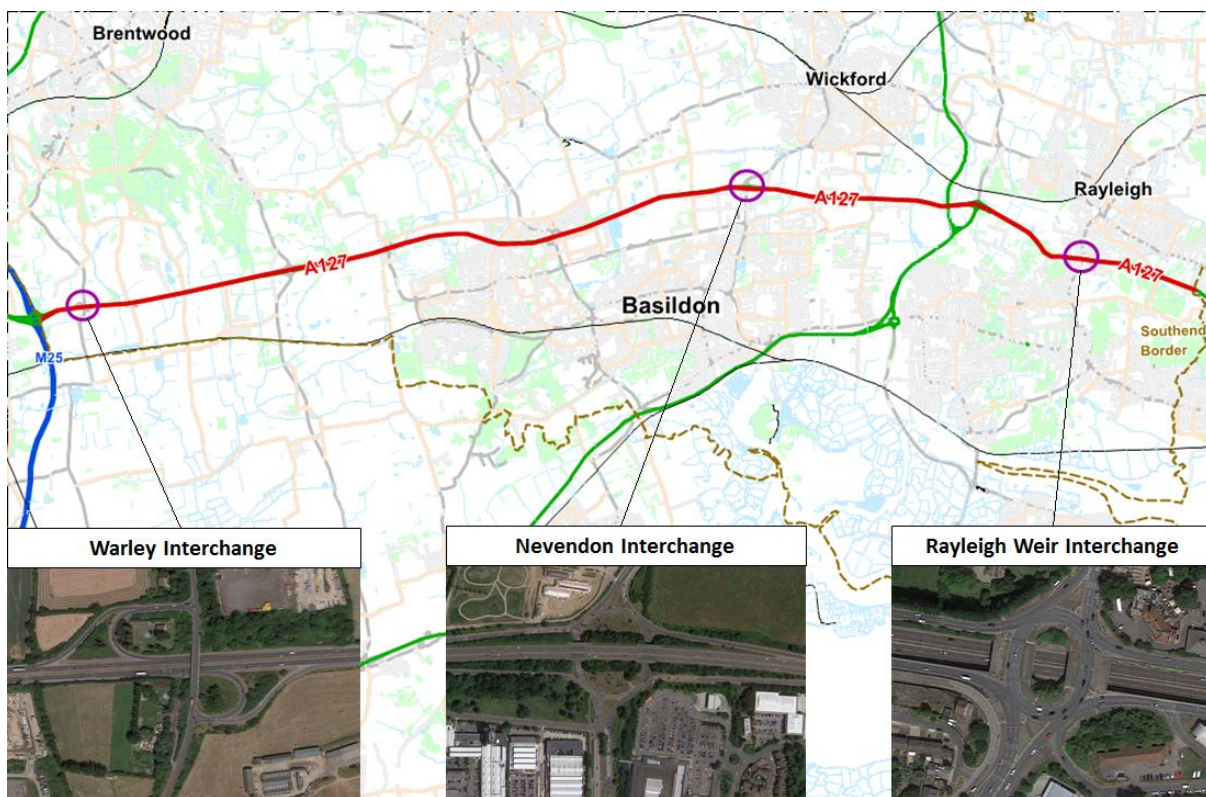
3. Background

- 3.1. The Project was awarded £4m LGF by the SELEP Strategic Board in June 2015. This funding decision was made prior to the Accountability Board having been formally established.
- 3.2. The Project is also identified as a Department for Transport (DfT) 'retained' scheme. For this specific Project, whilst the Business Case and original funding decision was made by SELEP, project update reporting is also provided directly to the DfT for this and five other 'retained' transport projects in the Growth Deal programme.
- 3.3. At the time of the funding award being made by the Strategic Board it was intended that the Project scope would involve the delivery of directional and

A127 Network Resilience Project Change Request

telematic signage improvements, as well as improvements to three junctions along the A127, including:

- 3.3.1. **Nevendon Interchange (A127/A132)** – capacity improvements to the grade separated junction;
- 3.3.2. **Rayleigh Weir Interchange (A127/A129)** – traffic signal upgrade and linkage through Spilt Cycle Offset Optimisation Technique (SCOOT) to prevent vehicles backing up onto the A127; and
- 3.3.3. **Warley Interchange (A127/ B186)** – installation of signals on slip roads, slip road widening, speed limit reduction and improvements to pedestrian footways.



- 3.4. The overall objectives of the Project were to:
 - 3.4.1. To support housing and job growth;
 - 3.4.2. To support current and emerging Local Development Plans;
 - 3.4.3. To make best use of the existing highway network;
 - 3.4.4. To reduce congestion at key pinch-points on the network;
 - 3.4.5. To improve resilience of the corridor; and
 - 3.4.6. To improve journey time reliability
- 3.5. The A127 is a strategic route from London to Southend, which also connects to the M25 and A13. As such, the route provides a major link for ports and airports, such as the London Southend Airport, and provides access to areas of substantial development and economic growth potential.

4. A127 Network Resilience Delivery to Date

- 4.1. To date, ECC has delivered two of the three planned junction interventions outlined within the Project Business Case, with works at the Nevendon Interchange and the Rayleigh Weir Interchange completed as detailed.
 - 4.1.1. Nevendon Interchange improvements included:
 - 4.1.1.1. widening the circulatory carriageway to three lanes on the roundabout under the A127;
 - 4.1.1.2. lengthening the north bound merging lanes towards Wickford;
 - 4.1.1.3. closing the access onto the A132 north bound from Christopher Martin Road to remove traffic that previously blocked the northbound traffic flow; and
 - 4.1.1.4. upgrading of the signals on the roundabout to provide optimised capacity during peak periods.
 - 4.1.2. Rayleigh Weir Interchange improvements included:
 - 4.1.2.1. upgrading the traffic signals at both Stadium Way and at Rayleigh Weir; and
 - 4.1.2.2. linking the two sets of traffic signals with the installation of Split Cycle Offset Optimisation Technique (SCOOT).
- 4.2. In addition, the planned improvements to the Strategic Directional Signing and installation of additional variable message signs (VMS) have been completed.
- 4.3. At the request of DfT, the £4m LGF spend was accelerated on the delivery of the first two aspects of the Project and was fully spent by the end of 2016/17.

5. A127 Network Resilience – Change in Project scope

- 5.1. The third element of the Project, which is yet to be delivered, is the improvements to the Warley Interchange. According to the original Project Business Case, the improvements to the Warley Interchange would include:
 - 5.1.1. installation of traffic signals at the junction, alongside installation of queue detectors on the slip roads to reduce the risk of traffic backing up along the A127;
 - 5.1.2. widening the junction exit slips on approach to the new traffic signals to provide left and right turn lanes, thereby increasing traffic flow;
 - 5.1.3. reducing the speed limit in the vicinity of the junction to improve safety;
 - 5.1.4. construction of and improvements to existing pedestrian footways, with crossing points and appropriate on-demand pedestrian phasing at the traffic signals; and
 - 5.1.5. improvements to signing and road marking in the vicinity of the junction to increase advance warning of the new junction arrangement.

- 5.2. Following the completion of the first two elements of the Project, design, consultation and tendering activities were undertaken for the Warley Interchange improvements. However, the tender cost for these works far exceeds the amount of funding available to complete the Project.
- 5.3. There is approximately £2.5m of the ECC funding contribution remaining to complete the improvements to the Warley Interchange but the cost of completing these works is £5.247m.
- 5.4. ECC have been actively seeking alternative sources of funding in order to bridge the £2.747m funding gap which now exists but no alternatives have been identified. ECC have also recently undertaken a comprehensive review of their capital programme with a view to reducing its capital spend and borrowing. ECC is therefore not in a position to commit any further funding to the Project.
- 5.5. ECC have approached DfT to seek an additional financial contribution towards the cost of delivering the improvements to the Warley Interchange. However, DfT were not prepared to fund the package and suggested that funding be sought elsewhere.
- 5.6. ECC have also considered the use of S106 contributions in order to bring forward the final element of the Project but at present there is no such funding available.
- 5.7. As a result, ECC are seeking to remove the Warley Interchange improvements from the Project scope. This would result in the £2.5m remaining ECC financial contribution being returned to the County Council Treasury. The £4m LGF allocation to the Project has already been spent in full.
- 5.8. ECC remains committed to delivering the improvements to the Warley Interchange and will continue to seek alternative funding sources in order to bring forward these works. At this stage, ECC are unable to provide a delivery programme for the improvements as no other funding contributions have been secured, and as a result there will be a delay in realising the full benefits outlined within the Project Business Case.

6. Impact on Value for Money and Project outcomes

- 6.1. The Value for Money assessment in the original Project Business Case provided an overall Benefit Cost Ratio (BCR) for the Project of 3.66:1, presenting high value for money. The BCR for the overall project was supported by BCR values for each of the specific interventions to be delivered within the scope of the Project, as shown in Table 1.

Table 1: BCR values by planned intervention

Intervention	Benefit Cost Ratio
Nevendon Interchange	4.57:1
Rayleigh Weir Interchange	4.65:1
Warley Interchange	3.79:1
VMS and CCTV installation along the A127	2.30:1
Strategic signing from A127 to A13 westbound	2.25:1

- 6.2. Of the three primary elements of the Project the proposed Warley Interchange scheme offers the lowest BCR at 3.79:1, with the Nevendon Interchange and Rayleigh Weir Interchange improvements presenting BCR's of 4.57:1 and 4.65:1 respectively.
- 6.3. The VMS, CCTV and Strategic signing improvements have also been delivered, with all scheme elements offering a BCR of greater than 2:1.
- 6.4. Through removing the Warley Interchange scheme, this will reduce the overall benefits achieved through the Project.
- 6.5. Due to the BCR's offered by the other elements of the Project, removal of the Warley Interchange element from the Project scope is unlikely to significantly impact on the overall BCR offered by the Project, with the scheme still offering high value for money.
- 6.6. Removal of the Warley Interchange works from the scope of the Project will mean that the existing problems at the junction, as identified in the original Project Business Case, will remain. Two primary traffic related issues were identified in the Business Case – congestion and road traffic collisions.
- 6.7. During peak periods traffic can queue back onto the main A127 from the Warley Interchange, due to the high levels of traffic on the B186 which has priority over traffic leaving the A127. This causes delays to through traffic on the A127 and can result in shunt-type collisions on the main carriageway.
- 6.8. The Warley Interchange is also prone to road traffic collisions at the top of the slip roads from the A127, where traffic is joining the B186. This issue is caused by drivers leaving the A127 having poor visibility of vehicles travelling along the B186. These issues will remain until alternative funding can be identified to bring forward the planned improvements to the Warley Interchange.
- 6.9. In addition to the Project there are several other LGF funded schemes which are also delivering improvements to the A127 corridor. According to the original Project Business Case the combined outcome from these projects will be the delivery of 37,100 homes and 57,100 jobs.

- 6.10. The Business Case indicates that the Project consists of a scalable package of measures with any reduction in scheme funding or delivery having a proportionate effect on the outcomes delivered. In the short term the removal of the Warley Interchange improvements will impact on the jobs and homes outcomes to be delivered by the Project. However, ECC consider the improvements to Warley Interchange to be a priority project and are therefore actively seeking alternative funding to bring the works forward. Therefore, in the longer term, subject to alternative funding being identified, the outcomes are likely to be realised in full, albeit to a delayed timetable.

7. Project Cost and Funding

- 7.1. The original Business Case indicated that the total Project cost was £9.15m, with funding contributions from the LGF, S106 funding and ECC, as set out in Table 2 below.
- 7.2. Subsequently it was identified that the total Project cost outlined in the Business Case was incorrect, with the total Project cost actually expected to be £8.4m.
- 7.3. To date total spend on the Project totals £5.977m, with the £4m LGF funding spent in full by the end of the 2016/17 financial year. Spend of the LGF funding was accelerated at the request of DfT, meaning that the actual spend profile differs from that forecast in the original Business Case.

Table 2 – Original and actual spend profile for the A127 Network Resilience Project

Original spend profile as set out in the Project Business Case							
£m	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
LGF		0.60	1.10	0.50	0.40	1.40	4.00
S106			0.80				0.80
ECC	0.20	0.50	2.15	1.50			4.35
Total	0.20	1.10	4.05	2.00	0.40	1.40	9.15
Actual spend profile							
£m	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
LGF		0.513	3.487				4.000
S106	0.115	0.053	0.613	0.395	0.084		1.260
ECC					0.717		0.717
Total	0.115	0.566	4.100	0.395	0.801	0	5.977

- 7.4. In addition to the funding spent to date an additional £499,000 was budgeted for spend in 2018/19, with a further £2m budget identified in 2019/20. This £2.499m of funding was due to be provided by ECC.
- 7.5. Due to increased costs associated with the delivery of the final element of the Project, there is no longer funding available to deliver the Project in its entirety. The LGF funding has been spent in full and there is approximately £2.5m of the ECC financial contribution remaining, with an updated cost of £5.247m

obtained for the Warley Interchange works resulting in a budget gap of £2.747m.

- 7.6. It is proposed that the Warley Interchange element of the Project is removed and that the remaining balance of the ECC contribution is returned to the County Council Treasury, as set out in Section 5 above.

8. Department for Transport position

- 8.1. At the outset of the Growth Deal the decision was taken by Ministers that a small number of the most complex and expensive transport projects approved through the first round of the LGF should be seen as part of a larger portfolio of schemes, with DfT Ministers taking decisions on final approval, rather than the relevant LEP. These projects have been referred to as DfT retained schemes.
- 8.2. The A127 corridor schemes, which consist of a number of LGF projects, are identified as DfT retained schemes, and as such, DfT have been engaged by ECC regarding the emerging funding gap and the subsequent proposed change in project scope.
- 8.3. In a letter received by SELEP in April 2015 DfT indicated that they would only retain the decision for final approval of the A127 Fairglen Interchange Junction Improvements element of the A127 Corridor scheme.
- 8.4. At that time DfT confirmed that the LGF funding for the other elements of the scheme, including the Project, would be subject to SELEP's local assurance processes in the same way as the rest of the LGF funding allocated to projects in the SELEP area.
- 8.5. The Project is therefore dependent upon SELEP's own decision-making processes and as a result it is within the Board's gift to agree the change of scope for the Project, without DfT approval.

9. Option to recover LGF spend on the Project

- 9.1. Through the National Assurance Framework 2019, central government has stated that, "The LEP is expected to have in place appropriate arrangements to recover non-compliant funding. Where the LEP decides not to pursue recovery where it has identified non-compliance and has legal grounds to do so it must provide a compelling justification for its decision."
- 9.2. Under the Service Level Agreement by which LGF is transferred, ECC must repay all or part of the funding received with respect to a project allocation if the Board so requires because:
- The Council abandons the Project; or
 - A Project is changed and the Board declines to agree the change; or

- The Project can no longer meet the Grant Conditions.

9.3. Through the Board agreeing the change request, this would remove grounds on which to recover the LGF spend to date.

10. Financial Implications (Accountable Body comments)

10.1. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement which set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

10.2. The £4m LGF contribution that has been spent on this Project meets the conditions of the funding and the anticipated outcomes delivered are in line with the original business case, with the exception of the delivery of the Warley Interchange element.

10.3. The LGF allocation was made on the assumption that the full business case would be delivered and that this presented high value for money. It is noted that high value for money remains the expectation for the elements that have been delivered.

10.4. The acceleration of LGF, ahead of ECC investment, has culminated in a risk that the Warley Interchange enhancements won't be delivered in the medium term, due to the funding gap that is now in place. It is noted, however, that ECC are still committed to the delivering the scheme and are actively seeking alternative funding, albeit, should this be realised, the delivery would be expected to be outside of the Growth Deal period.

11. Legal Implications (Accountable Body comments)

11.1. There are no legal implications arising out of this report. There is no formally SLA in place between ECC as Accountable Body and ECC as an Upper Tier Authority as seen with all other SLA's relating to LGF funding, as it is not possible for an entity to legal contract with itself. However, there has remained the expectation that ECC will adhere to the terms of the SLA, as if it was a contracting party, in order to ensure that they are not placed in a beneficial position to the other upper tier authorities.

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:

A127 Network Resilience Project Change Request

- 12.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
 - 12.1.2. Advance equality of opportunity between people who shared a protected characteristic and those who do not;
 - 12.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 12.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision-making process and where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

13. List of Background Papers

- 13.1. Business Case for the A127 Network Resilience project
- 13.2. A127 Network Resilience Change Request

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee)	 24/5/19

Report title: Medway City Estate Update Report	
Report to Accountability Board on 7th June 2019	
Report author: Rhiannon Mort SELEP LGF Capital Programme Manager and Jessica Jagpal Medway Council LGF Programme Co-ordinator	
Date: 20.05.2019	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com or Jessica.jagpal@Medway.gov.uk	
SELEP Partner Authority affected: Medway	

1. Purpose of Report

- 1.1 The purpose of this report is to provide the Accountability Board (the Board) with an update on the delivery of the Medway City Estate (MCE) connectivity improvements measures project (the Project).
- 1.2 In December 2018, the Strategic Board agreed that all LGF projects which are identified as high risk must be considered by the Board by the end of June 2019, to determine the next steps for the Project. As such, this report provides an update on the delivery of the Project and sets out a proposed change of scope to Phase 2 of the Project, for consideration by the Board.

2. Recommendations

- 2.1. The Board is asked to agree one of the two following options:
 - 2.1.1. **Agree** that a Business Case should be brought forward to the Board for the revised scope of the Phase 2 Project; or
 - 2.1.2. **Agree** that Phase 2 of the Project should be removed from the LGF programme and that the remaining £1.5m LGF should be returned to SELEP for reallocation to an LGF pipeline project.

3. Medway City Estate (MCE) Connectivity Improvement Measures Scheme

Original project scope

- 3.1. The Project was awarded £2m LGF funding by SELEP on 20th March 2015, to deliver traffic and modal shift improvements, targeted at reducing congestion experienced by visitors and employees using the estate. The Project was designed to be an integrated package of infrastructure developments specifically aimed at addressing the existing barriers to movement to and from and within the MCE.

- 3.2. MCE is the largest concentrated area of employment in Medway. Efficient and effective commuter travel to and from MCE, is one of the main priorities for many of the businesses that operate on MCE, and is likely to be a main driver for any future businesses looking to invest in Medway and locate themselves on MCE. As such, Kent and Medway business representatives showed great enthusiasm for this Project when it was introduced.
- 3.3. The original Business Case for the Project sets out the Project's objectives, which outline that it would deliver commuter link improvements to the MCE, the central commercial and industrial area of Medway, resulting in shorter commuter times for the 6000 people (approximately) who work on the Estate, and instigating greener, more efficient modes of transport to the Estate. These improvements would assist with maintaining continued growth on MCE, a key employment area for Medway and beyond, as well as assist in reducing the impact of current high peak-time traffic flows on the Estate's existing entrance and exit road network.
- 3.4. The five main objectives of the Project, as set out within the original Business Case were to achieve:
- 3.4.1. **Economic benefits** to local businesses through improving the accessibility for businesses to undertake their activities;
 - 3.4.2. **Connectivity improvements** – removal of congestion hotspots to improve connectivity with markets;
 - 3.4.3. **(To address) disconnect** in the public realm between Chatham railway station and the centre of Chatham;
 - 3.4.4. **Reputational improvements** to MCE as a thriving business community; and
 - 3.4.5. **Addressing interdependence** with other related growth projects.
- 3.5. Phase 1 of the Project involved the installation of manually controlled traffic signals on the westbound entrance to Medway Tunnel to regularise flows through the Medway Tunnel and enable easier exit from MCE, provision of a web based CCTV system allowing staff on MCE to see the extent of congestion and make informed judgements as to when to depart work, and an extension of existing exit lanes on Anthony's Way on to the A289 / Anthony's Way roundabout to facilitate easier traffic movements out of the MCE.
- 3.6. Phase 1 transportation interventions were successfully completed by the end of the 2016/17 financial year and £500,000 was spent on the Project to do so. Indications are that the anticipated improvement in journey times for vehicles leaving the MCE are now being realised, with the traffic signals providing an

average time saving benefit of 39 seconds per vehicle over the peak hour period.

- 3.7. In the original Business Case, Phase 2 of the Project included the delivery of infrastructure for a river taxi to support better links with Chatham town centre, and other sustainable modes of travel, to support modal shift of up to 500 people.

Consultation

- 3.8. In March 2018, a survey of business owners was undertaken seeking views on improvements to ease congestion. Analysis of these results led to a further employee/visitor survey being undertaken in August 2018. Consultation revealed that the proposal for a river taxi did not hold support within the MCE community. In addition there was only limited support for sustainable travel elements from users of the estate.
- 3.9. The river taxi element is, therefore, no longer a viable output of the Project, and alternative measures to form Phase 2 are being considered, which reflect the expectations of businesses and users of the MCE. Support from MCE users for action has grown and user expectations are that any interventions must be transport focussed and direct in tackling congestion.

Revised Phase 2 Scope

- 3.10. Extensive consultation with businesses, employees and users of the MCE revealed that there was minimal support for the river taxi element and limited support for sustainable travel elements. These responses have been considered in depth by Medway Council in the preparation of the revised Phase 2 scope.
- 3.11. Development of alternative measures for Phase 2 have included preliminary designs for modal shift interventions, including off carriageway cycle provision, improved wayfinding to promote connectivity with Strood train station and provision of cycle stands and strategic cycle hubs within the estate. However, it has become clear that alternative sustainable travel elements would not instigate enough of an impact on traffic, to reduce congestion on the estate.
- 3.12. In response to user demands, Phase 2 of the Project will need to provide direct journey time improvements for users entering/exiting the estate. The proposal for Phase 2 is likely therefore to consist of the implementation of a dedicated slip road from Anthony's Way on the MCE onto Berwick Way.
- 3.13. The delivery of the slip road would be in line with a majority of the Project's original objectives, as it's specifically addresses the congestion issue on the

estate and would reduce the impact of current high peak-time traffic flows on the Estate's existing entrance and exit road network. Whilst the amended proposal would no longer deliver of the sustainable transport objectives of the Project, the delivery of the slip road would respond to user demands, made clear through consultation.

- 3.14. Transport modelling work is going to assess the benefits of the revised Phase 2 scheme. This includes an assessment of the interaction between the A289 Four Elms Roundabout to Medway Tunnel journey time improvement projects.
- 3.15. Should the Board support the change request for the Project, a revised business case will be brought forward for the revised project scope and assessed by the Independent Technical Evaluator, prior to a funding decision by the Board.
- 3.16. It is currently expected that the Phase 2 Project will be delivered before the 31st March 2021 and in advance of the A289 Four Elms Roundabout to Medway Tunnel journey time improvement project, in order to help reduce the disruption caused through the delivery of the two schemes in close proximity.

4. Project cost and funding

- 4.1. The total cost of Phase 2 of the project is estimated at £1.831m.
- 4.2. It is proposed by Medway Council that a 10% transfer of £200,000 is made to the Project from the Strood Town Centre journey times and accessibility enhancements LGF project. This transfer is permitted under the 10% per project flexibility set out within the SELEP Assurance Framework.
- 4.3. The Strood Town Centre project costs have been assessed and the transfer to the Project can be made, without outputs from the Strood Town Centre project being compromised.
- 4.4. It is intended that the remaining £131,000 project cost will be funded through Medway Council's Local Transport Plan funding.

5. Next Steps

- 5.1. As per the recommendation of the SELEP Deep Dive, there is a requirement for LGF underspend to be returned to SELEP for reallocation to pipeline projects. Accepting the Deep Dive recommendations from Central Government, the SELEP Assurance Framework prohibits LGF underspend, above a 10% threshold, from being retained by a Federated Area for transfer between projects or for spend on new projects, without the projects having been prioritised by the SELEP Investment Panel.

- 5.2. The Assurance Framework defines a new project where there is a change to the nature of the project outcomes to be achieved through the intervention or there is a change to the theme of the project (e.g. transport, housing, business support, flood management, skills, innovation).
- 5.3. Neither government nor SELEP has specified whether LGF underspends can be reallocated within a programme of measures. At the last meeting of the Board, Board members expressed a view that such changes to project scope should be considered by the Board on a case by case basis. As such, the Board is asked to consider whether the change to the Phase 2 Project should be considered as a change of scope, and therefore Medway Council will progress in developing an updated Business Case for the Phase 2 Project, or if the amended phase 2 is deemed a new project and that the remaining £1.5m LGF allocation to the Project should be reallocated through the LGF3b process.
- 5.4. If the Board agree the proposed amended scope of the phase 2 Project, an updated business case will be developed for the Project and will be considered at the next meeting of the Board on the 13th September 2019. This will include further details about the potential interdependency between this Project and the A289 Four Elms Roundabout to Medway Tunnel journey time improvement project.

6. Financial Implications (Accountable Body comments)

- 6.1. In considering the recommendations of this report, the Board is advised to assess the risk of further delay in spend of LGF in ensuring best use of funding and securing value for money in the use of the grant.
- 6.2. In the event that the Board agree to the proposal to amend the scope of Phase 2 of the Project, a revised Business Case will need to be produced demonstrating that value for money and that all funding streams are secured.
- 6.3. Should LGF be approved by the Board for spend on the Project, it will be transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 6.4. The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

7. Legal Implications (Accountable Body comments)

- 7.1 There are no legal implications arising out of the proposals set out within this report.

8. Equality and Diversity implication

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

9. List of Appendices

- 9.1. None

10. List of Background Papers

- 10.1. Original Business Case for the Medway City Estate project
- 10.2. SELEP Strategic Board Agenda Pack 20.03.2015, including decision to approve the Project

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	24/5/19

Forward Plan reference number:
FP/AB/222, FP/AB/221, FP/AB/224 and FP/AB/229

Report title: Capital Programme Management of the Local Growth Fund	
Report to Accountability Board	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Meeting Date: 7 th June 2019 Date of report: 21 st June 2019	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.Mort@southeastlep.com	
SELEP Partner Authority affected: East Sussex, Essex, Kent, Medway, Thurrock and Southend	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.
- 1.2 The report provides an update on the spend forecast for 2019/20, delivery of the LGF programme and the main programme risks.
- 1.3 The updated spend forecast now includes the LGF3b projects which were prioritised by the Investment Panel on the 8th March 2019.
- 1.4 As SELEP approaches the penultimate year of the LGF programme, the report provides a more detailed focus on risk and deliverability.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the updated LGF spend forecast for 2019/20, as set out in section 2.
 - 2.1.2. **Note** deliverability and risk assessment, as set out in section 5.
 - 2.1.3. **Note** the changes to 2018/19 LGF spend forecast, as set out in Appendix 2. *The financial end of year position will be reported to the Board in September 2019.*
 - 2.1.4. **Agree** the changes to 2019/20 LGF spend forecast, as set out in Appendix 2.
 - 2.1.5. **Agree** the removal of the Sturry Integrated Transport Project from the Growth Deal programme and the reallocation of the £300,000 LGF

provisional allocation to the project through the LGF3b process, as detailed in section 7 below.

2.1.6. **Agree** that the £83,825 LGF spend to date in the Sturry Integrated Transport Package must be returned to SELEP and the abortive revenue costs met locally.

2.1.7. **Agree** the removal of the East Peckham Project from the Growth Deal programme and the reallocation of the £2.287m LGF provisional allocation to the project through the LGF3b process, as detailed in section 8 below.

2.1.8. **Agree** spend of £4.662m LGF on the A127 Fairglens Junction Improvements in 2019/20, as detailed in section 4 below.

2.1.9. **Note** the request from the DfT for Essex County Council to re-profile their LGF funding allocation on the A127 Fairglens Junction Improvements project to ensure that the funding can be spent within the Growth Deal Period; This includes swapping out up to £3.556m LGF for historic spend as set out in section 4 below.

3. LGF spend forecast

3.1. The planned LGF spend in 2019/20 has been updated to take account of the updated spend forecast provided by each local area. Appendix 2 sets out the changes to LGF annual forecast spend for individual projects, whilst Appendix 3 provided detail of the impact of project slippages on project delivery timescales. There may be further slippages of LGF spend identified through the formal end of year reporting process. A final LGF spend position will be reported to the Board in September 2019.

3.2. The expected LGF spend in 2019/20 now totals £96.958m, excluding Department for Transport (DfT) retained schemes (see Table 1). This is relative to £110.661m available through the £54.915m allocation from the Ministry for Housing, Communities and Local Government (MHCLG) and the £55.746m carried forward from 2018/19, as set out in Table 2 below.

Table 1 LGF spend forecast 2019/20

LGF (£m)					Reasons for Variance	
	Planned spend in 2019/20	Total forecast spend in 2019/20 (as reported in May 2019)	Variance*	Forecast LGF spend relative to planned spend in 2019/20* (%)	Additional spend/slippage identified for 2019/20 since the last Board meeting	Additional spend/slippages due to changes to 2018/19 spend
East Sussex	9.346	16.458	7.112	176.1%	0.002	7.110
Essex	15.210	18.468	3.258	121.4%	0.200	3.058
Kent	18.289	24.984	6.695	136.6%	1.141	5.554
Medway	16.555	13.876	-2.679	83.8%	0.385	-3.064
Southend	15.693	13.457	-2.236	85.8%	-1.178	-1.058
Thurrock	4.410	9.715	5.305	220.3%	-0.509	5.814
Skills	0.000	0.000	0.000	100.0%	0.000	0.000
M20 Junction 10a	0.000	0.000	0.000	100.0%	0.000	0.000
LGF Sub-Total	79.503	96.958	17.455	122.0%	0.041	17.414
Retained	27.811	40.243	12.432	144.7%	12.032	0.400
Total Spend Forecast	107.314	137.201	29.886	127.8%	12.073	17.814

*Variance between the total planned spend in 2019/20 as reported in May 2019 and the total forecast LGF spend in 2019/20, as it currently stands.

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

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

	(£m)
LGF allocation in 2019/20 from MHCLG	54.915
LGF carried forward from 2018/19	55.746
Total LGF available in 2019/20	110.661
Total LGF spend in 2019/20	96.958
Total slippage from 2019/20 to 2020/21	13.703

- 3.3. As a result of the increase in LGF slippage from 2018/19 to 2019/20 and the inclusion of LGF3b projects within the LGF spend forecast, the spend forecast for 2019/20 has now increased. Opportunities have also been identified to accelerate LGF spend on specific projects, as detailed in Appendix 2. The forecast LGF spend in 2019/20 now totals £96.958m LGF, excluding DfT retained schemes, and £137.201m including DfT retained schemes, as set out in Table 1 above.

- 3.4. LGF spend for new LGF3b projects' is subject to the Board approving the funding award to these projects. A number of these projects are being considered as part of the decision making under previous agenda items.
- 3.5. The amount of LGF available in 2019/20 now exceeds the LGF spend forecast for projects currently included in the LGF programme by £13.703m, despite the new LGF3b projects having been included within the LGF programme. This increased slippage increases the potential risk re capacity to deliver in the final year of the programme.

4. DfT Retained schemes

- 4.1. There are six Department for Transport (DfT) retained schemes. For these schemes, additional reporting is provided to DfT directly. The LGF is also received by SELEP from DfT rather than from MHCLG, as is the case for all other LGF projects.
- 4.2. For two DfT retained schemes, namely A13 Widening and A127 Fairglen Interchange, due to the large amount of funding which is allocated to these projects, the approval of the business cases is a decision for the DfT.
- 4.3. As per the A13 widening update, included under Agenda Item 15, the project is progressing well and the opportunity has been identified to accelerate LGF spend in 2019/20 by £7.166m to £32.177m. This acceleration of spend is in the process of being confirmed with the DfT, as the grant award for 2019/20 has not yet been received from the DfT for this project.
- 4.4. The A127 Fairglen Interchange is still subject to business case approval by the DfT. However, the Business Case has already been reviewed by the SELEP Independent Technical Evaluator (ITE) as part of the funding decision for the A127 Fairglen New Link Road, which was awarded funding by the Board on the 15th February 2019. This funding decision was based on the ITE advice that the overall A127 Fairglen Interchange project will achieve high value for money with medium to high certainty of achieving this
- 4.5. Currently there is a risk that spend on the Project will extend beyond the end of the 31st March 2021 which is the end of the Growth Deal period. As a consequence, the DfT have requested that Essex County Council (ECC) accelerate spend of the DfT LGF contribution to the scheme in advance of other funding sources; in 2019/20 this equates to £4.662m LGF spend on the A127 Fairglen Interchange project .
- 4.6. In addition, the DfT have requested that ECC swap out £3.556m of historic spend by ECC on the project for LGF. As this swap cannot be retrospectively applied within ECC's accounts, ECC will apply the funding against its own capital programme in 2019/20 and then will fund future contributions from its own resources to the equivalent value of the swap.

- 4.7. Currently, however, the business case has yet to receive the required approvals from the DfT and the Minister. This approval is expected to be received by February 2020. To date, ECC have been incurring spend at risk that the LGF contribution may not be approved, albeit that the DfT are actively supporting the project through their requests to manage the funding profile.
- 4.8. As the business case has been approved by SELEP, it is recommended that the Board agree the request from the DfT to the acceleration of LGF spend on this project. This is subject to ECC accepting the risk of spending LGF on the project in advance of the business case having been agreed by the DfT.
- 4.9. The terms and conditions of the LGF contributions from the DfT have yet to be confirmed and agreed, as the grant offer letter has not yet been received. It is anticipated that the grant conditions will need to be agreed to confirm acceptance of the funding in advance of receipt.

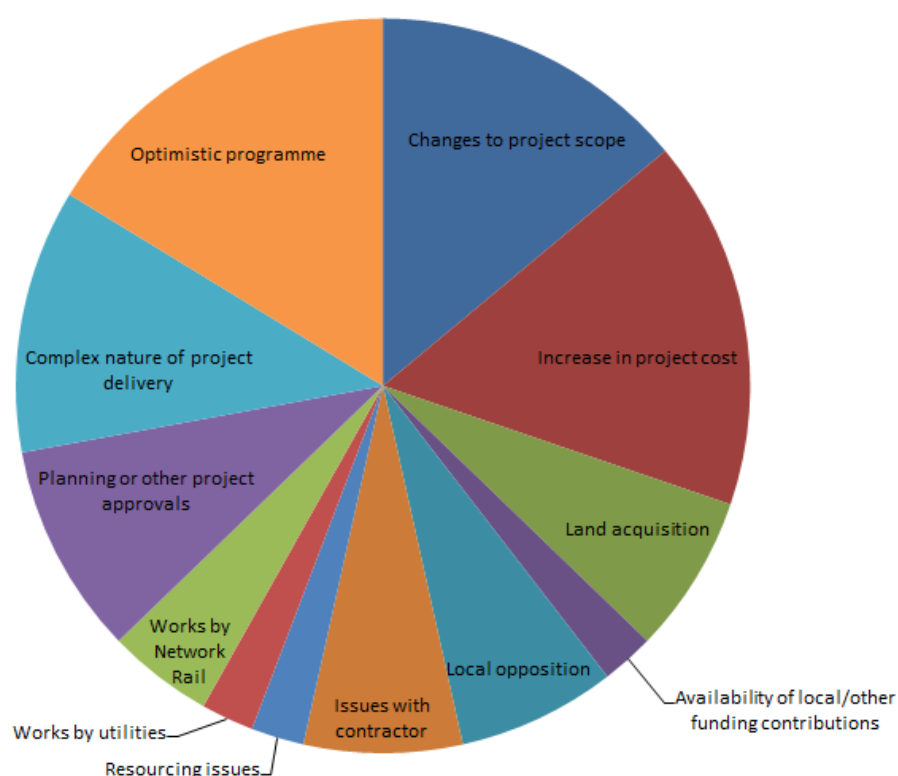
5. Deliverability and Risk

- 5.1. Appendix 3 sets out a delivery update and risk assessment for all projects included in the LGF programme. This provides a detailed breakdown of the delivery progress for each LGF project, relative to the expected completion dates as set out in the original business cases. A total of 26 projects have been completed to date.

An initial review has been undertaken of the delivery constraints which have resulted in delays to the delivery of LGF projects to date. This work has focused on the 22 projects which have experienced delays of greater than 12 months. As shown in Figure 1 below some of the main causes of project delays which have been identified include:

- Changes to project scope;
- Increases in project costs;
- Securing planning consent and other project approvals;
- Complexity in delivering projects; and
- Overly optimistic delivery programmes

Figure 1 Causes of delays to LGF projects



- 5.2. Furthermore, following concerns raised by Board members in relation to LGF projects which involve working with Network Rail and impact of delayed franchising decisions on investment in rolling stock, a letter has been drafted to the DfT for the Board's approval. This draft letter is included in appendix 4.
- 5.3. To date, it is reported that a total of 8,527 and 12,319 dwellings have been completed through LGF investment, as shown in Table 3 below. No outputs in terms of jobs or homes have been reported by Southend or Thurrock to date. The delivery of jobs and homes reported to date is lower than expected, relative to the 78,000 jobs and 29,000 homes committed through the Growth Deal. The latest forecast of the number of jobs and houses to be delivered across the SELEP area through LGF investment is higher than originally set out within the Growth Deal, as set out in Table 3 below.
- 5.4. It is forecast that during 2019/20, a total of 12,661 jobs and 5,223 houses will be delivered, as set out in Table 6 below
- 5.5. It is likely that the output and outcomes of LGF investment to date is currently understated. A lag is also expected between the investment being made and the delivery of the project outcomes.

Table 3 Jobs and homes delivered through LGF investment to date, including DfT retained schemes.

	To date			Forecast in 2019/20		Total forecast through delivery of the LGF programme	
	Jobs	Homes	Other outputs	Jobs	Houses	Jobs	Houses
East Sussex	1,376	1,841	0.5km of newly built road and 3km of new cycle route built	2,350	409	4,916	2,528
Essex	5,684	6,240		3,554	1,950	52,817	46,300
Kent	169	3,094	0.8km of road resurfaced, 0.1km of newly built road and 2.1km of new cycle route built	5,670	1,177	25,197	23,454
Medway	1,433	1,144	1.145km of road resurfaced and 13.6km of new cycle route built	867	1,616	19,057	9,905
Southend	0	0	3.432km of road resurfaced, 0.626km of newly built roads and 0.408km of new cycle route built	0	0	3,864	0
Thurrock	0	0	3.75km off-carriageway new cycle/shared use paths, 0.995km of on-carriageway cycle way, 7.5km of footways to off-carriageway cycle/shared used paths.	220	71	20,547	6,859
Total	8,662	12,319		12,661	5,223	126,398	89,046

- 5.6. Deadlines have been agreed with local delivery partners for the completion of one year post scheme evaluation, to enable more detailed reporting to the Board and Central Government about the benefits which have been achieved through LGF investment, as well as supporting the sharing of lessons learnt through project delivery.
- 5.7. The summary project risk assessment position is set out in Table 4 below. A score of 5 represents high risk whereas a score of 1 represents low risk.
- 5.8. The risk assessment has been conducted for the assessment of LGF projects based on:
- 5.8.1. Delivery – considers project delays and any delays to the delivery of project outputs/outcomes. SELEP has also considered the delay between the original expected project completion date (as stated in the project business case) and the updated forecast project completion date.

- 5.8.2. Finances – considers changes to project spend profiles and project budget. SELEP has considered the certainty of match funding contributions, and changes to spend in 2018/19 between the planned spend (agreed with the Board at the outset of the financial year) and the updated forecast total spend for 2018/19).
(40-60% slippage = 3, 60-80% slippage = 4, Greater than 80% slippage = 5).
- 5.8.3. Reputation – considers the reputational risk for the delivery partner, local authority and SELEP
- 5.9. Since the end of the last calendar year, the number of projects with an overall risk score of 5 has decreased, as a result of funding decisions having been made in relation to certain projects and other projects having been removed from the LGF programme. Furthermore, the Cities and Local Growth Unit (CLoG) provide a view that that LGF could be spent beyond the Growth Deal (31st March 2021) if a strong case could be made and justified. Spend of LGF beyond the 31st March 2021 is subject to the Board agreeing that five specific conditions have been met. This has reduced the risk for certain LGF projects.
- 5.10. The conditions which need to be satisfied for LGF spend to be permitted by the Board beyond the 31st March 2021 include:
- 5.10.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
 - 5.10.2. A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
 - 5.10.3. All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding courses are in place to deliver the project beyond the Growth Deal;
 - 5.10.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021; and
 - 5.10.5. Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project.
- 5.11. As agreed by the Strategic Board in December 2018, all red RAG (red-amber-green) rated projects which have not been considered by the Board in the last 6 months, are being reviewed as part of this Board meeting (7th June 2019) to consider the next steps. At this meeting, it is expected that either an update report will be provided to the Board to give assurance that the project's risk can be mitigated or that the decision report will be brought to the Board to seek agreement on the next steps for the project.
- 5.12. The total LGF allocation to red RAG rated projects is £36.836m. This is a £5.2m reduction relative to the £42.036m LGF allocation to red RAG rated projects, as reported to the last meeting of the Board. This is the result of the Board having agreed to the cancelation of two high risk projects.

Table 4 LGF project delivery, financials and reputational risk (5 high risk, 1 low risk)

Score	Delivery	Financials	Reputation	Overall
5	11	17	3	7
4	14	11	5	12
3	11	7	13	19
2	14	8	14	19
1	50	57	65	43
Total	100	100	100	100

5.13. Seven projects have been identified as having a high overall project risk (overall risk score of 5). These projects include:

- A131 Braintree to Sudbury, Essex

The project has been removed from Essex County Council's capital programme. However, £1.8m LGF currently remains allocated to the project. An update report is provided under Agenda Item 11.

- Beaulieu Park Railway Station, Essex

The project has been awarded £12m LGF by the Board, subject to certain conditions being satisfied. One of the three funding conditions was for the SELEP Strategic Board to endorse spend of £9.27m LGF beyond the Growth Deal period (31/03/2021). This endorsement was secured from the Strategic Board at its meeting on the 22nd March 2019. The remaining two funding conditions must now be satisfied by December 2019.

The remaining two funding conditions include:

- A Value for Money review being completed for the overall Project by MHCLG, as part of the Housing Infrastructure Fund (HIF), that meets the requirements of the value for money exemption 2 of the SELEP Assurance Framework; and
- Receipt of evidence from Essex County Council that they have been awarded sufficient funding through the MHCLG's HIF and through funding contributions from Network Rail, to bridge the project funding gap.

The HIF application has now been submitted by Essex County Council and the Board will be updated on the outcome of this application once known.

- A28 Chart Road, Kent

The delivery of the A28 Chart Road scheme in Ashford is currently on hold following the failure of the developer to provide the security bond required for Kent County Council to forward fund the delivery of the scheme. A full update report is provided under Agenda Item 18.

- A28 Sturry Link Road, Kent

The project was awarded £5.8m LGF by the Board in June 2016. However, the funding package to deliver the project is dependent on private sector developer contributions. The pace of residential development coming forward will impact the deliverability of the project and spend of the funding contributions within the Growth Deal period. A full update report is provided under Agenda Item 19.

- Medway City Estate Connectivity Improvement Measures, Medway

Medway City Estate project was approved by the Board in March 2015 for the award of £2m LGF. The Business Case includes measures for a direct river taxi from Medway City Estate to Chatham town centre, including a new landing stage on the River Medway at Medway City Estate. Further engagement with businesses on Medway City Estate has not demonstrated sufficient demand for the walking, cycling and river taxi options proposed within the original Business Case. As such, an amended proposal is being brought forward by Medway Council. A full update report has is provided under agenda item 13.

- A28 Sturry Integrated Transport Package, Kent

A full update is provided in section 7 below.

- Leigh Flood and East Peckham Storage Area, Kent

A full update is provided in section 8 below.

6. LGF Programme Risks

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

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

Risk: Currently Government has only given a provisional funding allocation for future years of the LGF programme. Whilst the £54.915m LGF award for 2019/20 has now been received, the transfer of £77.873m in 2020/21 remains dependent on full compliance with the requirements of the LEP review, National Local Growth Assurance Framework and successful outcome of the Annual Performance Review.

Mitigation: Agenda Item 17, Operational Plan and Assurance Framework Implementation update, details the latest position in relation to compliance with the governance requirements from Central Government and actions to address these.

LGF spend within Growth Deal period

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

Mitigation: The LGF3b process is well underway to establishing a project pipeline to the end of the Growth Deal should underspend become available. The SELEP Investment Panel is due to meet again on the 28th June 2019 to agree the LGF project pipeline of projects to progress if LGF underspend is identified.

Slippage of LGF to future years of the programme

Risk: A slippage of £55.746m LGF has been reported from 2018/19 to 2019/20 (the final 2018/19 spend position will be reported to the Board in September 2019). Based on the current spend forecast for 2019/20, a slippage of £13.703m LGF is already anticipated from 2019/20 to 2020/21. The backloading of LGF spend will create delivery pressures during the final years of the Growth Deal programme.

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

Mitigation: There will be clear communication with Government about the successful delivery of LGF projects to date and justification provided where slippage of LGF spend is expected beyond 31st March 2021.

Evidenced delivery of project outputs and outcomes

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

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

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

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

7. Sturry Integrated Transport Package - LGF reallocation to central 'unallocated' LGF pot

- 7.1. The Sturry Integrated Transport Package, Canterbury, was awarded £300,000 LGF by the Board in November 2015 for the 0.7km extension of the existing bus lane along the A28 Sturry Road corridor to enhance the provision of public transport. The total project cost was estimated at £550,000 at the stage of business case approval in November 2015.
- 7.2. The Sturry Integrated Transport Package is considered as a separate project to the A28 Sturry Link Road project, considered under agenda item 19.
- 7.3. The overall objective of the project was to help reduce congestion for bus users along the A28 corridor. This would benefit existing bus service users as well as encouraging travellers to switch from car use to bus for more sustainable journeys into Canterbury City Centre.
- 7.4. Whilst the project Business Case set out the intention for the project to be delivered by the end of 2016, the project has been put on hold due to local concerns about the project and traffic diversions which would be required to deliver the project. As such, the project has been red rated by SELEP and the Kent and Medway Economic Partnership (KMEP) in terms of delivery risk.
- 7.5. Whilst revised scheme options have been explored, the alternative options would involve diversion of utilities. This would add considerably to the project's complexity, amount of disruption caused during project delivery and would substantially increase the overall project cost.
- 7.6. The revised scheme options would take 28 weeks to deliver and has an estimated cost of £1.350m; by far exceeding the available budget for the project. The increase in project cost would also reduce the overall benefit to cost ratio for the project.
- 7.7. As no suitable alternative funding has been identified, it is recommended that the £300,000 LGF allocation to the Project is returned to the 'unallocated' central LGF pot for reallocation through the LGF3b pipeline development process.
- 7.8. The cancellation of the project from the LGF programme and the escalation of the total project cost are likely to prohibit the delivery of the project in the

short to medium term. This will prevent the project benefits, in encouraging modal shift from private car to bus use along the A28 corridor, from being achieved. The substantial planned growth along the A28 corridor is also likely to exacerbate existing congestion issues along this corridor.

- 7.9. To date, a total of £83,825 LGF has been spent on the project. As it is not intended that the project will progress to delivery, this funding must be returned to SELEP under the terms of the funding agreement (SLA) in place and the cost of the abortive cost must be met locally.
- 7.10. Given that the project has not been able to progress since the original funding award in 2015, the reallocation of the £300,000 LGF allocation to the project will enable alternative projects to progress which are likely to demonstrate greater certainty of deliverability and benefit realisation within the short to medium term.

8. Leigh Flood and East Peckham Storage Area Project - LGF reallocation to central 'unallocated' LGF pot

- 8.1. The Leigh Flood Storage Area was awarded £2.349m LGF by the Board in September 2018, as part 1 of the project. The remaining £2.287m is allocated to the East Peckham scheme, as part 2, but has not yet been considered by the Board for a funding award.
- 8.2. The East Peckham Phase 2 scheme is not as well developed as the Part 1 project and there is a high risk that the LGF allocated to this part of the project cannot be spent within the Growth Deal period (ending 31st March 2021).
- 8.3. Whilst central government has indicated some flexibility for LGF to be spent beyond the 31st March 2021, the Board has agreed that certain conditions must be satisfied, as listed below. The project has not been able to demonstrate that it fulfils these requirements. Specifically, the project cannot demonstrate that it meets conditions 1, 3 and 5.
- 8.4. The five conditions which a project must satisfy for the extension of LGF spend beyond 31st March 2021 include:

Condition 1 - A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;

Condition 2 - A direct link to the delivery of jobs, houses or improved skills levels within the SELEP area;

Condition 3 - All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal;

Condition 4 - Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021; and

Condition 5 - Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project.

- 8.5. Given the uncertainty as to the delivery timescales for the project, the lack of security of the additional funding sources required to deliver the project, and the expected extension of the project beyond the Growth Deal period, it is recommended that the project is cancelled from the current LGF programme.
- 8.6. This will result in the £2.287m LGF allocation to the Project being reallocated through the LGF3b process.
- 8.7. Locally this project remains a priority and as such, it is suggested by KMEP that this project should be considered by the Investment Panel for future funding should suitable future funding streams be identified which align more closely with the timescales for project delivery.

9. LGF3b

- 9.1. Following the last meeting of the Board, the amount of unallocated LGF now totals £5.2m. This follows the cancellation of the Chelmsford Flood Alleviation Project and A2 Wincheap off-slip.
- 9.2. In addition, further projects are considered for cancellation as part of this agenda pack and meeting. If the recommendations to remove the East Peckham Phase 2 project and the Sturry Integrated Transport Package from the LGF programme, and to reallocate the remaining £7.371m LGF from the A28 Chart Road (considered under agenda item 18) this will further increase the amount of unallocated LGF which is available to a total of £15.158m.

Table 5 Amount of unallocated LGF, subject to the recommendations made in the June 2019 Agenda Pack being agreed

Unallocated LGF (£m)	
Project removed from programme, as agreed in April 2019	
Chelmsford Flood Alleviation	0.800
A2 Wincheap off-slip	4.400
Funding recommended for reallocation in June 2019	
East Peckham Flood Deference*	2.287
A28 Sturry Integrated Transport Package	0.300
A28 Chart Road **	7.371
Total	15.158

*Phase 2 of Leigh and East Peckham flood storage area scheme

**Return of proportion of unspent LGF allocation

- 9.3. A meeting of the Investment Panel has been scheduled for the 28th June 2019 to agree a pipeline of LGF projects to utilise the unallocated LGF and any further underspend made available through future decision making by the Board.

10. Financial Implications (Accountable Body comments)

- 10.1. All funding allocations that have been agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, however, funding for future years is indicative.
- 10.2. Government has made future funding allocations contingent on full compliance with the revised National Local Growth Assurance Framework. Allocations are also contingent on the Annual Performance Review of SELEPs LGF programme by Government and assurance from the Accountable Body's s151 Officer that the financial affairs of the SELEP are being properly administered.
- 10.3. A key assessment made in the Annual Performance Review is effective delivery of the Programme; it is noted that there was a high level of slippage from 2018/19 into 2019/20 totalling £55.5m; in addition, slippage of in excess of £13.7m is already reported into 2020/21. This creates a risk to delivery in the remaining two years of the programme.

- 10.4. It is noted that there remains a continuing risk for some projects that have received board approval for their LGF allocations, however, due to local issues, including funding gaps, have been unable to progress with full delivery of those Projects. These projects are now due for consideration to determine whether they should retain their funding allocations.
- 10.5. Three programmes have been recommended for the re-allocation of their approved LGF contributions, through the Investment Panel. This is in line with the requirements of the SELEP Assurance Framework.
- 10.6. In considering the recommendations for the removal of these schemes from the LGF programme, the Board is advised to assess the risk of further delay in spend of LGF in ensuring best use of funding and securing value for money in the use of the grant.
- 10.7. Should the Board choose to approve the recommendations for the removal of these three schemes from the programme, then, in the instances where LGF spend has already been incurred, this funding may be requested to be returned under the terms of the funding agreement or SLA in place with the respective sponsoring local authority.
- 10.8. The Funding Agreements set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 10.9. ECC, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 10.10. Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.

11. Legal Implications (Accountable Body comments)

- 11.1. There are in place SLA's between Essex County Council, as Accountable Body, and the respective upper tier authorities. These agreements set out the terms and condition upon which the LGF funding is transferred to them, following approval from the Board. Where projects are removed from the capital programme, the allocations would be returned to SELEP for allocation as part of the LGF3b progress. Where LGF has been transferred and spend incurred, in the event of the project being cancelled, that spend will return to SELEP in accordance with the provisions set out within the agreements in place.

12. Equality and Diversity implication

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

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

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

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

13. List of Appendices

- 12.1 Appendix 1 - LGF financial update
- 12.2 Appendix 2 - Changes to 2019/20 spend forecast
- 12.3 Appendix 3 - Project deliverability and risk update
- 12.4 Appendix 4 - Letter to Department for Transport
- 12.5 Appendix 5 – Capital Skills Project update

14. List of Background Papers

13.1 None

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

Role	Date
Accountable Body sign off (On behalf of Margaret Lee, S151 Officer, Essex County Council)	04/04/19

Appendix 1 - LGF spend profile										
SELEP number	Project Name	Promoter	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20	2020/21	Future Years	All Years
East Sussex										
LGF00002	Newhaven Flood Defences	East Sussex	0.300	0.800	0.400		0.000			1.500
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport	East Sussex	0.000	0.000	0.254	0.000	1.846			2.100
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	0.600	0.370	1.630	0.498	2.002	1.500		6.600
LGF00036	Queensway Gateway Road	East Sussex	1.419	1.121	5.000	0.890	1.570			10.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.505	0.895			0.000			1.400
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.530	1.170			0.000			1.700
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	6.410	4.600	5.590	2.000	0.000			18.600
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	0.000	0.000	0.345	0.796	4.411	3.448		9.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined)	East Sussex	0.000	0.000						
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	0.000	0.550	0.245	3.700	1.505	2.000		8.000
LGF00073	A22/A27 junction improvement package	East Sussex	0.000	0.000			0.000			
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.667	0.000	0.000			0.667
LGF00097	East Sussex Strategic Growth Project	East Sussex	0.000	0.000	3.550	4.350	0.300			8.200
LGF00099	Devonshire Park	East Sussex	0.000	0.000	5.000	0.000	0.000			5.000
LGF00108	Bexhill Enterprise Park North	East Sussex	0.000	0.000	0.000	0.000	1.940			1.940
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	0.000	0.000	0.000	0.000	2.384	0.534		2.918
LGF00110	Sidney Little Road Business Incubator Hub	East Sussex	0.000	0.000	0.000	0.000	0.500			0.500
Essex										
LGF00004	Colchester Broadband Infrastructure	Essex	0.200	0.000	0.000	0.000	0.000			0.200
LGF00025	Colchester LSTF	Essex	0.911	1.489	0.000	0.000	0.000			2.400
LGF00026	Colchester Integrated Transport Package	Essex	1.527	0.673	1.400	1.400	0.000			5.000
LGF00027	Colchester Town Centre	Essex	0.955	2.849	0.796	0.000	0.000			4.600
LGF00028	TGSE LSTF - Essex	Essex	2.131	0.869	0.000	0.000	0.000			3.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	5.870	2.130	2.000	0.487	0.000			10.487
LGF00032	A414 Maldon to Chelmsford RBS	Essex	1.000	1.000	0.000	0.000	0.000			2.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	0.409	0.605	1.986	0.000	0.000			3.000
LGF00034	Basildon Integrated Transport Package	Essex	1.633	0.000	0.000	0.750	4.203	0.000		6.586
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	6.800	-1.000	0.000	0.000	0.000			5.800
LGF00048	A131 Chelmsford to Braintree	Essex	0.000	0.000	1.396	2.000	0.264			3.660
LGF00049	A414 Harlow to Chelmsford	Essex								
LGF00050	A133 Colchester to Clacton	Essex	0.000	0.000	0.000	1.370	1.370			2.740
LGF00051	A131 Braintree to Sudbury	Essex						1.800		1.800
LGF00063	Chelmsford City Growth Area Scheme	Essex	0.000	0.000	1.000	2.500	4.000	2.500		10.000
LGF00064	Chelmsford Flood Alleviation Scheme	Essex	0.000							
LGF00070	Beaulieu Park Railway Station	Essex	0.000	0.000	0.000	0.000	0.000	2.730	9.270	12.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.000	0.667	0.000	0.000			0.667
LGF00095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000	5.000	0.000	0.000			5.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	0.000	0.000	2.000	1.500	0.000			3.500
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	0.000	0.000	1.000	1.000	0.000			2.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	0.000	0.000	0.100	1.900	3.000			5.000
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	0.000	0.000		1.700	0.673	3.862		6.235
LGF00103	M11 Junction 8 Improvements	Essex	0.000	0.000		1.800	0.900	0.034		2.734
LGF00105	Mercury Rising Theatre	Essex	0.000			0.000	1.000			1.000
LGF00111	Digital Technologies Campus, Basildon	Essex				0.000	1.150	1.000		2.150
LGF00112	Colchester Institute	Essex				0.000	0.050	0.050		0.100
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learning	Essex				0.000	0.800	0.100		0.900
LGF00114	Flightpath Phase 2	Essex				0.000	1.058	0.364		1.422
Kent										
LGF00003	I3 Innovation Investment Loan Scheme	Kent	0.000	0.389	2.951	0.941	1.000	0.720		6.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	1.833	0.799	0.000	0.000	0.000			2.631
LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.345	2.155	0.001	0.000	0.000			2.500
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.488	1.712	0.000	0.000	0.000			2.200
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Road)	Kent	0.603	0.189	0.049	0.314	0.250	0.395		1.800
LGF00010	Kent Thameside LSTF	Kent	2.051	0.480	0.720	0.252	0.452	0.544		4.500
LGF00011	Maidstone Gyratory Bypass	Kent	0.704	3.724	0.171	0.000	0.000			4.600
LGF00012	Kent Strategic Congestion Management programme	Kent	0.863	0.687	0.604	0.236	0.893	1.517		4.800
LGF00013	Middle Deal transport improvements	Kent	0.000	0.800	0.000	0.000	0.000			0.800
LGF00014	Kent Rights of Way improvement plan	Kent	0.193	0.056	0.137	0.177	0.150	0.286		1.000
LGF00015	Kent Sustainable Interventions Programme	Kent	0.143	0.406	0.529	0.394	0.647	0.608		2.728
LGF00016	West Kent LSTF	Kent	0.800	1.308	0.333	1.389	0.470	0.600		4.900
LGF00017	Folkestone Seafont : onsite infrastructure and engineering works	Kent	0.533	0.008	0.000	0.000	0.000			0.541
LGF00038	A28 Chart Road	Kent	0.885	0.984	0.887	0.000	3.119	4.325		10.200
LGF00039	Maidstone Integrated Transport	Kent	0.000	0.265	1.114	0.668	3.101	3.752		8.900
LGF00040	A28 Sturry Link Road	Kent	0.000	0.401	0.385	0.285	2.394	2.435		5.900
LGF00053	Rathmore Road	Kent	1.562	2.638	0.000	0.000	0.000			4.200
LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	0.022	0.005	0.056	0.000	0.216			0.300
LGF00055	Maidstone Sustainable Access to Employment	Kent	0.131	1.869	0.000	0.000	0.000			2.000
LGF00059	Ashford Spurs	Kent	0.000	0.167	4.173	1.414	2.143			7.897
LGF00041	Thanet Parkway	Kent	0.000	0.000	0.000	0.000	4.000	10.000000		14.000
LGF00058	Dover Western Dock Revival	Kent	0.000	4.915	0.085	0.000	0.000			5.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent								
LGF00062	Folkestone Seafont (non-transport)	Kent	0.000	1.967	3.033	0.000	0.000			5.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	0.000	0.715	0.846	2.638	0.000			4.200
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.000	0.000	0.063	0.511	0.092			0.667
LGF00086	Dartford Town Centre Transformation	Kent	0.000	0.000	0.000	0.522	3.360	0.418		4.300
LGF00088	Fort Halsted (removed from Programme)	Kent								
LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.299	0.966	0.000	0.000		1.265
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise	Kent	0.000	0.000	1.953	4.167	0.000	0.000		6.120
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from Programme)	Kent								
LGF00094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	0.000	0.000	0.000	0.983	1.365	2.288		4.636

Appendix 1 - LGF spend profile										
SELEP number	Project Name	Promoter	2015/16 (total)	2016/17 (total)	2017/18 (Total)	2018/19 (Total)	2019/20	2020/21	Future Years	All Years
LGF000106	Sandwich Rail Infrastructure	Kent	0.000	0.000	0.000	0.040	1.331	0.532		1.903
Medway										
LGF000018	A289 Four Elms Roundabout to Medway Tunnel Journey time and	Medway	0.298	0.402	0.347	0.393	0.937	3.500	5.224	11.100
LGF000019	Strood Town Centre Journey Time and Accessibility Enhancement	Medway	0.200	1.772	0.944	1.384	4.500	0.000		8.800
LGF000020	Chatham Town Centre Place-making and Public Realm Package	Medway	0.870	0.945	0.881	0.747	0.756	0.000		4.200
LGF000021	Medway Cycling Action Plan	Medway	0.228	1.150	0.919	0.203	0.000	0.000		2.500
LGF000022	Medway City Estate Connectivity Improvement Measures	Medway	0.300	0.181	0.035	0.088	1.396	0.000		2.000
LGF000061	Rochester Airport - phase 1	Medway	0.000	0.179	0.182	0.260	3.778	0.000		4.400
LGF000089	Rochester Airport - phase 2	Medway	0.000	0.000	0.000	0.099	2.508	1.093		3.700
LGF000091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	1.122	2.378	0.000	0.000		3.500
LGF000115	Innovation Parkway Medway -Phase 3 Enabling Infrastructure	Medway	0.000	0.000	0.000	0.000	0.000	1.519		1.519
Southend										
LGF000005	Southend Growth Hub	Southend	0.018	0.702	0.000	0.000	0.000	0.000		0.720
LGF000107	Sothend Forum 2	Southend	0.000	0.000	0.000	0.471	1.029	4.500		6.000
LGF000029	TGSE LSTF - Southend	Southend	0.800	0.200	0.000	0.000	0.000	0.000		1.000
LGF000045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	0.000	0.767	1.083	1.279	1.419	2.452		7.000
LGF000057	London Southend Airport Business Park Phase 1 and 2 (including	Southend	0.000	2.366	2.076	4.303	11.009	3.336		23.090
Thurrock										
LGF000030	TGSE LSTF - Thurrock	Thurrock	0.569	0.162	-0.015	0.160	0.125	0.000		1.000
LGF000046	Thurrock Cycle Network	Thurrock	0.000	0.096	2.384	2.520	0.000	0.000		5.000
LGF000047	London Gateway/Stanford le Hope	Thurrock	0.000	0.663	1.592	2.514	2.731	0.000		7.500
LGF000052	A13 Widening - development	Thurrock	0.000	2.708	0.000	2.292	0.000	0.000		5.000
LGF000056	Purfleet Centre	Thurrock	0.000	0.645	1.000	0.196	3.159	0.000		5.000
LGF000104	Grays South	Thurrock	0.000	0.000	0.000	0.000	3.700	7.140		10.840
Managed Centrally										
LGF000001	Skills	Skills	9.923	11.980	0.071					21.975
LGF000071	M20 Junction 10a	Kent			8.300	11.400				19.700
	Unallocated								5.200	
Sub Total			55.563	69.681	79.332	75.226	96.958	71.883	19.693	463.135
Provisional Funding Allocation from MHCLG			69.450	82.270	92.088	91.739	54.915	77.873		468.335
LGF slippage 2015/16 to 2016/17			13.887							
LGF slippage from 2016/17 to 2017/18			26.476							
LGF slippage from 2017/18 to 2018/19			39.233							
Forecast LGF slippage 2018/19 to 2019/20			55.746							
Forecast LGF slippage 2019/20 to 2020/21			13.703							
Forecast LGF slippage 2020/21 to 2021/22			19.693							
DfT Retained schemes										
LGF000079	A127 Fairglen Junction Improvements	Essex	0.000	0.000	0.000	0.000	4.662	6.786		11.448
LGF000080	A127 Capacity Enhancements Road Safety and Network Resilience	Essex	0.513	3.487	0.000	0.000	0.000	0.000		4.000
LGF000081	A127 Kent Elms Corner	Southend	0.500	2.389	1.411	0.000	0.000	0.000		4.300
LGF000082	A127 The Bell	Southend	0.000	0.000	0.000	0.369	0.831	3.100		4.300
LGF000083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	0.400	0.289	0.311	0.427	2.573	4.000		8.000
LGF000084	A13 Widening	Thurrock	0.000	0.000	13.408	11.507	32.177	8.965		66.057

* LGF spend on A289 Four Elms Roundabout to Medway Tunnel Journey time and Network improvements beyond 31st March 2021 requires approval as part of future decision to the Board

Appendix 2 - Changes to 2019/20 spend forecast (£m)

SELEP number	Project Name	Promoter	2019/20 planned spend	Forecast LGF spend in 2019/20 as reported in March 2019	Changes to LGF spend forecast agreed by the Board in April 2019	Forecast LGF spend in 2019/20 as reported in May 2019	Difference between 2019/20 spend as reported in March 2019 and May 2019
East Sussex							
LGF00002	Newhaven Flood Defences	East Sussex	0.000	0.000	0.000	0.000	0.000
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport	East Sussex	1.782	1.782	0.000	1.846	0.064
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	1.779	2.064	0.285	2.002	-0.062
LGF00036	Queensway Gateway Road	East Sussex	0.000	1.570	1.570	1.570	0.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	0.000	0.000	0.000	0.000	0.000
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	0.000	0.000	0.000	0.000	0.000
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	0.000	0.000	0.000	0.000	0.000
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	4.280	4.411	0.131	4.411	0.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined)	East Sussex	0.000	0.000	0.000	0.000	0.000
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	1.505	1.505	0.000	1.505	0.000
LGF00073	A22/A27 junction improvement package	East Sussex	0.000	0.000	0.000	0.000	0.000
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.000	0.000	0.000
LGF00097	East Sussex Strategic Growth Project	East Sussex	0.000	0.300	0.300	0.300	0.000
LGF00099	Devonshire Park	East Sussex	0.000	0.000	0.000	0.000	0.000
LGF00108	Bexhill Enterprise Park North	East Sussex	0.000	1.940	1.940	1.940	0.000
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	0.000	2.384	2.384	2.384	0.000
LGF00110	Sidney Little Road Business Incubator Hub	East Sussex	0.000	0.500	0.500	0.500	0.000
Essex							
LGF00004	Colchester Broadband Infrastructure	Essex	0.000	0.000	0.000	0.000	0.000
LGF00025	Colchester LSTF	Essex	0.000	0.000	0.000	0.000	0.000
LGF00026	Colchester Integrated Transport Package	Essex	0.000	0.000	0.000	0.000	0.000
LGF00027	Colchester Town Centre	Essex	0.000	0.000	0.000	0.000	0.000
LGF00028	TGSE LSTF - Essex	Essex	0.000	0.000	0.000	0.000	0.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	0.000	0.000	0.000	0.000	0.000
LGF00032	A414 Maldon to Chelmsford RBS	Essex	0.000	0.000	0.000	0.000	0.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	0.000	0.000	0.000	0.000	0.000
LGF00034	Basildon Integrated Transport Package	Essex	4.203	4.203	0.000	4.203	0.000
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	0.000	0.000	0.000	0.000	0.000
LGF00048	A131 Chelmsford to Braintree	Essex	0.264	0.264	0.000	0.264	0.000
LGF00049	A414 Harlow to Chelmsford	Essex	0.000	0.000	0.000	0.000	0.000
LGF00050	A133 Colchester to Clacton	Essex	1.370	1.370	0.000	1.370	0.000
LGF00051	A131 Braintree to Sudbury	Essex	0.000	0.000	0.000	0.000	0.000
LGF00063	Chelmsford City Growth Area Scheme	Essex	4.000	4.000	0.000	4.000	0.000
LGF00064	Chelmsford Flood Alleviation Scheme	Essex	0.800	0.800	0.000	0.000	-0.800
LGF00070	Beaulieu Park Railway Station	Essex	0.000	0.000	0.000	0.000	0.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.000	0.000	0.000	0.000
LGF00095	Gilden Way Upgrading, Harlow	Essex	0.000	0.000	0.000	0.000	0.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	0.000	0.000	0.000	0.000	0.000
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	0.000	0.000	0.000	0.000	0.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	3.000	3.000	0.000	3.000	0.000
LGF00102	A127/A130 Fairglens Interchange new link road	Essex	0.673	0.673	0.000	0.673	0.000
LGF00103	M11 Junction 8 Improvements	Essex	0.900	0.900	0.000	0.900	0.000
LGF00105	Mercury Rising Theatre	Essex	0.000	0.000	0.000	1.000	1.000
LGF00111	Digital Technologies Campus, Basildon	Essex	0.000	1.150	1.150	1.150	0.000
LGF00112	Colchester Institute	Essex	0.000	0.050	0.050	0.050	0.000
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learning	Essex	0.000	0.800	0.800	0.800	0.000
LGF00114	Flightpath Phase 2	Essex	0.000	1.058	1.058	1.058	0.000
Kent							
LGF00003	I3 Innovation Investment Loan Scheme	Kent	1.000	1.000	0.000	1.000	0.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	0.000	0.000	0.000	0.000	0.000
LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.000	0.000	0.000	0.000	0.000
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.000	0.000	0.000	0.000	0.000
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Road)	Kent	0.556	0.555	0.000	0.250	-0.305
LGF00010	Kent Thameside LSTF	Kent	0.379	0.639	0.260	0.452	-0.187
LGF00011	Maidstone Gyratory Bypass	Kent	0.000	0.000	0.000	0.000	0.000
LGF00012	Kent Strategic Congestion Management programme	Kent	0.800	0.800	0.000	0.893	0.093
LGF00013	Middle Deal transport improvements	Kent	0.000	0.000	0.000	0.000	0.000
LGF00014	Kent Rights of Way improvement plan	Kent	0.150	0.150	0.000	0.150	0.000
LGF00015	Kent Sustainable Interventions Programme	Kent	0.755	0.755	0.000	0.647	-0.108

Appendix 2 - Changes to 2019/20 spend forecast (£m)

SELEP number	Project Name	Promoter	2019/20 planned spend	Forecast LGF spend in 2019/20 as reported in March 2019	Changes to LGF spend forecast agreed by the Board in April 2019	Forecast LGF spend in 2019/20 as reported in May 2019	Difference between 2019/20 spend as reported in March 2019 and May 2019
LGF00016	West Kent LSTF	Kent	0.700	0.700	0.000	0.470	-0.230
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.000	0.000	0.000	0.000	0.000
LGF00038	A28 Chart Road	Kent	3.119	3.119	0.000	3.119	0.000
LGF00039	Maidstone Integrated Transport	Kent	3.285	3.349	0.064	3.101	-0.248
LGF00040	A28 Sturry Link Road	Kent	0.000	2.394	2.394	2.394	0.000
LGF00053	Rathmore Road	Kent	0.000	0.000	0.000	0.000	0.000
LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	0.216	0.216	0.000	0.216	0.000
LGF00055	Maidstone Sustainable Access to Employment	Kent	0.000	0.000	0.000	0.000	0.000
LGF00059	Ashford Spurs	Kent	1.632	2.265	0.633	2.143	-0.122
LGF00041	Thanet Parkway	Kent	2.355	3.355	1.000	4.000	0.645
LGF00058	Dover Western Dock Revival	Kent	0.000	0.000	0.000	0.000	0.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent	0.000	0.000	0.000	0.000	0.000
LGF00062	Folkestone Seafront (non-transport)	Kent	0.000	0.000	0.000	0.000	0.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	0.000	0.000	0.000	0.000	0.000
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.000	0.000	0.000	0.092	0.092
LGF00086	Dartford Town Centre Transformation	Kent	1.604	1.942	0.338	3.360	1.418
LGF00088	Fort Halsted (removed from Programme)	Kent	0.000	0.000	0.000	0.000	0.000
LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.000	0.000	0.000
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise	Kent	0.000	0.000	0.000	0.000	0.000
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from Programme)	Kent	0.000	0.000	0.000	0.000	0.000
LGF00094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	0.500	1.365	0.865	1.365	0.000
LGF00106	Sandwich Rail Infrastructure	Kent	1.238	1.238	0.000	1.331	0.093
Medway							
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and	Medway	4.275	0.863	-3.412	0.937	0.074
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancement	Medway	4.314	4.426	0.112	4.500	0.075
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	0.399	0.399	0.000	0.756	0.358
LGF00021	Medway Cycling Action Plan	Medway	0.000	0.000	0.000	0.000	0.000
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	1.396	1.396	0.000	1.396	0.000
LGF00061	Rochester Airport - phase 1	Medway	3.771	3.928	0.157	3.778	-0.150
LGF00089	Rochester Airport - phase 2	Medway	2.400	2.479	0.079	2.508	0.029
LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	0.000	0.000	0.000
LGF00115	Innovation Parkway Medway -Phase 3 Enabling Infrastructure	Medway	0.000	0.000	0.000	0.000	0.000
Southend							
LGF00005	Southend Growth Hub	Southend	0.000	0.000	0.000	0.000	0.000
LGF00107	Southend Forum 2	Southend	1.000	1.000	0.000	1.029	0.029
LGF00029	TGSE LSTF - Southend	Southend	0.000	0.000	0.000	0.000	0.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	2.000	1.419	-0.581	1.419	0.000
LGF00057	London Southend Airport Business Park Phase 1 and 2 (including	Southend	12.693	12.216	-0.477	11.009	-1.207
Thurrock							
LGF00030	TGSE LSTF - Thurrock	Thurrock	0.163	0.185	0.022	0.125	-0.060
LGF00046	Thurrock Cycle Network	Thurrock	0.000	0.000	0.000	0.000	0.000
LGF00047	London Gateway/Stanford le Hope	Thurrock	0.547	3.131	2.584	2.731	-0.400
LGF00052	A13 Widening - development	Thurrock	0.000	0.000	0.000	0.000	0.000
LGF00056	Purfleet Centre	Thurrock	0.000	3.209	3.209	3.159	-0.050
LGF00104	Grays South	Thurrock	3.700	3.700	0.000	3.700	0.000
Managed Centrally							
LGF00001	Skills	Skills	0.000	0.000	0.000	0.000	0.000
LGF00071	M20 Junction 10a	Kent	0.000	0.000	0.000	0.000	0.000
	Unallocated						
Sub Total			79.503	96.917	17.414	96.958	0.041
DfT Retained schemes							
LGF00079	A127 Fairglen Junction Improvements	Essex	0.000	0.000	0.000	4.662	4.662
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience	Essex	0.000	0.000	0.000	0.000	0.000
LGF00081	A127 Kent Elms Corner	Southend	0.000	0.000	0.000	0.000	0.000
LGF00082	A127 The Bell	Southend	0.800	0.800	0.000	0.831	0.031
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	2.000	2.400	0.400	2.573	0.173
LGF00084	A13 Widening	Thurrock	25.011	25.011	0.000	32.177	7.166

Project	Deliverability						Financial					LGF spend 2018/19				Reputational risk	Overall
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Updated expected completion date	Months delay incurred	Deliverability RAG rating	LGF allocation	LGF spend to date (%) Up to end of 2018/19 Q4	Original total project cost	Updated total project cost	% change	LGF planned spend	LGF updated forecast*	% slippage	Financials RAG rating		
East Sussex																	
Newhaven Flood Defences	Jun-15	Construction in progress	01/02/2020	01/02/2020	0	1	£1,500,000	100%	TBC	£19,000,000		£0	£0	0%	1	1	1
Hailsham, Polegate and Eastbourne Movement and Access Transport scheme	Feb-17	Design in progress	01/03/2020	01/03/2020	0	3	£2,100,000	12%	£2,300,000	£3,530,000	0%	£588,000	£0	-100%	5	1	3
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	01/03/2021	01/03/2021	0	1	£6,600,000	47%	£9,390,000	£10,560,000	0%	£735,000	£498,000	-32%	3	1	2
Queensway Gateway Road	Mar-15	Construction in progress	01/03/2016	01/10/2019	43	5	£10,000,000	84%	£15,000,000	£10,000,000	-33%	£2,460,000	£889,797	-64%	4	3	4
Swallow Business Park, Hailsham	Feb-16	LGF project delivered	01/03/2017	01/03/2017	0	1	£1,400,000	100%	£1,595,000	£2,800,000	76%	£0	£0	0%	1	1	1
Sovereign Harbour	Feb-16	LGF project delivered	01/03/2017	01/03/2017	0	1	£1,700,000	100%	TBC	£1,700,000		£0	£0	0%	1	1	1
North Bexhill Access Road and Bexhill Enterprise Park	Nov-15	LGF project delivered	01/03/2018	01/12/2018	9	1	£18,600,000	100%	£16,600,000	£18,600,000	12%	£2,000,000	£2,000,000	0%	2	2	2
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	01/03/2021	01/03/2021	0	1	£9,000,000	13%	£9,000,000	£9,364,000	4%	£2,012,000	£796,000	-60%	4	1	2
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	01/03/2021	01/03/2021	0	2	£8,000,000	56%	£9,736,000	£11,250,000	16%	£4,205,000	£3,700,190	-12%	2	3	3
Coastal Communities Housing Intervention Hastings	Feb-17	Construction in progress	01/04/2020	01/03/2020	0	1	£666,667	100%	£3,370,000	£3,200,000	-5%	£0	£0	0%	1	1	1
East Sussex Strategic Growth Project	Jan-17	Construction in progress	01/03/2021	01/03/2021	0	2	£8,200,000	96%	£21,200,000	£21,200,000	0%	£4,650,000	£4,350,000	-6%	1	1	2
Devonshire Park	Mar-17	Construction in progress	01/03/2020	01/03/2020	0	1	£5,000,000	100%	£16,000,000	£16,000,000	0%	£0	£0	0%	1	1	1
Bexhill Enterprise Park North	Pending	Approval pending	01/03/2020	01/03/2020	0	1	£1,940,000	0%	£20,700,000	£20,700,000	0%	£0	£0	0%	1	1	1
Skills for Rural Businesses Post-Brexit	Pending	Approval pending	01/03/2021	01/03/2021	0	1	£2,918,000	0%	£7,037,020	£7,037,020	0%	£0	£0	0%	1	1	1
Sidney Little Road Business Incubator Hub	Pending	Approval pending	01/03/2021	01/03/2021	0	1	£500,000	0%	£2,773,686	£2,773,686	0%	£0	£0	0%	1	1	1
Essex																	
Colchester Broadband Infrastructure	Mar-15	LGF project delivered	01/03/2016	01/03/2016	0	1	£200,000	100%	£528,782	£529,000	0%	£0	£0	0%	1	1	1
Colchester LSTF	Mar-15	LGF project delivered	01/03/2016	01/12/2016	9	1	£2,400,000	100%	£2,000,000	£3,144,000	57%	£0	£0	0%	1	1	1
Colchester Integrated Transport Package	Mar-15	Construction in progress	01/03/2021	01/03/2021	0	1	£5,000,000	100%	£12,749,000	£12,363,000	-3%	£1,400,000	£1,400,000	0%	2	1	2
Colchester Town Centre	Mar-15	LGF project delivered	01/03/2016	01/01/2018	22	4	£4,600,000	100%	£5,052,000	£6,525,000	29%	£0	£0	0%	1	1	2
TGSE LSTF - Essex	Mar-15	LGF project delivered	01/08/2016	01/03/2017	7	1	£3,000,000	100%	£3,000,000	£3,000,000	0%	£0	£0	0%	1	1	1
A414 Pinch Point Package	Jun-15	LGF project delivered	01/03/2017	01/03/2019	24	4	£10,487,000	100%	£14,924,000	£28,457,000	91%	£0	£487,000		1	1	2
A414 Maldon to Chelmsford RBS	Jun-15	LGF project delivered	01/03/2017	01/12/2016	0	1	£2,000,000	100%	£3,913,000	£3,313,000	-15%	£0	£0	0%	1	1	1
Chelmsford Station/Station Square/Mill Yard	Jun-15	LGF project delivered	01/12/2017	31/03/2019	15	1	£3,000,000	100%	£2,921,000	£3,000,000	3%	£0	£0	0%	1	1	1
Basildon Integrated Transport Package	Mar-15, May-17 and Feb-19	Design in progress	01/03/2021	01/03/2021	0	1	£6,586,000	36%	£11,672,000	£9,854,000	-16%	£2,800,000	£750,000	-73%	4	1	2
Colchester Park and Ride and Bus Priority measures	Mar-15	LGF project delivered	01/04/2015	01/04/2015	0	1	£5,800,000	100%	£7,193,000	£7,698,000	7%	£0	£0	0%	1	1	1
A127 Fairglen junction improvements	Pending	Approval pending	01/09/2022	01/09/2022	0	3	£15,000,000	0%	TBC	£20,652,000		£0	£0	0%	3	4	4
A127 capacity enhancements	Jun-15	Design in progress	01/12/2020	01/03/2022	15	5	£4,000,000	100%	£9,150,000	£10,562,000	15%	£0	£0	0%	1	4	4
A131 Chelmsford to Braintree	Feb-17	Construction in progress	01/03/2020	01/03/2020	0	1	£3,660,000	93%	£7,320,000	£7,320,000	0%	£1,854,000	£2,000,000	8%	1	1	1
A133 Colchester to Clacton	Nov-17	Design in progress	01/03/2020	01/03/2020	0	1	£2,740,000	50%	£5,480,000	£2,925,000	-47%	£1,370,000	£1,370,000	0%	1	1	1
A131 Braintree to Sudbury	Jun-18	Design in progress	TBC	TBC		5	£1,800,000	0%	£3,600,000	TBC		£0	£0	0%	5	5	5
Chelmsford City Growth Area Scheme	Dec-17	Construction in progress	01/03/2021	01/03/2021	0	2	£10,000,000	35%	£14,913,000	£15,000,000	1%	£4,000,000	£2,500,000	-38%	1	2	2
Beaulieu Park Railway Station	Feb-19	Design in progress	01/03/2024	01/12/2025	21	4	£12,000,000	0%	£157,070,000	TBC		£0	£0	0%	5	4	5
Coastal Communities Housing Intervention Jaywick	Feb-17	Construction in progress	01/06/2019	01/06/2019	0	1	£666,667	100%	£3,623,667	TBC		£0	£0	0%	1	1	1
Gilden Way upgrading	Dec-17	Design in progress	01/03/2021	01/12/2021	9	2	£5,000,000	100%	£12,327,000	£18,145,000	47%	£0	£0	0%	1	1	2
Technical and Professional Skills Centre at Stansted Airport	May-17	LGF project delivered	01/09/2018	01/09/2018	0	1	£3,500,000	100%	£10,480,000	£10,480,000	0%	£1,500,000	£1,500,000	0%	1	1	1
Innovation Centre - University of Essex Knowledge Gateway	Sep-17	Construction in progress	01/01/2019	TBC		1	£2,000,000	100%	£13,000,000	£10,500,000	-19%	£1,000,000	£1,000,000	0%	1	1	1

Project	Deliverability						Financial					LGF spend 2018/19				Reputational risk	Overall
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Updated expected completion date	Months delay incurred	Deliverability RAG rating	LGF allocation	LGF spend to date (%) Up to end of 2018/19 Q4	Original total project cost	Updated total project cost	% change	LGF planned spend	LGF updated forecast*	% slippage	Financials RAG rating		
STEM Innovation Centre - Colchester Institute	Dec-17	Design in progress	01/01/2019	TBC		1	£5,000,000	40%	£10,000,000	£9,500,000	-5%	£1,900,000	£1,900,000	0%	1	1	1
A127/A130 Fairglen Interchange new link road	Feb-19	Design in progress	01/09/2022	01/09/2022	0	3	£6,235,000	27%	£9,844,000	£9,895,000	1%	£0	£1,700,000		3	4	4
M11 junction 8 improvements	Nov-17	Design in progress	01/03/2021	01/03/2021	0	1	£2,733,896	66%	£9,056,000	£18,573,896	105%	£0	£1,800,000		2	2	2
Mercury Rising Theatre	Nov-17	Construction in progress	01/03/2020	01/03/2020	0	1	£1,000,000	0%	£8,988,967	£2,000,000	-78%	£1,000,000	£0	-100%	5	1	1
Basildon Digital Technologies Campus	Pending	Approval pending	01/09/2020			1	£2,150,000	0%	£15,800,000	£15,800,000	0%	£0	£0	0%	1	1	1
Colchester Institute training centre (Groundworks and scaffolding)	Pending	Approval pending	01/01/2020			1	£100,000	0%	£250,000	£250,000	0%	£0	£0	0%	1	1	1
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Pending	Approval pending	TBC			1	£900,000	0%	TBC	TBC		£0	£0	0%	1	1	1
Flightpath Phase 2	Pending	Approval pending	30/09/2020			1	£1,421,500	0%	£2,843,000	£2,843,000	0%	£0	£0	0%	1	1	1
Kent																	
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	Project in progress	01/03/2021	01/03/2021	0	2	£6,000,000	71%	£15,000,000	£15,000,000	0%	£43,000	£941,000	2088%	1	1	2
Tonbridge Town Centre Regeneration	Mar-15	LGF project delivered	31/03/2017	30/04/2017	0	1	£2,631,269	100%	£2,650,000	£2,931,000	11%	£0	£0	0%	1	1	1
Sittingbourne Town Centre Regeneration	Nov-15	Construction in progress	01/09/2016	01/01/2020	40	5	£2,500,000	100%	£44,331,000	TBC		£0	£0	0%	1	3	3
M20 junction 4 Eastern Overbridge	Mar-15	LGF project delivered	31/03/2015	28/02/2017	22	1	£2,200,000	100%	£4,435,000	£6,195,000	40%	£0	£0	0%	1	1	1
Tunbridge Wells junction improvement package	Jun-15 and Sep-17	Construction in progress	01/09/2019	TBC		3	£1,800,000	64%	£2,050,000	£1,966,000	-4%	£959,000	£314,000	-67%	4	2	3
Kent Thameside LSTF	Mar-15	Construction in progress	31/03/2021	31/03/2021	0	3	£4,500,000	78%	£5,584,000	£8,272,000	48%	£348,000	£252,000	-28%	2	1	2
Maidstone Gyrotary Bypass	Mar-15	LGF project delivered	01/02/2017	01/12/2016	0	1	£4,600,000	100%	£5,700,000	£5,740,000	1%	£0	£0	0%	1	1	1
Kent Strategic Congestion Management programme	Mar-15, Apr-16, Feb-17 and Feb-18	Construction in progress	31/03/2021	31/03/2021	0	2	£4,800,000	50%	£4,800,000	£5,024,000	5%	£766,000	£236,000	-69%	4	2	3
Middle Deal transport improvements	Feb-16	Design in progress	01/12/2016	31/03/2020	39	5	£800,000	100%	£1,800,000	£1,550,000	-14%	£0	£0	0%	1	3	3
Kent Rights of Way improvement plan	Mar-15	Construction in progress	31/03/2021	TBC		3	£1,000,000	56%	£1,200,000	£1,288,000	7%	£213,000	£177,000	-17%	2	1	3
Kent Sustainable Interventions Programme	Mar-15, Apr-16, Feb-17 and Feb-18	Construction in progress	31/03/2021	31/03/2021	0	3	£2,727,586	54%	£3,000,000	£2,915,000	-3%	£563,000	£394,000	-30%	2	1	2
West Kent LSTF	Apr-16	Construction in progress	31/03/2021	31/03/2021	0	3	£4,900,000	78%	£9,060,000	£9,135,000	1%	£1,159,000	£1,389,000	20%	1	3	3
Folkestone Seafront: onsite infrastructure	Mar-15	LGF project delivered	30/09/2015	31/03/2016	6	1	£541,145	100%	£500,000	£691,000	38%	£0	£0	0%	1	1	1
A28 Chart Road	Nov-15	Design in progress	01/03/2020	TBC		5	£10,200,000	27%	£32,799,223	£32,800,000	0%	£3,238,000	£0	-100%	5	4	5
Maidstone Integrated Transport	Nov-15 and Jun-18	Design in progress	01/02/2020	01/09/2020	7	4	£8,900,000	23%	£13,900,000	£10,550,000	-24%	£2,371,000	£668,000	-72%	5	3	4
A28 Sturry Link Road	Jun-16	Design in progress	01/10/2021	01/10/2020		5	£5,900,000	18%	£28,500,000	£29,600,000	4%	£1,047,000	£285,000	-73%	5	5	5
Rathmore Road	Nov-15	LGF project delivered	01/11/2017	01/01/2018	2	1	£4,200,000	100%	£9,200,000	£9,500,000	3%	£0	£0	0%	1	1	1
A28 Sturry Road Integrated Transport Package	Nov-15	Design in progress	01/10/2016	TBC		5	£300,000	28%	£550,000	£700,000	27%	£0	£0	0%	5	3	5
Maidstone Sustainable Access to Employment	Nov-15	LGF project delivered	01/03/2016	01/06/2017	15	1	£2,000,000	100%	£3,000,000	£2,625,000	-13%	£0	£0	0%	1	1	1
Ashford Spurs	Sep-16 and May-17	Construction in progress	01/04/2018	01/04/2020	24	4	£7,896,830	73%	£10,497,490	£8,597,000	-18%	£3,595,000	£1,414,000	-61%	4	3	4
Thanet Parkway	Apr-19	Design in progress	01/12/2021	TBC		4	£14,000,000	0%	£27,650,000	£27,650,000	0%	£1,000,000	£0	-100%	5	3	4
Dover Western Docks revival	Feb-17	LGF project delivered	01/02/2017	01/04/2017	2	1	£5,000,000	100%	£5,100,000	£15,000,000	194%	£0	£0	0%	1	1	1
Folkestone Seafront (non-transport)	Feb-16	LGF project delivered	31/12/2017	31/03/2018	0	1	£5,000,000	100%	£337,000,000	£49,192,000	-85%	£0	£0	0%	1	1	1
A226 London Road/B255 St Clements Way	Nov-16	Construction in progress	01/03/2020	31/05/2019		1	£4,200,000	100%	£6,900,000	£6,903,000	0%	£2,104,000	£2,638,338	25%	1	1	1
Coastal Communities Housing Intervention (Thanet)	Feb-16	Construction in progress	31/03/2021	31/03/2021	0	3	£666,667	86%	£1,529,075	£1,531,000	0%	£604,000	£511,000	-15%	3	2	3
Dartford Town Centre Transformation	Apr-18	Design in progress	31/03/2021	31/03/2021	0	1	£1,000,000	12%	£12,000,000	£13,340,000	11%	£2,250,000	£522,000	-77%	5	3	4

Project	Deliverability						Financial					LGF spend 2018/19						
	Accountability Board approval	Delivery Status	Expected completion date (as stated in Business Case)	Updated expected completion date	Months delay incurred	Deliverability RAG rating	LGF allocation	LGF spend to date (%) Up to end of 2018/19 Q4	Original total project cost	Updated total project cost	% change	LGF planned spend	LGF updated forecast*	% slippage	Financials RAG rating	Reputational risk	Overall	
A2500 Lower Road	Sep-17	LGF project delivered	01/12/2019	01/03/2019	0	2	£1,264,930	100%	£1,804,930	£1,805,000	0%	£869,000	£966,006	11%	1	1	2	
Kent and Medway EDGE hub	Sep-17	Construction in progress	31/08/2020	30/09/2020	0	1	£6,120,000	100%	£20,502,000	£21,000,000	2%	£2,167,000	£4,167,228	92%	1	1	1	
Leigh Flood Storage Area and East Peckham - unlocking growth	Sep-18	Design in progress	01/07/2023	01/07/2023	0	4	£4,636,000	21%	TBC	£24,691,000		£0	£983,000	0%	4	5	5	
Sandwich Rail Infrastructure	Nov-17	Design in progress	31/03/2020	28/02/2020	0	1	£1,903,170	2%	£4,299,200	£3,898,000	-9%	£1,016,000	£39,800	-96%	5	1	3	
Medway																		
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	31/12/2020	01/03/2022	14	4	£11,100,000	13%	£18,697,000	£11,564,000	-38%	£2,155,000	£393,000	-82%	5	2	4	
Strood Town Centre	Mar-15	Construction in progress	30/06/2018	01/10/2019	15	4	£8,800,000	49%	£12,750,000	£10,070,000	-21%	£6,085,000	£1,384,000	-77%	4	2	3	
Chatham Town Centre	Mar-15	Construction in progress	31/07/2017	01/10/2019	26	5	£4,200,000	82%	£4,900,000	£5,129,000	5%	£1,303,000	£747,000	-43%	2	1	3	
Medway Cycling Action Plan	Mar-15	LGF project delivered	31/03/2018	31/03/2019	12	2	£2,500,000	100%	£2,900,000	£2,800,000	-3%	£203,076	£203,076	0%	1	1	2	
Medway City Estate	Mar-15	Design in progress	31/03/2018	31/03/2020	24	5	£2,000,000	30%	£2,000,000	£2,094,000	5%	£462,000	£87,712	-81%	5	3	5	
Rochester Airport - phase 1	Jun-16	Design in progress	31/03/2018	31/03/2020	24	4	£4,400,000	14%	£4,400,000	£4,400,000	0%	£3,648,000	£260,000	-93%	5	2	4	
Innovation Park Medway (phase 2)	Feb-19	Design in progress	31/12/2020	31/12/2020	0	2	£3,700,000	3%	£48,900,000	£48,670,000	0%	£520,000	£99,000	-81%	5	2	3	
Strood Civic Centre - flood mitigation	Feb-18	Construction in progress	30/04/2019	01/06/2019	1	1	£3,500,000	100%	£92,000,000	£92,000,000	0%	£2,378,305	£2,378,305	0%	1	1	1	
Innovation Park Medway (phase 3)	Pending	Approval pending	31/12/2020			2	£1,518,500	0%	£82,852,000	£82,852,000	0%	£0	£0	0%	1	1	1	
Southend																		
Southend Growth Hub	2015	LGF project delivered	31/12/2016	01/03/2017	2	1	£720,000	100%	£4,562,000	£7,092,000	55%	£0	£0	0%	1	1	1	
Southend Forum 2	Feb-18	Design in progress	01/09/2021	01/09/2021	0	1	£6,000,000	8%	£17,298,000	£17,298,000	0%	£500,000	£471,000	-6%	1	1	1	
TGSE LSTF - Southend	Mar-15	LGF project delivered	01/08/2016	01/03/2017	7	1	£1,000,000	100%	£1,000,000	£1,000,000	0%	£0	£0	0%	1	1	1	
A127 Kent Elms Corner	Jun-16	Construction in progress	19/05/2017	31/05/2019	24	4	£4,300,000	100%	£7,150,000	£5,700,000	-20%	£0	£0	0%	1	3	3	
A127 The Bell	Nov-18 and Feb-19	Design in progress	31/03/2021	31/03/2021	0	1	£4,300,000	9%	£5,229,000	£5,020,000	-4%	£4,300,000	£369,000	-91%	5	1	3	
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19	Design in progress	31/03/2021	31/03/2021	0	2	£8,000,000	18%	£8,000,000	£8,000,000	0%	£1,000,000	£427,000	-57%	3	1	2	
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	Construction in progress	31/03/2021	31/03/2021	0	2	£7,000,000	43%	£7,600,000	£7,000,000	-8%	£2,482,000	£1,150,000	-54%	3	2	3	
London Southend Airport Business Park	Feb-16, Sep-17 and Sep-18	Construction in progress	31/03/2021	30/09/2021	5	3	£23,090,000	38%	£31,090,000	£31,070,000	0%	£14,591,000	£4,303,000	-71%	4	2	3	
Thurrock																		
TGSE LSTF - Thurrock	Mar-15	Construction in progress	31/03/2016	31/03/2020	48	5	£1,000,000	88%	£1,000,000	£1,243,000	24%	£285,000	£159,572	-44%	3	2	4	
Thurrock Cycle Network	Apr-16	LGF project delivered	31/03/2019	31/03/2019	0	1	£5,000,000	100%	£6,000,000	£6,000,000	0%	£2,520,000	£2,519,929	0%	1	1	1	
London Gateway/Stanford le Hope	Feb-17	Design in progress	31/12/2018	30/09/2020	20	4	£7,500,000	64%	£12,050,000	£15,090,000	25%	£5,245,000	£2,513,745	-52%	4	3	4	
A13 - widening development	Feb-17	Construction in progress	31/12/2019	31/12/2020	12	2	£5,000,000	100%	£5,000,000	£5,000,000	0%	£2,292,000	£2,291,581	0%	1	1	2	
Purfleet Centre	Jun-16	Design in progress	01/09/2027	01/01/2030	28	4	£5,000,000	37%	£122,000,000	£122,000,000	0%	£3,306,000	£196,037	-94%	5	1	3	
Grays South	Feb-19	Design in progress	01/07/2022	01/02/2023	7	3	£10,840,274	0%	£27,436,981	£27,440,000	0%	£0	£0	0%	1	2	2	
A13 widening	Apr-17	Construction in progress	31/12/2019	31/12/2020	12	2	£66,057,600	38%	£78,900,000	£73,867,000	-6%	£30,154,000	£11,507,225	-62%	4	1	3	
Managed Centrally																		
Capital Skills	Mar-15	LGF project delivered	31/03/2017	31/03/2018	12	1	£21,974,561	100%	TBC	TBC		£0	£0	0%	1	1	1	
M20 Junction 10a	Feb-17	Construction in progress	31/09/2020	31/09/2020	0	1	£19,700,000	100%	£104,400,000	£104,400,000	0%	£0	£0	0%	1	1	1	

Colchester Institute – Capital Skills Showcase Progress Update (May 2019)

Colchester Institute was given project go-ahead in April 2018 to deliver two capital projects (total investment £10m) over the course of 2019-20 as follows:

1. STEM Innovation Campus
2. Centre for Health and Development

The projects were financially supported by Essex County Council £2.5m and LGF £5.0m

The College is pleased to report good progress on both projects and in accordance with the grant agreements.

STEM Innovation Campus

The Project will fulfil the vision of a 'Centre of Advanced Technology' for the Braintree.

The project will:

- transform campus from FE College to Technology Centre of Excellence
- provide specific skills training aligned to local employer need
- provide an employer focussed model co-delivered by employers
- deliver outcomes from the Essex Strategic Area Review - replacing poor quality accommodation with modern fit for purpose industry standard facilities

STEM Innovation Campus update

Construction works commenced in December 2018. The steel frame and concrete floors are in place. Currently the met-sec window openings are being formed and the roofing works have started. Cladding install commenced 13 May along with brick plinths.



Centre for Health and Development

The Centre will address the need to improve workforce skills in the Life Sciences and Healthcare sector, in particular addressing the mismatch between the number of young people entering the sector and the high level of job vacancies.

The project will:

- include a rooftop extension to the existing South Wing Building at Colchester Campus
- incorporate innovative teaching facilities across three settings including care, clinical and wellbeing, replicating surgical/medical hospital wards.
- provide realistic working environments, enabling innovative co-delivery teaching methods in Care and Assisted Living.

Centre for Health and Development Update

The College's planning application was approved in January 2019. This project had been purposely timed to follow on from the Braintree new build and will start on site in June and complete in March 2020 to minimise disruption to teaching and learning. Proposals for new fire routes and fire management have been agreed. Scaffolding was erected over the Easter break and is now nearing completion. This will enable works to start at the end of the summer term.



Report to Accountability Board	Forward Plan reference number: N/A
Date of Accountability Board Meeting:	07 June 2019
Date of report:	16 May 2019
Title of report:	A13 widening update report
Report by:	Paul Rogers, Programme Manager Major Schemes, Thurrock Council
Enquiries to:	PRogers@Thurrock.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to provide the Accountability Board (the Board) with an update on the A13 widening project (the Project).

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Note** the update report on the A13 widening Project

3. Background

- 3.1 The Project involves widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west and the A1014 (the Manorway) to the east. Once the Project is completed, there will be a continuous three lane carriageway from the M25 to Stanford le Hope, reducing congestion, improving journey times and supporting further economic growth.

4. A13 Project Delivery Update

- 4.1 Since the last Board update, good progress has been made towards the delivery of the Project.
- 4.2 Installation of the deep drainage is continuing with two tunnel boring machines on site. This work is taking place behind the temporary barrier and is not impacting on road users.
- 4.3 Earthworks/topsoil stripping to enable the construction of new lanes is ongoing. This work is taking place behind the temporary barrier and is not impacting on road users.

- 4.4 Archaeological investigations to identify any items of historical interest are continuing at the Orsett Cock roundabout and near the Manorway junction.
- 4.5 Removal of the existing road signs, crash barrier and noise fencing, traffic signs and street lighting is nearing completion. These features will be replaced when the construction works in each area are complete.
- 4.6 At Orsett Cock roundabout, preparations are underway to start the piled foundations for the new east and west bridges. As part of this work, there will be overnight road closures under the junction on the A13 from late April until September 2019, with traffic diverted via the slip roads and roundabout.
- 4.7 At Horndon Road Bridge, work is continuing to build new bridge foundations and embankments. Piling works will take place near the existing bridge and be noisy at times. To minimise disruption to residents, this work will take place during daytime hours.
- 4.8 Utilities work is taking place at various locations, including BT Openreach diversions at Orsett Cock roundabout and A1013, Stanford Road. Kier are installing a duct across the A1013, Stanford Road for UK Power Networks.
- 4.9 Licences are now in place for access to the National Grid access and National Grid licence areas. National Grid's contractor has mobilised and is setting up compounds for the diversion of a high pressure gas pipeline known as NTS Feeder 5.
- 4.10 Preparations are being finalised for the diversion of the Baker Street to Canvey high pressure gas pipeline that is owned and operated by Cadent. These include negotiation of an easement for the diversion and future maintenance of the pipeline.
- 4.11 Design reviews were completed for the Orsett Cock East and West bridges, Saffron Gardens bridge, the retaining wall at BP westbound services, the earthworks specification, the pavement design and traffic signs. A meeting was held with the Technical Approval Authority to close out outstanding issues around the Approval in Principles (AIPs) and check certificates for the bridges and structures.
- 4.12 The specifications for piling and structural concrete and updated drainage information have been issued for construction.
- 4.13 Thurrock Council's Land Agent and Legal Team are negotiating licences to facilitate works at two BP Connect service stations.

5. Update on Project expenditure

- 5.1 Table 1 below shows the actual spend for 2016/17 to 2018/19 and forecast spend for 2019/20 through to 2021/22.

- 5.2 The Project is within the budget envelope. The rate of spend has increased relative to the previous profile because most of the construction information has been issued to the contractor, full traffic management is in place and the main works are under way. Management of risks and compensation events is continuing.
- 5.3 Whilst the 2019/20 grant from the Department for Transport (DfT) for the Project has not yet been confirmed, the DfT has been notified about the revised spend profile via the Local Growth Fund (LGF) Portfolio Schemes and Large Local Majors 2018/19 Q4 return. To date the annual funding transfer from the DfT has reflected the project spend forecast, less any underspend held locally against the Project.

Table 1 Project Funding Profile, June 2019 (£m)

LGF	16/17	17/18	18/19	19/20	20/21	21/22 and beyond	Total
As reported to Board in April 2019							
SELEP LGF - Development Funding	2.708		2.292				5.000
DfT Retained Scheme Funding		13.408	11.507	25.011	16.131		66.057
Third Party Funding						7.869	7.869
Total	2.708	13.408	13.799	25.011	16.131	7.869	78.926
June 2019 Update							
SELEP LGF - Development Funding	2.708		2.292				5.000
DfT Retained Scheme Funding		13.408	11.507	32.177	8.965		66.057
Third Party Funding					6.888	0.981	7.869
Total	2.708	13.408	13.799	32.177	15.853	0.981	78.926

6. Update on programme

- 6.1 The programme remains similar to that presented to the Board in April 2018. The overall timeframe for construction has extended by a fortnight and is now expected to be completed in mid-January 2021. This is due mainly to delays in finalising the detail design of the bridges and structures and obtaining Technical Approval Authority approval for the AIPs and check certificates.
- 6.2 The risk register is reviewed and updated with contractors on a monthly basis. A summary version of this risk register is included in Appendix A.
- 6.3 No substantive risks have been identified to bring to the Board's attention.

7. Financial Implications (Accountable Body comments)

- 7.1 It is noted that there is expected acceleration of spend reported in 2019/20 beyond that reported in April 2019.
- 7.2 It is further noted that the risks detailed in Appendix A are being kept under review. It is expected that Thurrock Council will report any changes that may impact on the overall project risks, including total expected project cost through future update reports to the Board.
- 7.3 The DfT funding for this Project is transferred on an annual basis under Section 31 of the Local Government Act 2003. Whilst the DfT have confirmed their intention to fund this Project up to the value set out in Table 1 above, at the time of writing this report, the grant confirmation letter has not yet been received for 2019/20.

8. Legal Implications (Accountable Body comments)

- 8.1 There are no legal implications arising from this report

9. Equality and Diversity implication

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

10. List of Appendices

10.1 Appendix A – A13 Widening Post Mitigation Risk Assessment

11. List of Background Papers

11.1 Business Case for A13 Widening Project

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer Essex County Council)	24/5/19

Appendix A – A13 Widening Project *Post Mitigation Risk Assessment*

Risk Event	Post mitigation probability	Post mitigation impact	Mitigation
R001: Risk of extent and complexity of Statutory Undertakers diversions and protective measures adds to programme delays and increases budgeted project costs	30%	£300,000	<ol style="list-style-type: none"> 1. Continue to liaise with Stats as and when the works are needed 2. Continue to provide solutions for any issues which occur e.g. working within Kier site extents. 3. Weld testing – pipeline currently classified as P18, meaning that further protection is needed. Currently discussing the way forward with Cadent.
R231: Construction contractor may be delayed in progressing the construction works resulting in increased costs and programme delays	80%	£600,000	<ol style="list-style-type: none"> 1. Regularly review programme for the deliverables with all parties at the weekly production planning meetings (previously collaborative meetings). Meetings have been held. 2. Meetings held with Aecom to discuss ways to broker design solutions/expedite design delivery. Meetings have been held and positive solutions found. 3. Convene meeting with whole team to identify ways to accelerate design delivery - COMPLETE 4. Delivery of WIP design info to expedite final comments from review team - design being issued through Share P oint for discussion, again has been useful / productive 5. Resourcing and sequencing of construction works 6. Urgent packages now include piling and earthworks which are imminent for release. WiP can be released and begin procurement to mitigate delay for piling. Invite TAA design reviews to expedite release of design
R264: As the project continues, changes are identified and delays incurred, which leads to an	25%	£2,000,000	<ol style="list-style-type: none"> 1. Quarterly forecasts submitted by Contractor 2. Monthly commercial meetings to discuss issues as they arise

Risk Event	Post mitigation probability	Post mitigation impact	Mitigation
increase in project costs and the budget is exceeded			3. Robust planning and forecasting 4. Efficiency of delivery from design, to procurement and construction 5. Value management
R263: There is too high a volume of surplus materials to be able to redistribute on site	80%	£350,000	1. Weekly discussions on areas of the site suitable to redistribute to 2. Discussions with land owners who may want the materials 3. Discussions with other businesses who may want the materials 4. Alteration of design to include more disposal areas
R228: The Contractor may need to change method of working to accommodate working restrictions identified.	35%	£650,000	1. Liaised with the Statutory Undertakers during the design phase to establish any specific working restrictions. 2. Contractor to programme works to take account of any restrictions identified. 3. Contractor to push the SU's to provide responses sooner and more swiftly to ensure any restrictions are minimised 4. Contractor to set up meeting asap with NGG plant protection to resolve the directional drills issues and allowing subcontractor to work on this. 5. NGG have been engaged, there remains a need to establish an acceptable method of work to pass above feeder 18. And piling at Saffron need NGG assets. Ongoing discussions.
R181: Existing surfacing joints may deteriorate due to being within the vicinity of the wheel tracks or as a consequence of removal of white lines	60%	£200,000	As a minimum, carry out a visual inspection of the existing carriageway where narrow lanes are proposed to identify any localised areas that may require some remedial works. Particular attention should be made to the condition of the existing longitudinal surfacing joints as these are liable to

Risk Event	Post mitigation probability	Post mitigation impact	Mitigation
			failure under narrow lanes due to the revised lane alignments.
R002: The project may be delayed if there is a requirement to procure land outside HEO for Statutory Undertakers diversions	10%	£30,000	<ol style="list-style-type: none"> 1. Access track design requires to meet landowner's objectives and minimise impact on him. Design being prepared by Atkins, aim to hand back surplus land. - UPDATE. PR has spoken with Thurrock land agent to arrange meeting with land owner and decide which route asap 2. Ongoing discussions with land owner regarding the Gas Works Field. Thurrock Land agent currently negotiating with the land owner's Land agent.- Ongoing issue as land has not transferred to developer 3. Issue with Topsoil / minerals and ownership needs to be resolved with land owner - Ongoing. Plan is to assume land owner will not require that materials, needs formal resolution.
R018: There may be exceptional adverse weather conditions on-site which may result in programme delays & extended prelims costs.	20%	£800,000	<ol style="list-style-type: none"> 1. Construction programme to accommodate optimum seasonal conditions. 2. Book standby weekend closure / possessions in case weather / wind does not permit works to progress 3. Review weather records to ascertain likelihood of not being able to undertake works 4. Explore potential for offline construction. COMPLETE. not going ahead
R025: Due to the proximity of the works to populated areas there is a risk that additional noise mitigation is required	25%	£80,000	<ol style="list-style-type: none"> 1. S61 is in place and signed off 2. Ensuring 'noisy' works are programmed and undertaken during daytime hours 3. Weekend closures to have detailed closure plans and consider the proximity of the population etc. Including temp noise barriers to be used 4. Plan to be developed when existing barriers are

Risk Event	Post mitigation probability	Post mitigation impact	Mitigation
			removed 5. Existing barriers to remain in place as long as possible
R086: Staff fatigue results in high turn-over of staff and/ or increased levels of sickness	25%	£50,000	1. Develop plan for staff support from above and below the organisations. 2. Ensure maximum hours are not exceeded both at work and door to door 3. Manage shift work to combat any fatigue 4. Tool box talks to be rolled out covering this subject 5. Driver training for people travelling long distances. 6. Part time OH nurse in place to give people health checks 7. H&S manager checking working hours regular and intervene where necessary

Report title: Growing Places Fund update	
Report to Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 17 th May 2019	For: Decision
Enquiries to: Helen Dyer, helen.dyer@southeastlep.com	
SELEP Partner Authority affected: All	

1. Purpose of report

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

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the updated position on the GPF programme;
 - 2.1.2. **Approve** the £250,000 reduction in GPF allocation to the Fitted Rigging House Project and the associated amended repayment schedule;
 - 2.1.3. **Note** the amended draw down schedule for the Innovation Park Medway (southern site enabling works) Project;
 - 2.1.4. **Note** the update on the Discovery Park Project.

3. SELEP Growing Places Fund investments

- 3.1. In total, £49.21m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or has been allocated for investment in a total of 21 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and the remaining proportion (£2m) has been ring-fenced to support the activities of SELEP's Sector Groups (known as the Sector Support Fund); as agreed by the Strategic Board.
- 3.2. The allocation of GPF to the new projects within GPF Round 2 is on the condition that funding will only be awarded to these projects by the Board or transferred to the lead authority if sufficient GPF is available through the repayments of GPF loans from Round 1 projects. As such, on a quarterly basis, updates are provided to the Board on the latest position for GPF projects in terms of delivery progress and any risks to the repayments of GPF loans.

4. GPF repayments

- 4.1. The loan repayment schedule for each GPF project is agreed within the credit agreement in place between Essex County Council, as Accountable Body, and the lead County/ Unitary Authority for each project. A copy of the expected repayment schedule is set out in Appendix 2.
- 4.2. Repayments are now being made on the initial GPF Round 1 investments, with £17,672,433 having been repaid to date. All repayments due in 2018/19 were received prior to the end of March 2019.
- 4.3. During 2019/20 repayments will continue to be made on initial GPF Round 1 investments, with some of the GPF Round 2 projects also starting to make repayments. In total, £10,606,600 is scheduled for repayment in 2019/20 as set out in Appendix 2.

5. GPF cash flow

- 5.1. Table 1 below sets out the current cash flow position based on the planned GPF investment and the GPF available for investment though loan repayments. This assumes that the repayments are made in accordance with the agreed repayment schedules and takes into account the amended drawdown schedule for the Innovation Park Medway Project (as set out in section 7 below). Table 1 also takes into account the revised repayment schedule for the Fitted Rigging House Project (as set out in section 6 below), which has arisen as a result of a reduction in the amount of GPF funding required to deliver the Project, which the Board are being asked to approve as part of this report.

Table 1: GPF Cash Flow Position assuming all approved repayment schedules are met

£	2019/20	2020/21
GPF available at the outset of year	13,663,002	20,059,602
GPF Round 1 planned investments	63,000	-
GPF Round 2 planned investments	4,147,000	1,130,000
Position before GPF repayments are made	9,453,002	18,929,602
GPF repayments expected	10,606,600	7,758,000
Carry Forward	20,059,602	26,687,602

- 5.2. As shown in Table 1 total GPF drawdown of £4,210,000 is forecast for 2019/20, with a further £1,130,000 expected to be drawn down in 2020/21. It is expected that by the end of 2020/21 all currently approved GPF projects will have drawn down their full allocation of funding. The drawdown schedule for the GPF programme is set out in Appendix 3.
- 5.3. As all GPF repayments were made in line with the approved repayment schedules during 2018/19 there will be no gap between the amount of GPF available in 2019/20 and the project drawdown schedules (as set out in Appendix 3).

6. Fitted Rigging House

- 6.1. The Fitted Rigging House project was awarded £800,000 GPF in April 2018, for the conversion of a Grade 1 former industrial building, at the Chatham Historic Dockyard, into commercial office space and public benefit space. It was anticipated that the project would create 3,473m² of new office space, which would house businesses offering up to 350 jobs.
- 6.2. The conversion is now nearing completion and has created 3 large tenant spaces, 5 small business units, a new office for the Chatham Historic Dockyard Trust and a new library, archive and volunteer centre.
- 6.3. To date, three tenants have taken occupation of their allocated space within the Fitted Rigging House, creating a total of 150 jobs. A fourth tenant will be taking occupation by the end of May 2019. Tenants have been confirmed for the remaining four business units, with the building expected to be fully occupied by October 2019.
- 6.4. In 2018/19, £550,000 of the £800,000 GPF award was drawn down and has been fully spent. The remaining £250,000 was scheduled for drawdown in 2019/20.
- 6.5. The Chatham Historic Dockyard Trust have indicated that the remaining balance of the GPF allocation is no longer required for the project. This is due to the conversion of the Fitted Rigging House being delivered at a lower cost than anticipated, as the budgeted contingency was not required.
- 6.6. As the works are drawing to a conclusion, with final completion expected in October 2019, there is now relative certainty around the final costs of construction which puts the Chatham Historic Dockyard Trust in a position to be able to make this decision with confidence.
- 6.7. As demonstrated above, the reduction in GPF ask will not impact on the scope of the project or the outcomes and benefits offered by it.
- 6.8. As a result of the reduction in GPF funding required the Chatham Historic Dockyard Trust have provided an updated repayment schedule for the project. Table 2 below shows the original and revised repayment schedule:

Table 2: Repayment schedule for the Fitted Rigging House project

	2019/20	2020/21	2021/22	Total
Original schedule	200,000	300,000	300,000	800,000
Revised schedule	200,000	300,000	50,000	550,000

- 6.9. The Board are asked to approve both the reduced GPF allocation to the Fitted Rigging House and the amended repayment schedule for the project.

7. Innovation Park Medway (southern site enabling works)

- 7.1. The Innovation Park Medway (southern site enabling works) project was considered by the Board in September 2018 and was awarded £650,000 GPF funding. This funding was sought to deliver enabling works on the southern site at Innovation Park Medway.
- 7.2. Innovation Park Medway has also been awarded £9.619m LGF funding, through rounds 2, 3 and 3b (subject to Business Case approval in September 2019). This funding will be used to bring forward development on the northern site of the Innovation Park, whilst the GPF funding will be spent solely on the southern site.
- 7.3. The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing and digital creative industries. These businesses will deliver high value jobs in the area and contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.
- 7.4. The GPF project Business Case indicated that £120,000 of the GPF allocation would be drawn down in 2018/19, with the balance of £530,000 being drawn down in 2019/20.
- 7.5. The latest project update indicates that the funding drawdown will now be split across three financial years, as shown in Table 3:

Table 3: Drawdown profile for the Innovation Park Medway (southern site enabling works) project

	2018/19	2019/20	2020/21	Total
Original profile	120,000	530,000	-	650,000
Amended profile	120,000	50,000	480,000	650,000

- 7.6. In the original project Business Case the completion date for the enabling works was given as December 2019. The latest project update shows a

revised completion date of September 2020, hence the change in drawdown schedule.

- 7.7. Medway Council have noted that the original project programme was estimated and following engagement with consultants has been updated to reflect a more realistic delivery timetable. Delivery of the enabling works is now expected to commence in April 2020, with completion in September 2020.
- 7.8. Compared to the original Business Case there may be some delay in benefit realisation, based on the new delivery timetable, however, a significant risk to the realisation of these benefits has now been removed. At the time of Business Case submission there remained a risk to development on the southern site due to the proposed development site being on an active flightpath to/from Rochester Airport.
- 7.9. Planning permission has now been granted for the LGF funded improvements to the airport infrastructure at Rochester Airport, allowing these works to progress. Delivery of these works will facilitate closure of the second runway on the airport site, which will mean that the southern site is no longer on an active flightpath and will therefore remove the current CAA building height restrictions that the site is subject to. This will allow construction of taller buildings on the site which will contribute towards delivering the jobs outcomes indicated within the Business Case.
- 7.10. Medway Council have also reported high levels of interest in occupying the southern site and are therefore confident that the site will be immediately developed for commercial use following completion of the enabling works.
- 7.11. Despite the amendments to the draw down profile the project is still expected to meet the agreed repayment schedule, with this being a consideration within the Delivery and Investment Plan for the Innovation Park Medway site. This plan will be considered by Medway Council's Cabinet in June and Full Council in July this year. If following these meetings there is any change to the repayment schedule this will be brought to the September Board meeting for consideration.
- 7.12. The Board is asked to note the change to the drawdown profile for the Innovation Park Medway (southern site enabling works) project.

8. Discovery Park

- 8.1. The Discovery Park is a business park in Sandwich, which was historically developed and used by Pfizer as a research facility before being redeveloped in 2000. Discovery Park is now rented out to a number of businesses focusing mainly on the life science, pharmaceutical and bio-technology sectors.

- 8.2. Through early rounds of the GPF the Discovery Park was awarded £5.3m to assist with the further redevelopment of the site through improving the utilisation of empty or underused spaces.
- 8.3. The underlying idea behind the development of the site is to create a mixed-use site that complements the current commercial properties. To facilitate the redevelopment of the site there is a requirement for a new road to be built across the southern half of the site and for work to be carried out to prepare the mostly unused land for utilisation. The GPF funding was awarded to bring forward these works.
- 8.4. To date the entire £5.3m GPF allocation was transferred to Kent County Council in 2017/18, however, none of the funding has been reported as spent.
- 8.5. Discovery Park have provided an update which indicates that a change of project scope may be required. This change request may come as a result of a change to the development proposal, following an increase in the flood risk at the site. Work is ongoing by a flood consultant to determine the impact of any changes in flood risk to the site.
- 8.6. A full project update, including an updated Business Case reflecting the change in scope, will be brought to the September Board meeting for consideration. At this stage, the Board will be asked to consider whether the revised proposal still meets with the original objectives or if a new project is being brought forward, which will require consideration by the Strategic Board.
- 8.7. According to the agreed repayment schedule for the Discovery Park project the first repayment of £408,000 is due at the end of 2019/20. Given the current status of the project it is expected that this repayment will not be made in accordance with the agreed schedule. A revised repayment schedule will be brought to the September Board meeting as part of the updated Business Case for consideration. The impact of the revised repayment schedule on the overall GPF cashflow will be considered.
- 8.8. If the Board do not agree the change request for the Discovery Park project in September, the £5.3m GPF transferred to Kent County Council will need to be returned to SELEP in full.

9. Growing Places Fund Project Delivery to Date

- 9.1. Ten GPF projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 1,778 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 4 below.
- 9.2. Additional benefits are expected to be delivered through the completion of the remaining GPF projects and through the follow-on investment which has been

unlocked through the infrastructure delivered with GPF investment. It is expected in many cases that there will be a time lag between spend of the GPF investment and benefit realisation due to the use of the GPF funding to enable wider development at the project location.

- 9.3. A RAG rating has been introduced to assess how the completed projects are progressing towards delivering the jobs and homes outcomes stated within the Business Case. To date, it can be seen that the Parkside Office Village project has exceeded the number of jobs stated within the project Business Case, and that the Charleston Centenary project has met the forecast jobs figure for the project.
- 9.4. North Queensway and the Centre for Advanced Engineering projects have both been completed, however, no job outcomes have been reported to date. It has been noted in the latest updates for both projects that these figures are still been calculated. An update is expected for the September Board meeting.
- 9.5. The Chelmsford Urban Expansion project has been completed, however, no jobs outcomes have been reported to date. The latest project update indicates that no employment development has come forward for Beaulieu Business Park, which has in place planning permission for 40,000sqm of commercial space, to date. However, it has been reported that there has been some growth within Chelmsford Business Park and Springfield Business Park, which has seen some new commercial floorspace constructed. This growth has not been quantified in terms of jobs created in the project update.
- 9.6. There are also a number of completed projects which are demonstrating progress towards meeting the outcomes defined in the Business Case but have not yet reached the forecast, including Grays Magistrates Court and Sovereign Harbour.
- 9.7. These RAG ratings will be updated in advance of each Board meeting, based on the GPF project update reports submitted by local areas.

Table 4 - Monitoring of GPF project outcomes

Name of Project	Outcomes defined in Business Case		Outcomes delivered to date	
	Jobs	Houses	Jobs	Houses
Round 1 GPF Projects				
Priory Quarter Phase 3	440	0	240	0
North Queensway	865	0	0	0
Rochester Riverside	402	450	25	0
Chatham Waterfront	211	159	211	0
Bexhill Business Mall	299	0	98	0
Parkside Office Village	169	0	200	0
Chelmsford Urban Expansion	2,105	365	0	919

Name of Project	Outcomes defined in Business Case		Outcomes delivered to date	
	Jobs	Houses	Jobs	Houses
Grays Magistrates Court	200	0	144	0
Sovereign Harbour	299	0	220	0
Workspace Kent	198	0	91	0
Harlow West Essex	4,000	1,200	390	200
Discovery Park	130	250	0	0
Live Margate	0	66	0	32
Round 2 GPF Projects				
Colchester Northern Gateway	81	450	0	0
Charleston Centenary	6	0	6	0
Eastbourne Fisherman	4	0	0	0
Centre for Advanced Engineering	56	0	0	0
Fitted Rigging House	300	0	150	0
Javelin Way Development	311	0	0	0
Innovation Park Medway	307	0	0	0
No Use Empty Commercial	16	28	3	0
Totals	10,399	2,968	1,778	1,151

Key:

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

- 9.8. It is apparent from Table 4 that benefits are also now being realised for some of the GPF round 2 projects, including Charleston Centenary and the Fitted Rigging House project.
- 9.9. A number of projects have reported positive outcomes beyond delivery of jobs and homes, including:
- 9.9.1. The conversion of Grays Magistrates Court into business space was part of a wider Grays South regeneration project which was aimed at revitalising Grays town centre. It has been reported that the

refurbishment of the building and the additional people working in and visiting the premises has had a positive impact on the town centre.

9.9.2. The infrastructure works delivered to improve access within the Harlow Enterprise Zone have been completed. This has resulted in traffic flow improvements, improved connectivity for movements of traffic in and through Harlow and improved safety with updated highway conditions.

9.9.3. The completion of the café-restaurant as part of the Charleston Centenary project has enhanced potential for secondary spend and has provided a new attraction to the Charleston site which is independent of the house.

10. Financial Implications (Accountable Body Comments)

10.1. The 2019/20 forecast cashflow position indicates that there is sufficient funding available to meet the agreed investments due in this financial year. This assumes that all repayments are made as planned.

10.2. Although non-repayment of the majority of loans has been identified as low risk, it should be noted that any repayments not made in line with their approved profile will put at risk the funding required for the GPF programme to be maintained as an effective recyclable loan scheme. As such, it is recommended that all GPF repayment risks continue to be monitored as part of the regular GPF updates reported to the Board.

10.3. It is noted that the Discovery Park project is not progressing as originally planned and, on that basis alone, it would appear extremely unlikely that the scheduled 2019/20 repayment will be achieved. It is important that the project update report, due to be presented at the September 2019 Board meeting, is delivered as planned to enable timely consideration of how the £5.3m allocated funding should best be applied.

10.4. It is noted that actual delivery of jobs and homes reported remains out of line with the expected levels identified in the business cases for most completed projects and there has been some evaluation of why delivery of outcomes is lower than expected. This should continue to form part of the on-going monitoring with reasons for under delivery explained fully to the Board. Where appropriate, these reviews should be used to inform future business case estimations of growth to ensure there is not a pattern of over-ambition.

10.5. It is recommended that consideration is given to commencing the next round of funding allocations during 2019/20, to enable the reinvestment of £26m uncommitted GPF repayments by the end of 2020/21.

11. Legal Implications (Accountable Body Comments)

- 11.1. Each award of GPF approved by the Board is supported by a Loan Agreement between Essex County Council, as Accountable Body and the respective local authority with responsibility of the delivery of the project. Where changes to the project are made it is essential that these are reflected within those Agreements. Accordingly if approved the changes proposed within this report will be subject to a Deed of Variation which will be prepared by the Accountable.

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

13. List of Appendices

- 13.1. Appendix 1 – Growing Places Fund Project Summary
- 13.2. Appendix 2 – Growing Places Fund Repayment Schedule
- 13.3. Appendix 3 – Growing Places Fund Drawdown Schedule

14. List of Background Papers

- 14.1. Accountability Board Agenda Pack 31st March 2017

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	23/5/19

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Growing Places Fund Round One									
Priory Quarter Phase 3	East Sussex	The Priory Quarter (Havelock House) project is a major development in the heart of Hastings town centre which has delivered 2,247m ² of high quality office space with the potential to facilitate up to 440 jobs. The Priory Quarter has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.	The Priory Quarter (Havelock House) project is now complete and has delivered 2,247m ² of high quality office space. To date the project has created 240 jobs, with the forecast of 440 jobs still achievable when the building is fully occupied. The Priory Quarter has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.	Project Complete	Project Complete	Priory Quarter has been sold enabling full repayment to be made in 2018/19.	Tenancy agreement for full occupation of the building has now been agreed.		
North Queensway	East Sussex	The project has delivered the construction of a new junction and preliminary site infrastructure in order to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000m ² (gross) of high quality industrial and office premises.	GPF invested, project complete and repayments are being made.	Project Complete	Project Complete and GPF funding spent in full	Continued slow take up in land sales. One new business is to begin development which it is anticipated will catalyse interest in the other plots, which will enable the final repayment to be made in 2019/20.	Once the development of the first plot is underway and further interest is stimulated the delivery of outputs will begin to flow.		
Rochester Riverside	Medway	The project will deliver key infrastructure investment including the construction of the next phase of the principal access road, public space and site gateways. This development is to be completed over 7 phases and should take approximately 12 years. The scheme will include: 1,400 new homes (25% of which are affordable), a new 1 form entry primary school, 2,200 sqm of new office & retail space, an 81 bed hotel and 10 acres of public open space.	The marketing suite, show flat and station square opened on 3rd November, with the first show home opening in December 2018. Further show homes opened in February and April. There was a topping out ceremony on 7th March 2019. The first housing is due to be completed in Q2 2019/20. Construction of the hotel started on site in September 2018 and will be completed by September 2019. Work is due to commence on the school in August 2019.	This project is already on site and the S106 agreement was signed at the end of January 2018.	The GPF Funding has already been spent	Medway Council is happy with the current repayment programme and has made the first two repayments.	The contractor is on site and will be delivering 1,400 homes, 1,200sqm of commercial space, a new school, hotel and various new open spaces. The scheme is now delivering more than was originally intended and there are no delivery risks.		Overall the project is on track to deliver outputs and outcomes.
Chatham Waterfront	Medway	The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for the Chatham Waterfront Development. A waterfront development site that can provide up to 115 homes over 6 storeys with ground floor commercial space and 115 parking spaces.	De-risking works have been completed on the site. Approval has been given for 174 residential units and 5 commercial units totalling up to 1141sqm. Mobilisation on site scheduled to start in August 2019, with completion expected in October 2021.	The project is on track.	The GPF Funding has been spent, or has been allocated to a project to be spent.	Medway Council are comfortable with the current repayment agreement.	It is likely that 174 homes will be delivered at Chatham Waterfront.		Overall the project is on track to deliver outputs and outcomes.
Bexhill Business Mall	East Sussex	The Bexhill Business Mall (Glover's House) project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Bexhill Enterprise Park in the A259/A21 growth corridor.	The building is 100% let to a single occupier. Whilst job numbers are currently lower than anticipated there is space for the occupants to grow.	Project Complete	Project Complete	Building sold in April 2019, allowing full repayment to be made in early 2019/20	Building 100% let and currently housing 98 jobs, which is less than originally anticipated, however this does provide space for the tenant to grow over time.		

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Parkside Office Village	Essex	SME Business Units at the University of Essex. Phase 1, 14,032 sqft.; 1,303sqm lettable space, build complete June 2014. Phase 1a 3,743 sqft.; 348 sqm - complete September 2016.	Project complete and GPF funding repaid in full. 200 jobs created through the project.	Project Complete	Project Complete	Project Complete and loan repaid in full.	All units fully occupied with enquiry waiting list		Project Complete
Chelmsford Urban Expansion	Essex	The early phase of development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The fund will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1,350, improving cash flow and the simultaneous commencement of two major housing schemes.	GPF invested, project complete and GPF has been repaid in full.	Project Complete	Project Complete	Project Complete and loan repaid in full.	Project Complete		Project Complete
Grays Magistrates Court	Thurrock	The project has converted the Magistrates Court to business space as part of a wider Grays South regeneration project which aims to revitalise Grays town centre.	GPF invested, project complete and repayments are being made. The refurbished building is now in use and having a positive impact in the town centre.	Project Complete	GPF funding spent in full	Final repayment will be made in 2019/20	The project has now delivered 144 jobs (including those currently at the Courthouse and businesses which have occupied space in the building but which have now grown in size and moved on).	The only significant risk to the project now is a significant economic down turn which impacts on occupancy. Currently, however, demand across the borough is strong and targets are being achieved	
Sovereign Harbour	East Sussex	The Pacific House project has delivered 2,345m ² of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Sovereign Harbour Innovation Park in the A22/A27 growth corridor.	The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2,345m ² of high quality office space. This is currently 88% let and has delivered 220 jobs.	Project Complete	Project Complete	Strong occupancy rates should facilitate repayment at the scheduled intervals.			
Workspace Kent	Kent	The project aims to provide funds to businesses to establish incubator areas/facilities across Kent. The project provides funds for the building of new facilities and refit of existing facilities.	There are four projects within this programme. Of these, one project has been completed and has repaid in full, two projects are meeting their repayment schedule and one project is behind on their targeted repayment schedule.	There is a risk to defrayment of the final amount of funding as applications from potential customers are awaited.	Awaiting applications for remaining funds. A pre-application is expected in May which may utilise the remaining funds.	There is a slight delay on repayment from one of the loan applicants. Loan agreement being renegotiated in line with income received from business.	Some job numbers are delayed due to new project build not being completed on time, approximately 1 year delay.		
Harlow West Essex	Essex/ Harlow	To provide new and improved access to the London Road site designated within the Harlow Enterprise Zone.	Project delivered to a reduced scope and GPF funding repaid	Project Complete	Project Complete	Project Complete and loan repaid in full.	Enterprise zone is operational with 85% of space let.		Further works in the programme ongoing in Harlow that help improve the overall viability and attractiveness of the Enterprise Zone.
Discovery Park	Kent	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	Work ongoing to establish whether the current scope of works is viable, following Environment Agency decision to review the flood risk at the site. A full project update, including an updated Business Case, will be brought forward to the September Board meeting.	Project scope being reviewed, with an update coming forward for consideration at the September Board meeting	Project scope being reviewed, with an update coming forward for consideration at the September Board meeting	Project scope being reviewed, with an update coming forward for consideration at the September Board meeting. The first repayment is due at the end of this financial year but based on the current project status it is considered very unlikely that this repayment will be made.	Project scope being reviewed, with an update coming forward for consideration at the September Board meeting	Project scope being reviewed, with an update coming forward for consideration at the September Board meeting	Project scope being reviewed, with an update coming forward for consideration at the September Board meeting

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Live Margate	Kent	Live Margate is a programme of interventions in the housing market in Margate and Cliftonville, which includes the acquisition of poorly managed multiple occupancy dwellings and other poor quality building stock and land to deliver suitable schemes to achieve the agreed social and economic benefits to the area.	<p>"Phase 1" has been completed. "Phase 2" is underway.</p> <p>Exchange is expected in the near future on a further property, which once developed has the potential to create approximately 27 dwellings.</p> <p>Other poorly managed multiple occupancy dwellings and other poor quality building stock properties that accord with the loan agreement criteria are being refurbished to bring them back into use.</p> <p>To date the GPF funding is being used to support the creation of 48 new homes. A further three projects have been identified and work is underway to assess their suitability for support through the project.</p>	Offers have been accepted on two properties and both are due to exchange shortly. Other potential investment opportunities are also being examined, that accord with the loan agreement objectives and criteria.	Spend delays would be primarily caused by delays in the acquisitions completing due to nature of the property market, profile of private landowners in the area and the council needing to ensure best consideration is achieved.	Subject to exchanging successfully, the repayment profile should be met.	From the land and sites identified, and positive engagement of partners, there is now greater certainty that the target of 66 homes will be achieved by 24/25.	As with any development project, there is a planning risk, although for the identified properties this is considered to be low risk.	
Revenue admin cost drawn down	n/a		n/a						
Harlow EZ Revenue Grant	n/a		n/a						
Growing Places Fund Round Two									
Fitted Rigging House	Medway	The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit space initially providing a base for three organisations employing over 350 people and freeing up space to create a postgraduate study facility elsewhere onsite for the University of Kent Business School. The project also provides expansion space for the future which has the potential to enable the creation of a high tech cluster based on the work of one core tenant and pre-existing creative industries concentrated on the site. The conversion will provide 3,473m ² of office space.	Building works to the project are now mostly complete. The first three tenants have taken occupation of their spaces with a fourth tenant due to move into the building in May 2019. Four other tenants have now been confirmed for the 2nd floor spaces meaning the building will be fully occupied by October 2019.	Asbestos contamination from roof lining discovered. Mitigated by the involvement of main contractor with specialist team to deal with roof lining to ensure minimal slip in project timing and cost. Delay in delivery of main lift for stair core but an additional platform lift is being installed to mitigate.	Reduced GPF allocation required in order to deliver the project.	Low risk - any shortfall in income received from tenants to be offset by charitable reserves.	Low risk - outcomes dependent upon space being occupied by tenants. The first three tenants have moved into their space, with a further tenant due to move in from May 2019.		Project is nearing completion

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Innovation Park Medway (southern site enabling works)	Medway	<p>The Project is part of a wider package of investment at Innovation Park Medway. The Innovation Park is one of three sites across Kent and Medway which together forms the North Kent Enterprise Zone.</p> <p>The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing, high value technology and knowledge intensive industries. These businesses will deliver high value jobs in the area and will contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.</p> <p>The Project will bring forward site enabling works on the southern site at the Innovation Park.</p>	<p>The Innovation Park Medway Masterplan was adopted by Medway Council and Tonbridge & Malling Borough Council in March 2019. The Local Development Order is to be consulted on and adopted in 2019.</p> <p>Demolition of the disused building was completed by the end of March.</p> <p>Design work is underway work prior to appointment of a construction contractor.</p>	<p>An LDO has been identified as the preferred planning mechanism in order to minimise risk of delivery.</p> <p>Development on the southern site can only be brought forward if the LGF2 works (improvements to airport infrastructure) are delivered, as otherwise the site remains on an active flightpath and is therefore subject to a number of restrictions. Planning consent has been granted for the airport improvement works and a contractor has been appointed.</p>	<p>Drawdown of funding has been reprofiled, taking into account the updated expected completion date of September 2020.</p>	<p>There is currently no identified risk in relation to meeting the repayment schedule set out in the Business Case.</p>	<p>There is significant interest from businesses who are looking to locate on the southern site, therefore, it is expected that the project outcomes will be delivered.</p>	<p>Work has commenced on the project and it is expected that the project outputs can be delivered in accordance with the Business Case.</p>	
Centre for Advanced Engineering	Essex	<p>Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on an industrial estate in Leigh on Sea. The project will also facilitate the vacation of the Nethermayne site in Basildon, which has been identified for the development of a major regeneration scheme.</p>	<p>Phase 1 completed and operational for start of 2018/19 academic year including motor vehicle and engineering. Phase 2 was completed in November 2018, allowing student enrolment from December 2018. The project was completed on time, to quality and within the revised budget.</p>	<p>Project delivered</p>	<p>GPF funding spent in full</p>	<p>No risk.</p>			
Colchester Northern Gateway	Essex	<p>This development is located at Cuckoo Farm, off Junction 28 of the A12. The overall scheme consists of: relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes including 260 extra care and up to 100 bed Nursing home providing in total around 35% affordable units and on site infrastructure improvements facilitating the development of the Sports and Leisure Hub.</p>	<p>Main contract commenced on 29th April following approval of relevant planning conditions. The first phase includes construction of access and sports buildings.</p> <p>Highways design work underway in consultation with County and Highways England over safety improvements to parts of the highways network including Junction 28 across the A12.</p>			<p>There is no risk to the repayment schedule.</p>		<p>Slight delay to practical start on site whilst await determination of relevant planning conditions but haul road, site setup and site investigation works undertaken during Q4 2018/19. Completion of project will align with readiness of last three grass pitches in May/June 2020.</p>	

Growing Places Fund Update Appendix 1									
Name of Project	Upper Tier	Description	Current Status	Deliverability and Risk					
				Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Charleston Centenary	East Sussex	The Charleston Trust have created a café-restaurant in the Threshing Barn on the farmhouse’s estate. This work is part of a wider £7.6m multi-year scheme – the Centenary Project – which aims to transform the operations of the Charleston Farmhouse museum.	The GPF funded works on the café-restaurant are now complete and the café-restaurant is open.	Project complete	GPF funds spent	Repayment schedule is factored in to the cash flow forecasting and risk register which are regularly reviewed.			
Eastbourne Fishery	East Sussex	This capital project has secured £1,000,000 European Maritime and Fisheries Fund (EMFF) grant funding to build a Fishermen’s Quay in Sovereign Harbour to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne’s inshore fishing fleet.	The project has suffered a number of setbacks including the collapse of the identified building contractor. An alternative contractor has now been secured but at an increased cost. This increase is being offset by an increased offer in grant funding from the EMFF. Discussions around the final amount to be granted are ongoing but should be sufficient to cover the increased costs ensuring that the project is still viable. Agreement on the grant is expected shortly, allowing contracts to be signed by the new contractor with work starting on site in June.	Project was delayed whilst a new contractor was identified. Final confirmation of the increased EMFF grant which will offset the increased build costs has not yet been received. However, negotiations are positive and it is expected that an agreement will be reached that will allow the project to continue.	Once the EMFF grant is confirmed the contracts will be signed, build will commence and the spend profile will be on schedule.	Timescale for repayment is unaffected by the increase in costs and further grant negotiations.	Objectives and deliverables are still as per the original business case.		Positive outcome of discussions with EMFF expected, allowing the project to progress as planned.
No Use Empty Commercial	Kent	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	<p>The project has contracted with 7 projects in Dover, Folkestone and Margate. These projects will provide 9 commercial units and 21 residential units. All projects have commenced.</p> <p>Two further potential projects have been identified. Both are at early design stage and require planning permission. Discussions are ongoing with the relevant district councils and the landowners.</p>	All GPF funds have been drawn down by March 2019. Contracts are now in place to deliver 75% of the homes as stated in the Business Case.	The No Use Empty Commercial project has currently allocated £540,000 of the £1,000,000 drawn down.	The individual projects currently supported by No Use Empty Commercial have repayment dates which will fulfil the requirement to repay back the first £500,000 by March 2021.		No other risks identified . The number of commercial units in contract exceed the total stated in the Business Case. 75% of the homes required are in contract.	

Appendix 2 - Growing Places Fund Repayment Schedule

Name of Project	Upper Tier	Total Allocation	Total Drawn Down to date	Total Spent to Date	Total Repaid by 31st March 2019	2019/20 total	2020/21 total	2021/22 total	2022/23 total	2023/24 total	2024/25 total	2025/26 total	2026/27 total	Total
Revenue admin cost drawn down	n/a	2,000	2,000	2,000										2,000
Harlow EZ Revenue Grant	n/a	1,244,000	1,244,000	1,244,000										1,244,000
Round 1 Projects														
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000	7,000,000	7,000,000									7,000,000
North Queensway	East Sussex	1,500,000	1,500,000	1,500,000	1,000,000	500,000								1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000	4,410,000	240,000	1,650,000	2,520,000							4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042	2,999,042	-	1,000,000	1,000,000	999,042						2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000	6,000,000	1,025,000	4,975,000								6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000	3,250,000	3,250,000									3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000	1,000,000	1,000,000									1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000	1,400,000	1,100,000	300,000								1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000	4,600,000	525,000	475,000	400,000	3,200,000						4,600,000
Workspace Kent	Kent	1,500,000	1,437,000	1,437,000	1,032,433	145,600	78,000	8,400	8,400	8,600	9,600	11,200	197,767	1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000	1,500,000	1,500,000									1,500,000
Discovery Park	Kent	5,300,000	5,300,000	-	-	408,000	1,624,000	1,738,000	1,530,000					5,300,000
Live Margate	Kent	5,000,000	5,000,000	1,777,000	-		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000			5,000,000
Sub Total		46,705,042	46,642,042	38,119,042	17,672,433	9,453,600	6,622,000	6,945,442	2,538,400	1,008,600	1,009,600	11,200	197,767	46,705,042
Round 2 Projects														
Colchester Northern Gateway	Essex	2,000,000	-	-	-			2,000,000						2,000,000
Charleston Centenary	East Sussex	120,000	120,000	120,000	-	53,000	36,000	31,000						120,000
Eastbourne Fisherman	East Sussex	1,150,000	-	-	-	900,000	250,000							1,150,000
Centre for Advanced Automotive ar	South Essex	2,000,000	2,000,000	2,000,000	-			2,000,000						2,000,000
Fitted Rigging House	Medway	550,000	550,000	550,000	-	200,000	300,000	50,000						550,000
Javelin Way Development	Kent	1,597,000	1,597,000	-	-			1,597,000						1,597,000
Innovation Park Medway	Medway	650,000	120,000	35,300	-		50,000	600,000						650,000
No Use Empty Commercial	Kent	1,000,000	1,000,000	540,000	-		500,000	500,000						1,000,000
Sub Total		9,067,000	5,387,000	3,245,300	-	1153000	1136000	6778000	-	-	-	-	-	9,067,000
Total		55,772,042	52,029,042	41,364,342	17,672,433	10,606,600	7,758,000	13,723,442	2,538,400	1,008,600	1,009,600	11,200	197,767	55,772,042

Appendix 3 - Growing Places Fund Drawdown Schedule

Name of Project	Upper Tier	Total Allocation	Total drawn down to end 2018/19		2019/20 total	2020/21 total	2021/22 total	Total scheduled for drawdown
Round 1 Projects								
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000					7,000,000
North Queensway	East Sussex	1,500,000	1,500,000					1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000					4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042					2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000					6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000					3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000					1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000					1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000					4,600,000
Workspace Kent	Kent	1,500,000	1,437,000		63,000			1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000					1,500,000
Discovery Park	Kent	5,300,000	5,300,000					5,300,000
Live Margate	Kent	5,000,000	5,000,000					5,000,000
Sub Total		45,459,042	45,396,042		63,000	-	-	45,459,042
Round 2 Projects								
Colchester Northern Gateway	Essex	2,000,000	-		1,350,000	650,000		2,000,000
Charleston Centenary	East Sussex	120,000	120,000					120,000
Eastbourne Fisherman	East Sussex	1,150,000	-		1,150,000			1,150,000
Centre for Advanced Automotive an	South Essex	2,000,000	2,000,000					2,000,000
Fitted Rigging House	Medway	550,000	550,000					550,000
Javelin Way Development	Kent	1,597,000	-		1,597,000			1,597,000
Innovation Park Medway	Medway	650,000	120,000		50,000	480,000		650,000
No Use Empty Commercial	Kent	1,000,000	1,000,000					1,000,000
Sub Total		9,067,000	3,790,000		4,147,000	1,130,000	0	9,067,000
Total		54,526,042	49,186,042	4,210,000	1,130,000	-	54,526,042	

Forward Plan reference number: (FP/AB/227 and FP/AB/228)

Report title: SELEP Operations Update	
Report to Accountability Board	
Report author: Suzanne Bennett Chief Operating Officer	
Date: 22 May 2019	For: Decision
Enquiries to: Suzanne.bennett@southeastlep.com	
SELEP Partner Authority affected: – Pan-LEP	

1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report includes a financial update on the revenue budget by the Accountable Body and updates on items of governance.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Approve** the final provisional outturn for the South East LEP revenue budgets for 2018/19 in Table 1;
- 2.1.2. **Approve** the contribution of **£236,000** to General Reserves in Table 1;
- 2.1.3. **Approve** the recommended increase in the minimum level of reserves to £165,000, held to meet the costs of closure should SELEP cease to function;
- 2.1.4. **Approve** the 2019/20 revenue budgets for the specific grants summarised in Table 4 (detail can be seen in Appendix B), noting that any material change will be reported to the Board at the first opportunity;
- 2.1.5. **Note** the current forecast **underspend** of **£178,000** against total revenue budget for 2019/20, and that this is offset by an equivalent reduction in the planned drawdown in reserves;
- 2.1.6. **Note** the risk register at Appendix C;
- 2.1.7. **Note** the Action Plan at Appendix D agreed with Government to address the findings of the Annual Performance Review;
- 2.1.8. **Note** the update on the LEP Review and Assurance Framework; and

- 2.1.9. **Note** the update on the recent compliance checks performed by the Cities and Local Growth Unit.

3. Finance Update

3.1. 2018/19 Provisional Outturn

- 3.1.1. Table 1 overleaf details the total revenue spend by the SELEP in financial year 2018/19. In addition to the Secretariat budget, this table includes all specific revenue grants such as Growing Places Fund (GPF), Transport: Delivery Excellence (TDE), the grant from the Careers Enterprise Company (CEC) to support the Enterprise Advisors and the pan LEP Energy Strategy grant.
- 3.1.2. At the end of the financial year, income exceeded expenditure resulting in a surplus of **£236,000**. The budgeted position was a deficit of £385,000, to be funded from reserves, which means there is a variance of £621,000 against that original budgeted position.
- 3.1.3. The £621,000 is made up of an expenditure under spend of £673,000, partly off-set by income under-recovery of £51,000. The bulk of this net under spend is explained by reduced spend on GPF Revenue Grant items and the consequent reduction in draw down of specific grant to fund that spend. Further details can be found below at paragraph 3.1.5.
- 3.1.4. The Board is requested to approve the transfer of the surplus of £236,000 to the SELEP General Reserve. Further details on the reserve can be found at paragraph 3.1.9.

Table 1 – SELEP Consolidated revenue position 2018/19

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %	Third Quarter Forecast £000	Forecast Movement £000
Staff salaries and associated costs	630	760	(130)	-17%	620	10
Staff non salaries	26	32	(6)	-20%	32	(6)
Recharges (incl. Accountable Body)	130	145	(15)	-10%	145	(15)
Total staffing	785	937	(152)	-16%	797	(12)
						-
Meetings and admin	56	71	(15)	-21%	79	(23)
Chairman's allowance	20	20	-	0%	20	-
Consultancy and projects	457	610	(153)	-25%	446	11
Local Area Support	150	150	-	0%	150	-
Grants to third parties	1,234	1,588	(354)	-22%	1,588	(354)
Total other expenditure	1,918	2,439	(521)	-21%	2,283	(365)
Total expenditure	2,703	3,376	(673)	-20%	3,080	(377)
Grant income	(1,856)	(2,317)	461	-20%	(2,321)	465
Contributions from partners	(200)	(200)	-	0%	(200)	-
Other Contributions	(24)	-	(24)	0%	(4)	(20)
External interest received	(860)	(474)	(386)	81%	(883)	23
Total income	(2,940)	(2,991)	51	-2%	(3,408)	468
						-
Net expenditure	(236)	385	(621)	-161%	(328)	92
						-
Contributions to/(from) reserves	236	(385)	621	-161%	328	(92)
						-
Final net position	-	-	-	0%		-

3.1.5. The £236,000 under spend is a movement of **£92,000** from the forecast under spend of £328,000 reported to the February 2019 Board meeting. The movement is set out in Table 1 above; the most significant movement relates to a lower than forecast spend on GPF Revenue Grant items, specifically in relation to the Sector Support Fund grants where approved funding profiles and delay in agreements for the Sector Support Funding (SSF) resulted in a lower than expected spend and consequent a lower than anticipated drawdown of grant of £398,000 (See Appendix A). Funding not drawn down for projects with agreement in principle for 2018/19 will be brought forward into 2019/20, in addition to the £500,000 budgeted for that financial year.

3.1.6. Other movements include a reduction in the forecast external interest received of £23,000 due to interest rates being lower than anticipated in the final quarter. This is due to grant payments made earlier than anticipated in the forecast. Overall, however, the total amount of interest received in year was £386,000 more than budgeted, due primarily to the slippage in the spend of the Local Growth Fund, as reported to the Board in April 2019.

3.1.7. Due to the higher than anticipated levels of interest received, it was decided to fund the Accountable Body costs, including legal costs, from external interest receipts rather than the GPF grant. This net position is offset against the surplus on the Secretariat budget. A

summary of the Secretariat budget can be found in Appendix A.

- 3.1.8. The following table (Table 2) summarises the use of grants applied in 2018/19 and reconciles to the Grant Income line included in Table 1. A summary position against each of the specific revenue grants can also be found in Appendix A.

Table 2: 2018/19 Grant Income Summary

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
General Grants (Secretariat Budget)	(500)	(500)	(0)	0%
<u>Specific Grants:</u>				
GPF Revenue Grant	(500)	(948)	448	-47%
Enterprise Zone - Commercial Funding	(23)	(23)	-	0%
Growth Hub	(656)	(656)	-	0%
Transport: Delivery Excellence (TDE)	(10)	(10)	(0)	0%
Careers Enterprise Company (CEC)	(124)	(88)	(36)	0%
Energy Strategy Grant	(43)	(92)	49	100%
Total Grant Income	(1,856)	(2,317)	461	-19.9%

- 3.1.9. Table 3 below shows that the General Reserve will total **£747,000** as at the 31st March 2019, if the Board approves the further contribution of £236,000, as recommended in this report.

Table 3 – General Reserves Summary

	£000
Opening balance 1st April 2018	511
Changes in year	
Updated contribution to reserves	236
Total	236
Balance at 31st March 2019	747
Minimum value of reserve	100

- 3.1.10. The Board has previously agreed that the general reserve should always have a minimum funding level of £100,000. This is to ensure that any costs of closure, should the LEP cease to function, will be covered. Given the increase in the size of the Secretariat since the minimum level was calculated, it is recommended that the minimum level should increase to £165,000. This value will be further reviewed in advance of the SELEP becoming incorporated, to reflect any additional cost risks arising from the change in status; this will then be considered as part of the budget setting for 2020/21.

3.2. 2019/20 revenue budget update

- 3.2.1. The 2019/20 revenue budget for the SELEP Secretariat was set by Accountability Board at its November 2018 meeting. At that time Central Government and other agencies had not confirmed details for a number of specific revenue grants that are applicable in this financial year.
- 3.2.2. Some of this detail has now been received and the position for each grant can be found below. The Board is recommended to approve the expenditure budgets for the specific grants set out in Table 4 and in detail in Appendix B, noting that any material change will be reported to the Board at the first opportunity. A brief summary of each grant is set out below.

Table 4 – Summary Specific Grants 2019/20

Name of grant	Growing Places Fund (Revenue) £000	Growth Hub Revenue £000	Skills Analysis Panels (SAP) £000	Local Digital Skills Partnership Catalyst £000	Careers Enterprise Company £000	Energy Strategy £000	Total £000
Amount c/fwd from previous years	(2,065)	-	-	-	(35)	(49)	(2,149)
2019/20							
Income to be received in year	-	(656)	(75)	(75)	-	-	(806)
Expenditure	1,000	656	75	75	35	49	1,890
Net utilised in year	1,000	-	-	-	35	49	1,084
Amount to b/fwd to future years	(1,065)	-	-	-	-	-	(1,065)

Growing Places Fund Revenue Grant

- 3.2.3. The Growing Places Fund (GPF) grant was received from Government in financial year 2011/12. The vast majority of the £49.21m grant was awarded as capital to support the revolving infrastructure investment programme. However, a small element of the funding, £3.7m, was awarded as revenue. This funding has been used in the past to support some revenue costs of the GFP loan programme and it was agreed at Strategic Board in June 2017 that it would also be used to contribute to a Sector Support Fund, whereby small amounts of revenue grant can be applied for by the working groups of the SELEP. As at 1st April 2019, there was £2.1m of revenue grant remaining on the balance sheet for application in this and future years.
- 3.2.4. The Board is requested to approve a drawdown of the grant of £1.0m in 2019/20 and the setting of the equivalent budget. The detail can be seen in Appendix B and a summary is included in Table 5 below.
- 3.2.5. It was agreed by Strategic Board in June 2017, that a maximum of £500,000 would be available in each financial year for 2017/18, 2018/19 and 2019/20, the three years of the Sector Support Fund programme. By April 2019, £1.0m of Sector Support Fund allocations had been endorsed by Strategic Board and subsequently approved by the SELEP Chief Executive Officer; of this, £0.5m has been

transferred to the lead authorities during 2018/19, with the balance of £0.5m to be transferred during 2019/20, in addition to the £0.5m available to be awarded during this financial year.

Growth Hub Revenue Grant

- 3.2.6. The Department of Business, Energy and the Industrial Strategy (BEIS) confirmed in April that the SELEP Growth Hub would receive £656,000 of funding for 2019/20; this is at the same level as in 2017/18 and 2018/19.
- 3.2.7. The grant conditions and principles of funding for 2019/20 remain very stringent, as in 2018/19; and the Growth Hub programme will need to continue to ensure that it fits with the requirements. An application for the £656,000 with a plan for the Growth Hubs in 2019/20 was recently submitted to BEIS and has been approved.
- 3.2.8. The current proposed budget for the Growth Hub grant funded expenditure can be found in the grants summary in Table 5 and in detail in Appendix B.
- 3.2.9. In 2018/19, following the increased requirements of Central Government, a full-time post was established within the Secretariat to support the Growth Hub programme; the costs of the post will be met in part through the grant in this year.

Skills Analysis Panels (SAP) Grant

- 3.2.10. The Skills Analysis Panels (SAP) Grant has been allocated to SELEP for the purpose of building capacity, growing local capability sustainably and for producing high quality analysis to underpin the work of the SAP; the aim of the SAP is to help colleges, universities and other providers deliver the skills required by employers, now and in the future.
- 3.2.11. The aim of SAPs is to support new local partnerships comprising of local employers, skills providers and local government to pool knowledge on skills and labour market needs, and to work together to understand and address key local challenges.
- 3.2.12. £75,000 has been allocated to SELEP in 2019/20 which will be used to fund a role to support the implementation and delivery of the aims of the SAP.

Local Digital Skills Partnership Catalyst Grant

- 3.2.13. Local Digital Skills Partnership Catalyst Grant has been awarded to SELEP to fund a member of staff to project manage and coordinate the local digital skills partnership. £75,000 has been allocated to SELEP in 2019/20 for this purpose.

- 3.2.14. The partnership is a cross-sector collaboration, initiated by SELEP, to tackle local digital skills gaps.

Careers Enterprise Company Enterprise Co-ordinator Revenue Grant

- 3.2.15. The Careers Enterprise Company (CEC) was set up by the Department for Education in 2015 to transform the provision of careers education and advice for young people. The company helps broker relationships between employers and schools and colleges to support young people with decision making and career development.
- 3.2.16. The CEC supports a national network of Enterprise Advisors. These Advisors are senior business volunteers who work with local schools and colleges to help develop a practical careers plan. As part of this support, the CEC 50% funds Enterprise Co-ordinators who work in a local area and assist in linking Enterprise Advisors with schools and colleges. Match funding is provided by Local Authorities.
- 3.2.17. There are Enterprise Co-ordinators across the SELEP geography. In Kent and Medway and in East Sussex, the CEC grant is awarded directly to Local Authorities but for the Greater Essex area, CEC asked SELEP to act as distributor for the grant. The grant is claimed retrospectively and claims are made from Essex County Council, Southend Borough Council and Thurrock Council each term. When the funds are received by the Accountable Body from the CEC, they are passed straight on to the relevant Local Authority.
- 3.2.18. As the grant is claimed retrospectively, the total value of the grant for 2019/20 is not known at this time, however, £35,000 has been brought forward from 2018/19.

Energy Strategy Revenue Grant 2019/20

- 3.2.19. In 2017 BEIS made available funding to support LEPs in drafting an Energy Strategy for their area. Generally, £40,000 was available but BEIS encouraged joint bids. The South East LEP was successful in a joint bid with the Coast to Capital and Enterprise M3 LEPs and £120,000 was awarded (£40,000 per LEP). The South East LEP is the lead partner for the project and therefore received the funding.
- 3.2.20. The Energy Strategy was agreed and launched in the latter part of 2018/19.
- 3.2.21. Of the £120,000 grant, £49,000 remains in 2019/20 and will be used to meet the outstanding costs associated with the delivery of the Energy Strategy.
- 3.2.22. Table 5 below summarises the grant position for 2019/20 to date. It includes the general grants that are used to support the budget of the Secretariat; these are forecast to increase by £400,000 since the

budget was agreed in November 2018; this increase relates to the award of additional funding from the Government to support the implementation of the LEP Review recommendations - £200,000 for 2018/19, which has been received, and £200,000 for 2019/20 which remains subject to final confirmation by Government.

- 3.2.23. The 2018/19 allocation of the LEP Review capacity funding was withheld by Government until SELEP was able to confirm it would implement the requirements to reduce the Board composition in line with the LEP Review recommendations. As such, this funding was not received until April 2019, following the Strategic Board decision in February 2019.

Table 5: 2019/20 Grant Income Summary

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
General Grants (Secretariat Budget)	(900)	(500)	(400)	17%
<u>Specific Grants:</u>				
GPF Revenue Grant	(1,000)	(1,000)	-	0%
Growth Hub	(656)	(656)	-	0%
Skills Analysis Panels (SAP) Grant	(75)	(75)	-	0%
Local Digital Skills Partnership Catalyst Grant	(75)	(75)	-	0%
Careers Enterprise Company (CEC)	(35)	(35)	-	0%
Energy Strategy Grant	(49)	(49)	-	0%
Total Grant Income	(2,790)	(2,390)	(400)	16.7%

SELEP Secretariat Revenue Budget

- 3.2.24. The SELEP Secretariat revenue budget was agreed by Accountability Board at its meeting in November 2018. The first forecast of spend for the financial year can be seen at Table 6 below. The net expenditure is forecast to be £178,000 less than the agreed budget. This is primarily due to the additional £400,000 of general grants forecast to be received in respect of the LEP review; this is partly offset by an increase in staffing related expenditure due to the recognition for the need to create additional capacity to deliver the LEP review recommendations and a Local Industrial Strategy (LIS) during 2019/20.
- 3.2.25. As a result, the forecast has reduced the required drawdown on reserves to £222,000, as set out in Table 7, which would increase the forecast closing balance as at 31st March 2020 to £526,000. It is anticipated that additional costs may be incurred during the year in relation to the implementation of the LEP Review requirements, however, these are unquantified and therefore not forecast at this stage.
- 3.2.26. At the meeting of Strategic Board on 11 March 2016, it was agreed that the interest earned on the LGF and GPF balances held would be used to support the SELEP Secretariat revenue budget.

3.2.27. The forecast level of interest receipts has reduced by £146,000 since the budget was set. This is primarily due to an increase in the planned grant payment profile; this position is fluctuating during the year as a result of movement in interest rates and in the level of slippage in the Capital Programme position, as reported in the Capital Programme report (Agenda item 14). As such, the interest receipts profile will continue to be closely monitored.

Table 6 – Forecast Secretariat Revenue Spend

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Staff salaries and associated costs	1,002	744	258	35%
Staff non salaries	39	39	-	0%
Recharges (incl. Accountable Body)	58	58	-	0%
Total staffing	1,099	841	258	31%
Meetings and admin	67	51	16	32%
Chairman's allowance	20	20	-	0%
Consultancy and project work	683	877	(194)	-22%
Local Area Support	150	150	-	0%
Total other expenditure	920	1,098	(178)	-16%
Total expenditure	2,019	1,939	80	4%
Grant income	(900)	(500)	(400)	80%
Contributions from partners	(200)	(200)	-	0%
Other Contributions	(4)	-	(4)	0%
External interest received	(693)	(839)	146	-17%
Total income	(1,797)	(1,539)	(258)	17%
Net expenditure	222	400	(178)	-44%
Contributions to/from reserves	(222)	(400)	178	0%
Final net position	0	(0)	0	0%

Table 7 – SELEP General Reserve

	Forecast Outturn £000	Latest Budget £000
Opening balance 1st April 2019	-748	-748
Planned Utilisation		
Planned withdrawal 19/20	-222	-400
Total	-222	-400
Balance remaining	-526	-348
Minimum value of reserve	165*	100*

* Note, the Minimum value of reserve will be £165,000 if the Board agree the recommendation at 2.1.3

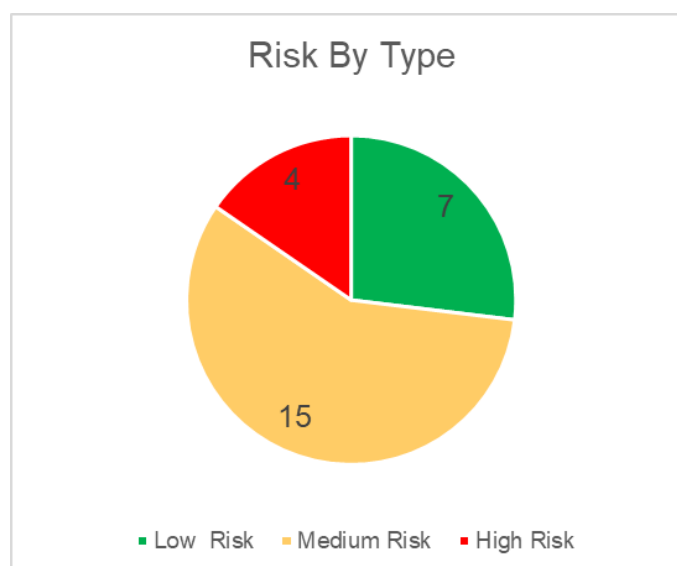
3.2.28. The Board is asked to note the latest forecast outturn position of £178,000 under spend; this is offset by an equivalent reduction in the planned drawdown in reserves.

3.3. Financial Implications (Accountable Body comments)

3.3.1. This section of the report has been authored by the Accountable Body and the recommendations are considered appropriate.

4. Risk Register

- 4.1. The risks of the Local Growth Fund have been reported to Board as part of the Capital Programme Management process. However, this reporting does not pick up the wider set of risks that apply to the activities of the Secretariat.
- 4.2. The Risk Register was last reported to Board in April. An updated Risk Register can be found at Appendix C. There are currently 26 live risks and 2 risks to be removed, (see Table 8 below for more details). Those 26 risks are classified as follows:



- 4.3. The current highest ranked risk on the register continues to be the potential impact of the high workload that currently faces the Secretariat. Some recruitment has already taken place and has been successful and further recruitment is in hand. Additionally, Secretariat staff are employees of Essex County Council as part of the Accountable Body arrangements. As such they are able to access the wellbeing services that ECC have in place and the team will be encouraged to do so.
- 4.4. Three other risks are categorised as 'high' and are currently equally scored. Firstly, there is a risk that all the LEP Review requirements are not implemented in line with Government's requirements, including the requirement for all changes to be implemented by the end of the financial year. There are a large number of changes to be made, some of which are very complex and have impacts on partner organisations. The nature of this type of fundamental change brings an inherent risk. Action plans are in place and this continues to be the top priority of the team over the year.
- 4.5. The third high category risk is linked to the above and is the risk that a preferred option on SELEP board size and composition can't be found. This links to the above, but there is a specific risk the options to be developed by the independent review are not accepted by the Board. This risk will be flagged to the workstream leading this work and a discussion on how it can be mitigated will be needed.
- 4.6. The remaining high category risk is the likelihood of a change in policy direction at national government level. Whilst this is always possible, a change in leadership or administration makes this more likely. At time of writing we know that there will be a change in leadership. The impact of any change is currently unknown, and this uncertainty is why this risk is currently ranked as high. The Secretariat will continue to work closely with officials in Whitehall to ensure we are informed of any changes in policy as soon as possible.
- 4.7. Changes to the risk register can be seen in the table below.

Risk Ref	Risk	Change	Reason
1	LGF Grant payment 19/20	Removed	Grant has now been paid
2	Revenue grants 19/20	Down-graded	The bulk of revenue funding has been received, the impact of not receiving the final £200K could be mitigated through reserves
3	LEP Review implementation	Upgraded	As we get closer to the deadline the risk increases
5	Incorporation – Nil Return approach decision	Removed	Strategic Board agreed approach in March
16	Brexit – potential impact on team operations in getting to meetings etc in case of no deal	Down-graded	Risk has receded due to delay in withdrawal. This may increase in run up to 31 October
17	Brexit – requests for information from Whitehall	Down-graded	As above
18	Brexit – impact on Whitehall	Down-graded	As above
25	Change in national policy	Upgraded	As detailed in paragraph 4.6 above
27	LEP Review Incorporation	New risk added	Risk that an agreed model for the new company cannot be found in line with deadlines
28	Newhaven Enterprise Zone	New risk added	Risk that SELEP reputation is damaged and development on the EZ stalled whilst handover discussions and model of delivery is agreed

4.8. The following two risks have now abated and can be removed from the register. The risk that the 2019/20 LGF Grant would not be paid was eliminated when the grant was paid at the end of April. Strategic Board agreed that the SELEP legal form should be a nil return company, therefore the risk relating to this decision will be removed. Both risks are included on current iteration of the risk register for information but have a score of zero. They will be removed following the Board's meeting.

4.9. Two new risks have been added to the register. The first is a further risk related to incorporation. The Strategic Board agreed that any legal form adopted will take a nil return approach but now the specifics of the legal form needed to be decided. A workstream has been established to lead this work and present options to the Strategic Board, but there is a risk that a form that is acceptable to all parties cannot be found or cannot be found in the time available. If the LEP does not incorporate during this financial year this could impact the availability of funding in 2020/21. This risk will be flagged with the

workstream at its first meeting and a discussion on how it can be mitigated will be needed.

5. Annual Performance Review Action Plan

- 5.1. The Cities and Local Growth Unit carried out their annual reviews of LEPs during December and January. Each LEP was assessed on their performance across three categories: Governance, Delivery and Strategy.
- 5.2. Following moderation, SELEP performance was assessed as follows:
 - Governance: Good
 - Delivery: Good
 - Strategy: Requires improvement
- 5.3. The Strategy assessment is a result of focus being put on the LEP Review rather than development of the Local Industrial Strategy. The department also expressed some concerns about the small size of the secretariat in comparison to other LEPs.
- 5.4. Following the review, officials at CLGU were required to develop action plans for all areas where a requires improvement assessment was made. The action plan for SELEP was constructed in consultation with the Secretariat and can be found at Appendix D.

6. LEP Review and Assurance Framework Update

- 6.1. The Local Assurance Framework (LAF) was agreed by the Strategic Board on the 22nd March 2019. Based on feedback received during the meeting, the LAF is being reviewed and a revised version will be submitted to the Strategic Board for consideration on the 28th June 2019.
- 6.2. It is the role of the Accountability Board is to oversee the implementation of the requirements of the LAF. To receive grant funding from central government, SELEP must have in place a LAF which demonstrates full compliance with the National Assurance Framework, published by central government in January 2019.
- 6.3. The LAF Implementation Plan, included in Appendix E sets out the actions required to ensure that SELEP is fulfilling its commitments under the LAF.
- 6.4. Once the updated LAF has been agreed by the Strategic Board, any additional actions required will be added to the Implementation Plan. The Governance and Transparency Key Performance Indicators will also be reviewed to ensure that these are focused on the most appropriate areas for monitoring and continuous improvement.
- 6.5. The most challenging but pressing actions detailed in the Implementation Plan relate to the recommendations of the LEP Review. Specifically, the requirement for incorporation and the changes to board composition. Government is keen to see these requirements of the LEP Review

incorporated as soon as possible, so it is crucial that SELEP maintains momentum with this work.

- 6.6. To take forward the implementation of these requirements, a document was circulated by SELEP Chief Executive Officer on the 14th May 2019, detailing a proposal for two sub-groups of the Strategic Board to be established. The purpose of these groups will be to arrive at complementary proposals for:
 - 6.6.1. A board of two-thirds public sector with a maximum of 20 members plus 5 co-opted members to meet Government's criteria; and
 - 6.6.2. A legal structure which is appropriate to the objectives of the LEP and passes Government's compliance tests.
- 6.7. A shared conference call is in the process of being scheduled with members of these two working groups, to constitute the first meeting of the groups.
- 6.8. A tender document has also been drafted for the independent review of the Strategic Board. An update will be provided to the Strategic Board in June 2019 on this work.
- 6.9. Other areas of work which have been completed since the last update report to the Board include progress towards the development of a more formal board member induction pack.
- 6.10. Through the latest round of government LEP compliance check, the Oversight and Compliance Team have identified actions which SELEP is required to implement, as detailed in Appendix F. These actions that are incorporated within the LAF Implementation Plan, include:
 - 6.10.1. Requirements for a more detailed approach to Board succession planning. An Independent Review of the Strategic Board has been agreed. This will help to make recommendations on the succession planning for the Board. It is intended that the Strategic Board Succession Plan will then be considered by the Strategic Board for agreement in December 2019.
 - 6.10.2. Full set of registers of interest (RoI) – As a result of changes to some board members following the recent local elections RoI are required for new board members since May. Whilst a majority of RoI are up to date, any outstanding RoI must be completed.
 - 6.10.3. Government branding – SELEP is required to comply with the national branding guidelines. The government's branding guidance is now available on the SELEP website, along with a commitment. SELEP will continue to work with local partners to ensure that the appropriate branding guidelines are followed for publicity in relation to all projects.
- 6.11. Appendix G also provides a list of the Governance and Transparency Key Performance Indicators (KPI). The KPI agreed by the Board to date mainly

relate the publication of information on the SELEP in relation to board meeting and Rol. An additional KPI has now been added to track the number of female representatives on the Strategic Board.

- 6.12. SELEPs performance against the KPIs will be tracked throughout the financial year. Since the outset of the financial year only one Accountability Board meeting has been held and no Federated Board meetings have been held. As such, there is fairly limited data currently available.
- 6.13. The KPI do identify an issue around the late publication of reports. Firm timescales have now been established for the drafting and sign off of Strategic Board reports to ensure that the full agenda pack is published at least 5 working days in advance or earlier where feasible to do so.
- 6.14. The KPI also identify the need for an urgent review of Rol by certain Federated Boards to ensure all ROI remain up to date.

7. Accountable Body Comments

- 7.1. 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.
- 7.2. 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.
- 7.3. A requirement for the release of the Local Growth Fund (LGF) grant to SELEP for 2019/20, was that the S151 officer of the Accountable Body had to provide confirmation to the Government, by the 28th February 2019, that the SELEP has the following in place:
 - 7.3.1. the processes to ensure the proper administration of its financial affairs;
 - 7.3.2. compliance with the minimum standards as outlined in the National Assurance Framework (2016) and the Best Practice Guidance (2018); and
 - 7.3.3. whether or not SELEP was expected to be compliant with the new National Local Growth Assurance Framework (2019) by 1 April 2019.
- 7.4. This confirmation was provided to the Government, by the S151 Officer, on the basis that the revised SELEP Local Assurance framework was agreed by the Board at its March 2019 meeting, with a caveat that the requirement to adopt a legal entity by April 2019 is exempt by Government; this requirement is expected to be met by April 2020.
- 7.5. The S151 Officer of the Accountable Body is required, by the revised Assurance Framework, to ensure that their oversight of the proper administration of financial affairs within SELEP continues throughout the year.

7.6. In addition, the S151 Officer is required to provide an assurance statement as part of the Annual Performance Review and, by 28 February each year, they are required to submit a letter to the MHCLG's Accounting Officer. This must include:

- Details of the checks that the S151 Officer (or deputies) has taken to assure themselves that the SELEP has in place the processes that ensure proper administration of financial affairs in the SELEP;
- A statement outlining whether, having considered all the relevant information, the S151 Officer is of the opinion that the financial affairs of the SELEP are being properly administered (including consistently with the National Local Growth Assurance Framework and SELEP's local Assurance Framework); and
- If not, information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the SELEP to be properly administered.

7.7. At present, no significant issues are arising with regards to the financial affairs of SELEP. It should be noted, however, that as SELEP transitions to becoming an incorporated entity, the arrangements with the Accountable Body will be reviewed and formalised as appropriate, to reflect the chosen arrangements agreed by the Strategic Board.

8. Financial Implications (Accountable Body comments)

- 8.1. The 2019/20 Core funding and LGF grant payments were confirmed and received in full by the Accountable Body in April 2019.
- 8.2. Given that future grant payments are reliant on continued assurances from the S151 Officer of the Accountable Body, it is essential that efforts continue to be made to ensure appropriate consideration and prioritisation is given to implementing the Assurance Framework in full.
- 8.3. Currently, no significant financial risks have been identified for 2019/20 as the majority of the funding anticipated from Government has been received and planned funding profiles for projects are expected to be met. In addition, SELEP has more than sufficient reserves to offset its revenue commitments should this be required.
- 8.4. The main funding risk relates to the receipt of future funding from Government as funding continues to be confirmed on an annual basis, undermining future planning and is counter-intuitive to the expectations of Government within the National Assurance Framework.
- 8.5. Essex County Council, as the Accountable Body for the SELEP, is only able to meet funding commitments made by the SELEP, where it is in receipt of sufficient funding to do so and any spend is in line with the requirements of

the LAF and any conditions associated with individual funding allocations.

9. Legal Implications (Accountable Body comments)

9.1. There are no legal implications in this report.

10. Equality and Diversity implication

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

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

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

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

11. List of Appendices

- 11.1. Appendix A – 2018/19 provisional outturn
- 11.2. Appendix B – 2019/20 budget position May 2019
- 11.3. Appendix C – Risk Register
- 11.4. Appendix D – APR Action Plan
- 11.5. Appendix E – Implementation Plan
- 11.6. Appendix F – Assurance Framework Compliance Checks
- 11.7. Appendix G – Governance and Transparency Key Performance Indicators
- 11.8. Appendix H – LEP Review Working Groups

12. List of Background Papers

12.1. SELEP Assurance Framework 2019/20 (to be reviewed in June 2019)

(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)

SELEP Operations Update

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	25/5/19

Appendix B: SELEP - Total Revenue Budget - Forecast Outturn May 2019

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Staff salaries and associated costs	1,002	744	258	34.64%
Staff non salaries	39	39	-	0.00%
Recharges (incl. Accountable Body)	169	158	11	6.64%
Total staffing	1,210	941	268	28.51%
Meetings and admin	82	66	16	24.80%
Chairman's allowance	20	20	-	0.00%
Consultancy and project work	821	1,026	(205)	-19.94%
Local Area Support	150	150	-	0.00%
Grants to third parties	1,626	1,626		
Total other expenditure	2,700	2,888	(188)	-6.52%
Total expenditure	3,909	3,829	80	2.09%
Grant income	(2,790)	(2,390)	(400)	16.74%
Contributions from partners	(200)	(200)	-	0.00%
Other Contributions	(4)	-	(4)	0.00%
External interest received	(693)	(839)	146	0.00%
Total income	(3,687)	(3,429)	(258)	7.52%
Net expenditure	222	400	(178)	0.00%
Contributions to/from reserves	(222)	(400)	178	0.00%
Final net position	-	-	-	0.00%

SELEP Secretariat Revenue Budget - Forecast Outturn May 2019

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Staff salaries and associated costs	1,002	744	258	35%
Staff non salaries	39	39	-	0%
Recharges (incl. Accountable Body)	58	58	-	0%
Total staffing	1,099	841	258	31%
Meetings and admin	67	51	16	32%
Chairman's allowance	20	20	-	0%
Consultancy and project work	683	877	(194)	-22%
Local Area Support	150	150	-	0%
Total other expenditure	920	1,098	(178)	-16%
Total expenditure	2,019	1,939	80	4%
Grant income	(900)	(500)	(400)	80%
Contributions from partners	(200)	(200)	-	0%
Other Contributions	(4)	-	(4)	0%
External interest received	(693)	(839)	146	-17%
Total income	(1,797)	(1,539)	(258)	17%
Net expenditure	222	400	(178)	-44%
Contributions to/from reserves	(222)	(400)	178	0%
Final net position	0	(0)	0	0%

SELEP Specific Grants 2019/20

Growing Places Fund (GPF) Revenue Grant

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	-	-		0.0%
Grants to third parties	1,000	1,000	-	0.0%
Total Expenditure	1000	1000	-	0.0%
Grant Income	(1,000)	(1,000)	-	0.0%
Total income	(1,000)	(1,000)	-	0.0%
Net position	-	-	-	0.0%

Growth Hub Grant

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	26	16	11	0.0%
Office expenses	15	15	-	0.0%
Consultancy and projects	23	34	(11)	-31.2%
Grants to third parties	591	591	-	0.0%
Total Expenditure	656	656	(0)	0.0%
Grant Income	(656)	(656)	-	0.0%
Total income	(656)	(656)	-	0.0%
Net position	-	-	-	0.0%

Skills Analysis Panels (SAP) Grant

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	40	40	-	0.0%
Consultancy and projects	35	35	-	0.0%
Total Expenditure	75	75	-	0.0%
Grant Income	(75)	(75)	-	0.0%
Total income	(75)	(75)	-	0.0%
Net position	-	-	-	0.0%

Local Digital Skills Partnership Catalyst Grant

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	44	44	-	0.0%
Consultancy and projects	31	31	-	0.0%
Total Expenditure	75	75	-	0.0%
Grant Income	(75)	(75)	-	0.0%
Total income	(75)	(75)	-	0.0%
Net position	-	-	-	0.0%

Careers Enterprise Company (CEC) Grant

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Grants to third parties	35	35	-	0.0%
Total Expenditure	35	35	-	0.0%
Grant Income	(35)	(35)	-	0.0%
Total income	(35)	(35)	-	0.0%
Net position	-	-	-	0.0%

Energy Grant

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Consultancy and projects	49	49	-	100.0%
Total Expenditure	49	49	-	100.0%
Grant Income	(49)	(49)	-	100.0%
Total income	(49)	(49)	-	100.0%
Net position	-	-	-	0.0%

Specific Grant Summary

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	111	100	11	0.0%
Grants to third parties	1,626	1,626	-	0.0%
Consultancy and projects	138	149	(11)	-7.1%
Office expenses	15	15	-	0.0%
Total Expenditure	1,890	1,890	(0)	0.0%
Grant Income	(1,890)	(1,890)	-	0.0%
Total income	(1,890)	(1,890)	-	0.0%
Net position	0	0	(0)	0.0%

2019/20 Grant Income Summary (incl. General Grants)

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
General Grants (Secretariat Budget)	(900)	(500)	(400)	17%
<u>Specific Grants:</u>				
GPF Revenue Grant	(1,000)	(1,000)	-	0%
Growth Hub	(656)	(656)	-	0%
Skills Analysis Panels (SAP) Grant	(75)	(75)	-	0%
Local Digital Skills Partnership Catalyst Grant	(75)	(75)	-	0%
Careers Enterprise Company (CEC)	(35)	(35)	-	0%
Energy Strategy Grant	(49)	(49)	-	0%
Total Specific Grants	(1,890)	(1,890)	-	0%
Total Grant Income	(2,790)	(2,390)	(400)	16.7%

Appendix A: SELEP - Total Revenue Provisional Outturn 2018/19

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %	Third Quarter Forecast £000	Movement from Forecast £000
Staff salaries and associated costs	630	760	(130)	-17%	620	10
Staff non salaries	26	32	(6)	-20%	32	(6)
Recharges (incl. Accountable Body)	130	145	(15)	-10%	145	(15)
Total staffing	785	937	(152)	-16%	797	(12)
						-
Meetings and admin	56	71	(15)	-21%	79	(23)
Chairman's allowance	20	20	-	0%	20	-
Consultancy and projects	457	610	(153)	-25%	446	11
Local Area Support	150	150	-	0%	150	-
Grants to third parties	1,234	1,588	(354)	-22%	1,588	(354)
Total other expenditure	1,918	2,439	(521)	-21%	2,283	(365)
Total expenditure	2,703	3,376	(673)	-20%	3,080	(377)
Grant income	(1,856)	(2,317)	461	-20%	(2,321)	465
Contributions from partners	(200)	(200)	-	0%	(200)	-
Other Contributions	(24)	-	(24)	0%	(4)	(20)
External interest received	(860)	(474)	(386)	81%	(883)	23
Total income	(2,940)	(2,991)	51	-2%	(3,408)	468
						-
Net expenditure	(236)	385	(621)	-161%	(328)	92
						-
Contributions to/(from) reserves	236	(385)	621	-161%	328	(92)
						-
Final net position	-	-	-	0%		-

SELEP Secretariat Provisional Outturn position 2018/19

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
Staff salaries and associated costs	630	760	(130)	-17%
Staff non salaries	26	32	(6)	-20%
Recharges (incl. Accountable Body)	109	64	45	0%
Total staffing	765	856	(91)	-11%
Meetings and admin	48	51	(3)	-6%
Chairman's allowance	20	20	-	0%
Consultancy and projects	365	482	(117)	-24%
Local area support	150	150	-	0%
Total other expenditure	583	703	(120)	-17%
Total expenditure	1,348	1,559	(211)	-14%
Grant income	(500)	(500)	(0)	0%
Contributions from partners	(200)	(200)	-	0%
Other contributions	(24)	-	(24)	0%
External interest received	(860)	(474)	(386)	81%
Total income	(1,584)	(1,174)	(410)	35%
Net expenditure/ (income)	(236)	385	(621)	-161%
Contributions to/(from) reserves	236	(385)	621	-161%
Final net position	0	0	0	0.00%

SELEP Specific Grants Provisional Outturn Position 2018/19

Growing Places Fund (GPF) Revenue Grant

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	-	50	(50)	0%
Grants to third parties	500	898	(398)	-44%
Total Expenditure	500	948	(448)	-47%
Grant Income	(500)	(948)	448	-47%
Total income	(500)	(948)	448	-47%
Net position	-	-	-	0%

Enterprise Zone - Commercial Funding

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
Consultancy and projects	23	23	-	0.0%
Total Expenditure	23	23	-	0.0%
Grant Income	(23)	(23)	-	0.0%
Total income	(23)	(23)	-	0.0%
Net position	-	-	-	0.0%

Growth Hub Grant

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	21	31	(10)	-33%
Office expenses	8	20	(12)	-58%
Consultancy and projects	16	14	2	15%
Grants to third parties	611	591	20	3%
Total Expenditure	656	656	0	0.0%
Grant Income	(656)	(656)	-	0.0%
Total income	(656)	(656)	-	0.0%
Net position	0	-	0	0.0%

Transport Delivery Excellence (TDE)

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
Consultancy and projects	10	10	0	4%
Total Expenditure	10	10	0	4%
Grant Income	(10)	(10)	(0)	0%
Total income	(10)	(10)	(0)	4%
Net position	-	-	-	0%

Careers Enterprise Company (CEC) Grant

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
Grants to third parties	124	88	36	40%
Total Expenditure	124	88	36	40%
Grant Income	(124)	(88)	(36)	0%
Total income	(124)	(88)	(36)	40%
Net position	-	-	-	0%

Energy Grant

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
Consultancy and projects	43	81	(38)	100%
Grants to third parties	-	11	(11)	100%
Total Expenditure	43	92	(49)	100%
Grant Income	(43)	(92)	49	100%
Total income	(43)	(92)	49	100%
Net position	0	-	0	0%

Specific Grant Summary

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
Recharges (incl. Accountable Body)	21	81	(60)	0%
Grants to third parties	1,234	1,588	(354)	-22%
Consultancy and projects	92	128	(36)	
Office expenses	8	20	(12)	
Total Expenditure	1,356	1,817	(461)	-25%
Grant Income	(1,356)	(1,817)	461	-25%
Total income	(1,356)	(1,817)	461	-25%
Net position	0	-	0	0%

Grant Income Summary

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
General Grants (Secretariat Budget)	(500)	(500)	(0)	0%
<u>Specific Grants:</u>				
GPF Revenue Grant	(500)	(948)	448	-47%
Enterprise Zone - Commercial Funding	(23)	(23)	-	0%
Growth Hub	(656)	(656)	-	0%
Transport: Delivery Excellence (TDE)	(10)	(10)	(0)	0%
Careers Enterprise Company (CEC)	(124)	(88)	(36)	0%
Energy Strategy Grant	(43)	(92)	49	100%
Total Specific Grant Income	(1,356)	(1,817)	461	-25%
Total Grant Income	(1,856)	(2,317)	461	-20%

South East LEP

Risk Register - all Risks

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines	Notes
1	LGF grant payment for 2019/20 isn't made because of either LEP Review non-compliance or APR Assessment. LGF Programme would have to stall. Potential possibility of legal	0	0	0	Risk to be removed - LGF payment for 2019/20 received			
2	Revenue grants for Core Funding and LIS/LEP Review support aren't made due to non-compliance. Reduced revenue budget to support Secretariat costs in 19/20 and reduced ability to begin work on LIS (see ref 3)	1	2	2	The bulk of funding has now been received but the additional capacity funding (£200K) is still outstanding. Pressure on CLGU to release details/timing of funding continues, but there is currently sufficient reserves to offset the impact should this funding not be recieved, although this will impact on future activities	SB	30/06/2019	
3	LEP Review recommendations (those agreed by Board) not implemented in line with Govt requirements. Potentially impacts on future years funding, including core funding, LGF, UKSPF and APR	4	5	20	Action plan put into place. Priority given to implementation of recommendations above other tasks using current resource, still a large amount of work required in a limited time period	AB/SB	Various	
4	Current Board unable to agree on preferred option for revised Board that complies with Board Size and Composition requirements in LEP Review - endangering future allocations of funding from Government	4	5	20	LEP Review work continues and independent review contract is being put into place	AB	31/03/2020	
5	Proposed approach to incorporation not agreed with Board or Government. Substantive shift of transactions/staffing to move into new company with consequent implications on staffing and costs	0	0	0	Risk to be removed Board agreed approach to nil return company - see new risk number 27 below	SB	31/03/2020	
6	Resignations from Board members if unhappy with new requirements/liabilities due to revised model	4	2	8	Model to be designed to not increase liability of Board Members and stakeholder management plan to be devised and put into place	AB	Ongoing	
7	LGF Programme slips beyond agreed programme end date of 31/03/2021	5	2	10	Capital Programme Manager liaising with both CLoG and DfT to forewarn. If funding is available, impact should be limited but may impact on future funding allocations such as UKSPF	RM	Ongoing	

Risk Register - all Risks

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines	Notes
8	LIS isn't produced in line with Government requirements and or deadlines. Potentially impacts on future funding allocations and reputation of LEP	4	4	16	Increase volume on the potential impact of withholding revenue funding. Use short term contracts funded through interest receipts and reserves to support work	AB	31/03/2020	LIS to be agreed by this date
9	Increase in scope of work and requirements from Government overwhelm team. Stress increases and with a consequent increase in staff turnover and sickness. Further impacting the ability to achieve deadlines	5	5	25	Additional staff taken on and support from partners taken up. SB and AB to develop plan to ensure stress levels are manageable and how high workloads can be managed. Non core tasks are dropped	AB/SB	Ongoing	
10	End of Chair's term. Sourcing replacement adds additional load to Secretariat team and right candidate might be difficult to find	3	3	9	Work with LEP Network to identify good process. Have process planned in advance. Use Accountable Body where possible	AB	31/03/2020	
11	UKSPF planning requirements - currently don't know how UKSPF will operate and what the impact could be on team. Possibility that funding to area will be very limited and might lose traction with partners	2	3	6	Continue to work with LEP Network to keep abreast of developments - Strong Town Centres Fund may be an indicator of where future funding is allocated and therefore a reduced availability to the South East	JS	Unknown	
12	GPF projects do not repay or do not repay in timely manner, creating a gap in funding meaning future agreed but not completed projects are stalled	2	3	6	GPF repayments status updated to Board. Further rounds of GPF held back until further assurances made on repayments. Headroom held on fund to offset non-payment	RM	Ongoing	
13	LGF Profiling gap in 2019/20 - funding is not available to support all projects in year	1	4	4	Slippages on in-flight projects and projects that are likely to drop out of programme reduce the risk, as does the postponement of decision on projects dropping out. However this does increase the risk at item 7	RM	31/03/2020	Gap will cease to exist by end of the year - sufficient funding in final two years of programme
14	ECC choses to no longer be the Accountable Body for SELEP. Transfer to another willing Accountable Body would be timeconsuming, expensive and undermine governance requirements	2	4	8	Continue to work with the Accountable Body providing all assurances needed. Secretariat to comply with AB requirements and be frictionless as a minimum	AB/SB	Ongoing	
15	Grants aren't properly administered/applied and are clawed back by Government	2	3	6	Back to back agreements in place with delivery partners to ensure clawback from them is possible. Grants administer by AB in line with their grant accounting procedures	SB	Ongoing	

Risk Register - all Risks

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines	Notes
16	Brexit - no deal impact on staff road/access etc	3	4	12	Impact on staff, meetings and general ability to travel in the area - limited scope to influence but contingency plans can be put into place - homeworking etc. Risk has reduced but may increase in the run up to the revised withdrawal date	AB/SB	31/10/2019	
17	Increased expectations from Govt dept for information on impact of Brexit	4	3	12	Current requests have decreased following revised timeline. This may increase over the summer in the run up to revised withdrawal date	AB/SB	31/10/2019	
18	Brexit - policy paralysis in Whitehall	5	2	10	Whitehall and Government are currently distracted by Brexit and this will continue until it is clear what the exiting arrangements are. If it is a no-deal situation then this may continue beyond exit date	AB/SB	31/10/2019	
19	Achievement of Growth Deal outcomes	4	3	12	The outputs that were agreed in the LGF may not be deliverable due to changes to the economic environment on a national or sub-national basis. Whilst this is fairly likely, it is probably unlikely that there will be much impact as long as we can demonstrate the reasons for non-delivery	RM	Ongoing	
20	Future funding levels change	4	4	16	Current funding levels are boosted by the interest being earned on LGF/GPF balances held. As those balances run down the interest paid will reduce. This may be mitigated by further funding being made available by Govt and/or UKSPF being held	AB/SB	31/03/2021	LGF is due to be completed by this time
21	Economic shocks impacting on business engagement	3	3	9	Economic shocks whether from Brexit or otherwise could impact on our business representatives capacity and capability to engage with our agenda. In part this can be mitigated by more engagement with larger employers who have more capacity	ZG	Ongoing	
22	Growth Hubs - the current model may hinder progress in changing the service shape of Growth Hubs to comply with Government policy requirements	4	4	16	Working to build a better relationship with Growth Hubs and increase Board visibility of the Growth Hubs and the requirements of Government. Ensuring Growth Hubs feature in the LIS as it develops	IB	Ongoing	

Risk Register - all Risks

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines	Notes
23	SELEP team are unable to appoint the required additional resource to support delivery of the LEP review requirements expected to be implemented by February 2020; this may impact on receipt of funding in future years	2	5	10	Funding has been included in the 2019/20 budget to support the development of the LIS and the implementation of other LEP review requirements, such as, incorporation of the SELEP.	AB / SB	31/03/2019	
24	Level of reserves held is insufficient to cover any potential severance costs as a result of the increasing size of the SELEP Secretariat.	2	3	6	The level of reserves will be held under review by the Accountable Body in light of recent and proposed future changes to the Secretariat; where required a revised position will be presented to the Accountability Board for approval.	Accountable Body	Ongoing	
25	Change in national government or change in policy direction requires wholesale changes to work plans and direction of travel during the year	4	5	20	At time of writing a Leadership change looks likely which may result in a change of policy direction in the near future. There is little SELEP can do to mitigate the risk but the Secretariat will keep in close contact with officials in Government to ensure any changing policies are flagged as soon as possible	AB/SB	Ongoing	
26	SELEP geographic boundaries become untenable and the partnership breaks	1	5	5	Confirmation from Ministers that they consider SELEP geography to be set at this point means the likelihood of breakup is currently low.	AB	Ongoing	
27	LEP Review - Incorporation, workstream unable to agree on recommended structure for the new company or unable to agree in the timeline available	3	5	15	The new workstream to lead the incorporation work is only just established. There is a risk that there is no consensus on what options should be presented to Board for decision on the structures of the new company, or that a consensus can't be reached in the short timelines. The potential impact of no agreement is an impact on funding in 2020/21. This risk will need to be managed by the Workstream Lead in conjunction with the Secretariat	SB	31/03/2020	

Risk Register - all Risks

Ref	Risk Description and impact	Likelihood	Impact	Score	Mitigation	Risk Owner	Dates/ Deadlines	Notes
28	Newhaven Enterprise Zone: transfer of the responsibility of the EZ to SELEP in this year. Will require additional resource and currently many uncertainties as to the future model for delivery and how the transfer of responsibility will be made. This will include the transfer of LGF Funding. This could stall the progress on the EZ and potentially damage SELEP reputation	2	4	8	Conversations with interested parties such as C2C LEP, Lewes District Council, East Sussex County Council and the Accountable Body are ongoing. All partners are committed to limiting any impact on the operations of the EZ	AB	31/03/2020	

South East Local Enterprise Partnership Strategy Improvement Plan 2019-20

April 2019

<u>Improvement summary</u>	<u>Milestones</u>	<u>Monitoring process</u>	<u>Area Lead progress update</u> <i>To be completed on a quarterly basis, referencing progress on KPIs</i>
<p>1. Increase capacity on strategy to ensure focus on delivering LIS and broader strategic impact.</p> <p>KPIs:</p> <ul style="list-style-type: none"> • Appointment of new staff members • Procure consultants on evidence base work • Identify Board level sponsor 	<ul style="list-style-type: none"> • Appoint a team to take forward LIS development (already in progress) • Procure consultants for the production of the evidence base (ASAP) • Consider Strategic Board sub-group as per LEP Review model • Establish special delivery group for LIS at officer level 	<ul style="list-style-type: none"> • CLGU/SELEP – regular catch up meetings to cover recruitment progress and LIS resourcing • CLGU/SELEP – continuation of weekly phone calls 	<ul style="list-style-type: none"> •
<p>2. South East LEP progresses the development of its Local Industrial Strategy as its strategic priority, working collaboratively with government on refining the evidence base, developing an approach which focusses on key areas of strength and challenge to the local economy</p> <p>KPIs:</p> <ul style="list-style-type: none"> • SELEP LIS project plan 	<ul style="list-style-type: none"> • Develop a clear timeline for the development of South East LEP's LIS (actioned) • Develop a project plan for the development of South East LEP's LIS • SELEP Strategic Board quarterly meetings <ul style="list-style-type: none"> • June – review draft evidence base • December – review draft LIS 	<ul style="list-style-type: none"> • CLGU – attend quarterly Strategic Board sessions • SELEP – regular reviews of progress against project plan and timeline • CLGU/SELEP – regular catch up meetings to cover LIS planning and evidence base progress 	

<ul style="list-style-type: none"> Evidence base production 			
<p>3. South East LEP engages stakeholders locally and sub regionally throughout its LIS work, including neighbouring LEPs and growth corridors including the Thames Estuary</p> <p>KPIs:</p> <ul style="list-style-type: none"> Board engagement Coordination across the LEP via Senior Officers Group, SELEP working groups and Federated Boards Engagement with relevant LEPs Planned approach to business engagement & communications throughout, detailed in the communications plan. 	<ul style="list-style-type: none"> Board engagement at Board meetings, AGM and other meetings arranged to support the LIS or LEP Review agendas. Working with Southern LEPs group and other LEPs which have a stake in our areas of interest. Public consultation in summer and at as early a stage as practicable. Embed best practice from this stakeholder engagement approach in all SELEP's work 	<ul style="list-style-type: none"> CLGU/SELEP – regular catch up meetings to cover stakeholder engagement 	<ul style="list-style-type: none">
<p>4. Develop an external communications plan which raises the profile of the LEP, especially the LIS work and builds on the local interest in the 'productivity gap'</p> <p>KPIs:</p> <ul style="list-style-type: none"> LIS stakeholder events Media interest in focus of LEP LIS work. 	<ul style="list-style-type: none"> LIS external communications plan developed building on Smarter, Faster, Together brand LIS stakeholder engagement events 	<ul style="list-style-type: none"> CLGU - to review and comment on external comms plan SELEP - reviewing numbers of businesses engaging in LIS process SELEP - reviewing level of media interest and how to increase this 	<ul style="list-style-type: none">

<p>5. That SELEP takes all possible steps in which to assess the health of the partnership, build shared ownership of the LEP's work and ensure strong working relationships between Board members and the wider partnership through local arrangements</p> <p>KPIs:</p> <ul style="list-style-type: none"> Federal board endorsement and roll out of LIS when ready New board operational by March 2020. 	<ul style="list-style-type: none"> Endorsement of progress on LIS at federal board meetings and acknowledgement of their full engagement Endorsement and engagement with all changes pertaining to the LEP Review at federal board meetings. 	<ul style="list-style-type: none"> CLGU/SELEP – regular catch up meetings to reflect 	<ul style="list-style-type: none">
<p>6. Ensure read-through/translation of existing strategies into Board focus and impact</p> <p>KPIs:</p> <ul style="list-style-type: none"> New strategies released Board priorities reflect strategic priorities as set out in strategy documents LEP core position statements developed as part of the communications strategy 	<ul style="list-style-type: none"> Continued progress building on recently released South2East energy strategy and Skills Strategy Quarterly Strategic Board meetings Demonstrate that strategy is the driver of the LEP investment programmes and connects with the programmes of others 	<ul style="list-style-type: none"> CLGU/SELEP - regular reflection via catch-up meetings 	<ul style="list-style-type: none">
<p>7. Consider leadership opportunities for the LEP</p> <p>KPIs:</p> <ul style="list-style-type: none"> Appearance at national 	<ul style="list-style-type: none"> Review of other LEPs and local landscape – where could SELEP lead on behalf of the LAs? Continue leadership role on existing strategies 	<ul style="list-style-type: none"> CLGU/SELEP – regular catch up meetings to reflect 	<ul style="list-style-type: none">

<p>events – thought leadership</p> <ul style="list-style-type: none">• Leadership on key pieces of work – building on our lead on the South2East Energy Strategy	<ul style="list-style-type: none">• Consider furthering that leadership role for future LEP work• High profile events and brand development linked to the AGM and to milestones driven by the production of the LIS.		
--	---	--	--



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

LEP REVIEW IMPLEMENTATION PLAN 2019-20

May 2019



Table of Contents

Introduction	3
<i>Summary of requirement</i>	3
Changes Requiring Board Oversight and/or Approval	4
Incorporation.....	4
<i>Creating a legal personality</i>	4
Board Composition	5
<i>Changing size and public/private sector ratio</i>	5
<i>Increasing diversity</i>	6
Board Recruitment.....	7
<i>Recruiting transparently and consistently</i>	7
<i>Agreeing a succession plan</i>	7
<i>Creating a board member induction</i>	8
Policies and Procedures	8
<i>Revising scrutiny arrangements</i>	9
<i>Reviewing the Communication Strategy</i>	9
<i>Reviewing the Terms of Reference</i>	9
Changes Actionable at Officer Level	10
Monitoring and Reporting	10
<i>Reviewing the Assurance Framework</i>	8
<i>Creating an Annual Report and Delivery Plan</i>	16
<i>Logging engagement activity</i>	10
Supporting the Board	10
<i>Formalising the independent Secretariat</i>	10
<i>Creating an Officer induction</i>	11
Publishing Information.....	11
<i>Maintaining an expenses register</i>	11
<i>Publishing registers of interest</i>	11
<i>Publishing key decisions</i>	12
Changes Already Implemented	13

Declaring Interests	13
<i>Declaring interests at the outset of meetings</i>	13
<i>Completing board members' registers of interests</i>	13
<i>Completing Officers' registers of interests</i>	14
Capital Projects	14
<i>Naming a responsible officer for value for money</i>	14
<i>Including value for money in the Accountability Board report</i>	14
<i>Including social value in business cases</i>	15
<i>Maintaining a single pipeline of LGF projects</i>	Error! Bookmark not defined.
<i>Using the business case template consistently</i>	15
<i>Including endorsement in business cases</i>	Error! Bookmark not defined.
Policies and Procedures	15
<i>Agreeing a Diversity Statement</i>	15
<i>Reviewing Key Policies annually</i>	16
<i>Including an Equality Act statement in business cases</i>	16
<i>Applying the prioritisation process</i>	8
Accountable Body	17
<i>Inviting the S151 officer to SELEP Meetings</i>	17
<i>Including S151 Officer Assurance in business cases</i>	17
Publishing Information.....	18
<i>Sharing meeting materials to timescales.....</i>	18
<i>Publishing Gate 2 business cases</i>	18
<i>Publishing Gate 4 and 5 business cases</i>	18
<i>Publishing the application process.....</i>	19
<i>Publishing updates on projects</i>	19
<i>Publishing Working Group documents.....</i>	19
<i>Using correct branding</i>	20

INTRODUCTION

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

There are 3 sections:

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

Each requirement is shown in this format:

<i>Summary of requirement</i>				
Details of requirement		Deadline: March 2020	Status: Complete/Ongoing/In progress	
Task	Due Date	Relevant person	Progress update	
Details of task 1	June 2019	Details of who is responsible for this task	1/6/19	Delayed due to X
Details of task 2	July 2019	Or who is responsible for ongoing maintenance	15/6/19	Completed early due to X
Etc.				

CHANGES REQUIRING BOARD OVERSIGHT AND/OR APPROVAL

INCORPORATION

Creating a legal personality

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

Deadline: 28th Feb 2020

Status: In progress

Task	Due Date	Relevant person	Progress update	
To agree that SELEP will incorporate by March 2020 per Government requirements	March 2019	Strategic Board	22/03/19	Agreed by the board
Establish working group/sub-group for this work	March 2019	CEO/ Chair	22/03/2019	<p>Following a vote with 22 in favour, the board agreed to:</p> <p>a) Appointing an independent, external body, through an open and transparent selection process, to provide options and recommendations on how an appropriate Board size and composition could be achieved; and</p> <p>b) Creating a Steering Group, to be chaired by the Board Chair, to oversee the Independent Review and the scope of the review. Nominations would be sought for the Steering Group, and the Steering Group would comprise of at least one member from each of the Federated Areas.</p>
Further definition for working groups	May 2019	CEO/Chair	14/5/19	Document circulated by CEO outlining the proposal of 2 sub-groups, one for board composition (see below requirement) and one for legal personality
To agree the type of company to register.	June 2019	To agree at June Strategic Board meeting.		
To agree who will be members and who will be directors of the company.	June 2019	To agree at June Strategic Board meeting.		

To create and agree the articles of association.	December 2019	Officers to draft and discuss, to be agreed at December board meeting.		
To register the company on Companies House.	January 2019	COO to register the company.		

BOARD COMPOSITION

Changing size and public/private sector ratio

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

Deadline: 31st March 2020

Status: In progress

Task	Due Date	Relevant person	Progress update	
To agree to change the composition of the board as per the Governments requirements by March 2020	March 2019	Strategic Board	22/03/2019	Agreed by the board
To decide how to implement the change of board composition	March 2019	Strategic Board	22/03/2019	Following a vote with 22 in favour, the board agreed to: a) Appointing an independent, external body, through an open and transparent selection process, to provide options and recommendations on how an appropriate Board size and composition could be achieved; and b) Creating a Steering Group, to be chaired by the Board Chair, to oversee the Independent Review and the scope of the review. Nominations would be sought for the Steering Group, and the Steering Group would comprise of at least one member from each of the Federated Areas.
Decide the details of steering/working groups	May	CEO, chair, volunteer members	14/5/19	Document circulated by CEO outlining the proposal of 2 sub-groups, one for board composition and one for legal personality (see above requirement)
Organisation of sub-group to lead work on board composition	May	CEO, Governance Officer	23/5/19	Governance officer in process of organising initial shared conference call- date to be decided 24/5/19

Page 181 of 240

To complete and approve the tender for the Independent Review.	May 2019	To be completed by COO and approved by Strategic Board Chair.		
To put out for tender	May 2019	COO		
To select winning bidder	June 2019	To be selected by COO and approved by Strategic Board Chair.		
To engage with Independent review	June to September 2019	Officers and board members		
To received final report from independent review	October 2019	At October Strategic Board meeting		
To implement actions	February 2020	Strategic Board		

Increasing diversity

To have at least one third female membership of appointed members of the Strategic Board.

Deadline: 31st March 2020

Status: *In progress*

Task	Due Date	Relevant person	Progress update	
To decide how to implement this requirement through Independent Review	March 2019	Strategic Board	14/5/19	See progress update under the sections for Incorporation and Board Composition above.
To receive final report from Independent Review	October 2019	At Strategic Board meeting		
To include this KPI on Governance Report to Accountability Board.	Ongoing	Governance Officer	24/5/19	Has been included in Governance and Transparency KPIs in report to Accountability Board

BOARD RECRUITMENT

Recruiting transparently and consistently

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

**Deadline: 31st
March 2020**

Status: *In progress*

Task	Due Date	Relevant person	Progress update	
To decide how to implement this requirement	March 2019	Strategic Board	14/5/19	See progress update under the sections for Incorporation and Board Composition above.
To receive final report from the independent review	October 2019	Strategic Board meeting		
To implement changes	December 2019	Strategic Board		

Agreeing a succession plan

To identify and agree limitation of terms for board members, vice-chairs and federated board members. This will include plans around wider engagement and succession planning.

**Deadline: 31st
March 2020**

Status: *In progress*

Task	Due Date	Relevant person	Progress update	
To decide how to implement this requirement through independent board review	March 2019	Strategic Board	14/5/19	See progress update under the sections for Incorporation and Board Composition above.
To receive final report from the independent review	October 2019	Strategic Board meeting		
To agree succession plan	December 2019	Strategic Board		

Creating a board member induction

To establish a formal induction process for board members.

Deadline: 31st March 2020

Status: *In progress*

Task	Due Date	Relevant person	Progress update	
To prepare a first draft of the board member induction process	June 2019	Governance Officer		

POLICIES AND PROCEDURES

Reviewing the Assurance Framework

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

Deadline: 31st March 2020

Status: *In progress*

Task	Due Date	Relevant person	Progress update	
To agree the revised Assurance Framework	June 28 2019	Strategic Board		
To revise Assurance Framework as appropriate for incorporation	September 2019	Governance Officer		
To agree the revised Assurance Framework	December 2019	Strategic Board		

Applying the prioritisation process – Developing and maintaining a single pipeline of LGF projects

For each Federated Board to apply the prioritisation process as approved by the Strategic Board.

Deadline: 31st March 2020

Status: *In progress*

Task	Due Date	Relevant person	Progress update	
Open call for LGF projects	Complete	Federated Board		Complete
Assessment and prioritisation of projects by Federated Boards	Complete	Federated Board		Complete
Prioritisation of projects by the Investment Panel	June 2019	Investment Panel		
Reflection on lessons learnt	June 2019	Capital Programme Manager		
Review the project pipeline as directed by the Strategic Board	Ongoing	Investment Panel		

Revising scrutiny arrangements

To revise the current scrutiny arrangements of the Strategic Board within the new incorporated model.

Deadline: 31st March 2020

Status: In progress

Task	Due Date	Relevant person	Progress update	
To review current scrutiny arrangements	October 2019	Governance Officer		
To agree new scrutiny arrangements	December 2019	Strategic Board		

Reviewing the Communication Strategy

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

Deadline: 31st March 2020

Status: In progress

Task	Due Date	Relevant person	Progress update	
Recruitment of Comms Officer	June 2019	Comms Manager	7/5/19	Interviews held
Communications Strategy to be refreshed	October 2019	Comms Officer		

Reviewing the Terms of Reference

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

Deadline: 31st March 2020

Status: In progress

Task	Due Date	Relevant person	Progress update	
Strategic Board to review Terms of Reference	June 28 2019	Strategic Board		
Federated Boards to review Terms of Reference	September 2019	Federated area lead officer		

CHANGES ACTIONABLE AT OFFICER LEVEL

MONITORING AND REPORTING

Logging engagement activity

To create and maintain a log of SELEP engagement activities.

Deadline: 31st March 2020

Status: **In progress**

Task	Due Date	Relevant person	Progress update	
Create log	June 2019	Governance Officer		
Keep log of activities up to date	Ongoing	Governance Officer		

SUPPORTING THE BOARD

Formalising the independent Secretariat

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

Deadline: 31st March 2020

Status: **In progress**

Task	Due Date	Relevant person	Progress update	
To write the support 'offer' to all board members to be clearly articulated and shared for comment and input.	October 2019	Governance Officer		
Agree a more formalised agreement between the Accountable Body and the Secretariat	Jul 2019	Governance Officer, COO, Accountable Body		
Make sure the Articles of Association for the Board include the independence of the Secretariat.	December 2019	Governance Officer		
To refresh the Joint Committee Agreement, and make sure that it includes the independence of the secretariat.	Next financial year	Accountable Body		

Creating an Officer induction

To create a formal induction process for officers.

Deadline: 31st March 2020

Status: *In progress*

Task	Due Date	Relevant person	Progress update	
To create draft of officer induction process.	June 2019	Governance Officer		

PUBLISHING INFORMATION

Maintaining an expenses register

To create, maintain and publish a register of all board member expenses and hospitality costs.

Deadline: 31st March 2020

Status: *In progress*

Task	Due Date	Relevant person	Progress update	
To create and publish an expenses and hospitality register.	June 2019	Governance Officer		

Publishing registers of interest

To publish all Registers of Interest on the SELEP website for all Strategic Board, Accountability Board and Federated Board members, with signatures redacted.

**Deadline: 31st
March 2020**

Status: *In progress*

Task	Due Date	Relevant person	Progress update	
To upload all registers of interest with signatures redacted.	May 2019	Governance Officer	13/5/19	Awaiting software to redact signatures, will be completed as soon as this is installed. New completion estimate is early June.

Publishing key decisions

To publish all key decisions of the Strategic and Accountability Boards on the Forward plan, SELEP website and upper tier authority websites.

Deadline: 31st March 2020

Status: *In progress*

Task	Due Date	Relevant person	Progress update	
To publish forward plan for Strategic Board	May 2019	Governance Officer	13/5/19	Awaiting agenda
To publish key decisions of Strategic Board with minutes of June meeting	June 2019	Governance Officer		
To improve current decisions log for previous meetings of AB and SB and publish on the website.	July 2019	Governance Officer		

ONGOING ACTIONS/CHANGES ALREADY IMPLEMENTED

DECLARING INTERESTS

Declaring interests at the outset of meetings

Declarations of interest must be noted for the outset of each meeting.

Deadline: n/a

Status: **Ongoing**

Task	Due date	Relevant person	Progress update	
To ensure that interests are declared at the beginning of all board meetings and recorded in the minutes.	Ongoing	Governance Officer to record in minutes. Respective chairs to ask for declarations at the outset of meetings.		
All declarations and the action taken in respect of that declaration to be stated in minutes	Ongoing	Governance Officer to check all minutes.		

Completing board members' registers of interests

All members of the Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interests form.

Deadline: n/a

Status: **Ongoing**

Task	Due Date	Relevant person	Progress update	
Ensure that all members have a valid Register of Interests. New members must complete a register within 28 days of joining a board.	Ongoing	Governance Officer sends monthly reminder to lead officers and/or members.		
Members to complete a new form if they have a new interest to declare.	Ongoing	Members to maintain their own register of interests.		

Completing Officers' registers of interests

All senior members of staff or staff involved in advising on decisions must also have a valid register of interests, reviewed the same as for board members.

Deadline: n/a

Status: Ongoing

Task	Due Date	Relevant person	Progress update	
Ensure that all relevant officers have a valid Register of Interests.	Ongoing	Governance Officer sends reminder every six months to officers.		
Officers to complete a new form if they have a new interest to declare.	Ongoing	Officers to maintain their own register of interests.		

CAPITAL PROJECTS

Naming a responsible officer for value for money

To have a named individual/postholder with overall responsibility for ensuring value for money for all projects and programmes.

Deadline: 31st March 2020

Status: Complete

Task	Due Date	Relevant person	Progress update	
Capital Programme Manager is the named postholder.	n/a	Capital Programme Manager.		

Including value for money section in the Accountability Board report

To include a value for money section in the standard reporting template for Accountability Board reports for funding approvals or changes.

Deadline: 31st March 2020

Status: Ongoing

Task	Due Date	Relevant person	Progress update	
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.	n/a	Capital Programme Manager		

Including social value in business cases

To include a section in the standard business case template for promoters to explain how they will maximise social value.

Deadline: 31st March 2020

Status: Complete

Task	Due Date	Relevant person	Progress update	
The 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.	n/a	Capital Programme Manager		

Using the business case template consistently

To use the SELEP Business Case Template for all strategic outline business cases.

Deadline: 31st March 2020

Status: Ongoing

Task	Due Date	Relevant person	Progress update	
SELEP business case template is in place and issued to all partners/ Federated Areas. Local partners are implementing the practice of using the SELEP business case template for the development of business cases. The template is also used to develop strategic outline business cases for GPF submissions.	n/a	Capital Programme Manager, Lead Officers		

POLICIES AND PROCEDURES

Agreeing a Diversity Statement

To include a diversity statement in the SELEP Assurance Framework to provide the approach to diversity.

Deadline: 31st March 2020

Status: Complete

Task	Due Date	Relevant person	Progress update	
There is an equality and diversity section in the Assurance Framework.	Complete	Governance Officer		

Creating an Annual Report and Delivery Plan

To have an annual report and delivery plan in place for the year.

Deadline: 31st March 2020

Status: Ongoing

Task	Due Date	Relevant person	Progress update	
To prepare annual report and delivery plan in accordance with deadlines.	AGM July and ongoing	COO		
Inclusion of financial statement in annual report	AGM July	COO		

Reviewing Key Policies annually

To conduct an annual review of all policies required in the Assurance Framework.

Deadline: 31st March 2020

Status: Ongoing

Task	Due Date	Relevant person	Progress update	
To undertake a review of SELEP policies in line with the timeline for the LEP review workstreams.	Ongoing	Governance Officer		

Including an Equality Act statement in business cases

To include in the Business Case Template a section for project promoters to explain how the project is compliant with the Equality Act 2010.

Deadline: 31st March 2020

Status: Complete

Task	Due Date	Relevant person	Progress update	
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 project's development. 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	n/a	Capital Programme Manager		

ACCOUNTABLE BODY

Inviting the S151 officer to SELEP Meetings

To extend invitations to the Section 151 Officer or representative to all board meetings.

Deadline: 31st March 2020

Status: Ongoing

Task	Due Date	Relevant person	Progress update	
For any meeting not attended by the Essex County Council S151, there will be representation on their behalf at every decision-making Board.	n/a	Accountable Body		

Including S151 Officer Assurance in business cases

To include in the Business Case Template assurance from the Section 151 Officer of the promoting authority that the value for money statement is true and accurate.

Deadline: 31st March 2020

Status: Complete

Task	Due Date	Relevant person	Progress update	
The Business Case template contains an appendix which sets out a S151 officer letter to be submitted alongside the Business Case to provide assurance that the information contained within the Business Case is true and accurate.	n/a	Capital Programme Manager		

PUBLISHING INFORMATION

Sharing meeting materials to timescales

To share meeting material to the agreed timescales.

Deadline: 31st March 2020

Status: **Ongoing**

Task	Due Date	Relevant person	Progress update	
To publish Strategic and Accountability Board meeting materials to the agreed timescales.	Ongoing	Governance Officer/Secretariat		
Federated Boards to provide meeting materials to SELEP within agreed timescales.	Ongoing	Lead officers in Federated Area		

Publishing Gate 2 business cases

To publish the Gate 2 outline business base at least one month in advance of Accountability Board meetings.

Deadline: 31st March 2020

Status: **Ongoing**

Task	Due Date	Relevant person	Progress update	
Business Cases are uploaded alongside the meeting date and meeting Forward Plan at least one month in advance of the funding decision being taken.	n/a	Capital Programme Manager		

Publishing Gate 4 and 5 business cases

To publish the Gate 4 and 5 full business cases for relevant projects at least one month in advance of Accountability Board meetings.

Deadline: 31st March 2020

Status: **Ongoing**

Task	Due Date	Relevant person	Progress update	
Business Cases are uploaded alongside the meeting date and meeting Forward Plan at least one month in advance of the funding decision being taken.	n/a	Capital Programme Manager		

Publishing the application process

To publish information around the process for applying for funding on the SELEP website, as agreed by the Strategic Board.

Deadline: 31st March 2020

Status: Complete

Task	Due Date	Relevant person	Progress update	
Application process information is available on the SELEP website.	n/a	Capital Programme Manager		

Publishing updates on projects

To publish on the SELEP website a rolling schedule of projects, outlining a brief description of the project, names of key recipients of funds/contracts and amounts of funding designated by year.

Deadline: 31st March 2020

Status: Ongoing

Task	Due Date	Relevant person	Progress update	
The rolling schedule of projects is available on the website.	n/a	Capital Programme Manager		

Publishing Working Group documents

To publish on the SELEP website the Terms of Reference, calendar of dates and papers of the Working Groups.

Deadline: 31st March 2020

Status: Ongoing

Task	Due Date	Relevant person	Progress update	
Working Group documents are published on the website.	n/a	Governance Officer, Working Groups		

Using correct branding

To use Government and SELEP branding on all marketing.

Deadline: 31st March 2020

Status: Ongoing

Task	Due Date	Relevant person	Progress update	
Communications and Marketing Manager and Capital Programme Manager work with leads for each area to ensure marketing and promotion of projects incorporates Government and SELEP branding.	n/a	Communications and Marketing Manager		
Ensure the correct use of Governments updated branding guidance across the SELEP website.		Communication and Marketing Manager		

Operation Update, Appendix E – SELEP Response to Compliance Checks by the Oversight and Compliance Team, Cities and Local Growth Unit

Succession Planning

Issue: The National Local Growth Assurance Framework (pp 20-21, para 65.i) requires the LEP's Local Assurance Framework to include appropriate succession planning and arrangements for the resignation of Board Members. Whilst we noted a broad recruitment policy in SELEP's Terms of Reference, we would like the LEP to provide more details on succession planning. Please can they include this in their LAF, or in their TOR if this is clearly linked from their LAF.

Response/Action: The outcome of the independent review of the Strategic Board will help define the future Board composition and the succession plan for this board structure.

As part of the updated Local Assurance Framework to be considered by the Strategic Board in June 2019, SELEP will provide further details of how the independent review of the Strategic Board will help to develop a process for the board succession planning.

The approval of the succession plan for the Strategic Board is on the forward plan for consideration by the Strategic Board in December 2019.

Schemes of delegation

Issue: The National Local Growth Assurance Framework (p31, para 119) requires the LEP to publish a clear scheme of delegation which specifies which body or person is responsible for the final sign-off of funding decisions. In all cases there must be clear reporting lines back to the LEP Board. We were unable to locate this information either in the LAF or on the LEP's website. Please can the LEP indicate where this is, or update their LAF if needed.

Response/Action: The SELEP Assurance Framework already sets out that the Accountability Board is responsible for all funding decisions. This is stated on pages 4 (para 1.6), 5 (2.1.1) and 8 (para 2.3.2) of our Local Assurance Framework.

This information will be presented more clearly on the SELEP website and in the wording of the revised Assurance Framework, to be considered by the Strategic Board on the 28th June 2019.

Code of Conduct

Issue: The National Local Growth Assurance Framework (p24, para 83) requires all LEP Board Members and LEP Officers to sign up to a code of conduct based on the Seven Principles of Public Life; and that the LEP should publish the Code(s) of Conduct on its website. We noted that the LEP has a Code of Conduct; but we were unable to ascertain that people have to sign up to it. It is recommended that LEPs make it clear on their website or in the LAF that all Board Members and Staff proactively sign up to the code.

Response/ Action – In completing registers of interest, Board members and officers are required to sign to agree that “I have done and shall continue to comply with all other SELEP policies, including, but not limited to, the Code of Conduct and the Gifts and Hospitality policy; I understand that all of the policies are available on the SELEP website”. These registers of interest are published on the SELEP website and reviewed every six months. This practice ensures that all board members are signed up to the code of conduct, including the Seven Principles of Public Life. We will update the website to ensure that this practice is explained.

SELEP officers are employed by Essex County Council and are therefore required to commit to the Essex County Council Code of Conduct and Seven Principles of Public Life as part of officers contract of employment. Again, this practice will be made clearer on the SELEP website.

Register of Interests

The National Local Growth Assurance Framework (p22, para 70.h) As a minimum, the LEP should publish on the website Board Members registers of interest and the register of the Chief Executive Officer. In our recent check we were unable to locate the Register of Interests for CEX Adam Bryan. Please can the LEP indicate where it is, or amend their website if needed.

Response/ Action: The Register of Interest for Adam Bryan, Chief Executive Officer, is made available on the SELEP website –

<https://www.southeastlep.com/app/uploads/2019/05/Adam-Bryan-2018-10-30-ROI.pdf>

The location of this RoI has been moved so that it is easier to find –

https://www.southeastlep.com/about_us/meet-our-people/secretariat/

Government Branding

The National Local Growth Assurance Framework (p30, para 115) states that the LEP should commit to meet Government branding guidelines for projects in its Local Growth Assurance Framework and to ensure correct branding and wording is used for websites, signage, social media, press notices and other marketing material. Recent checks on the LEP website and LAF could not find this commitment or any branding relating to government funding on the website.

Response/Action: SELEP will provide a firmer commitment within the revised Local Assurance Framework to meeting Government's branding guidelines.

Local partners are already required to comply with SELEP and Government branding guidance as a condition of funding through the grant agreements or service level agreements under which the funding is transferred to project sponsors.

A review of the website will be completed to ensure full compliance with the governments branding guidelines. Each LGF project page already includes a copy of the HMG logo, but these pages will be reviewed to consider whether any additional measures are required. If additional measures are identified, these will be implemented by the end of July 2019.

Governance Key Performance Indicators 2019-20

Forward Plan of Decisions

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

Board	Meeting date	Met (Y/N)?
Accountability Board	7 th June 2019	Yes
Strategic Board	22 nd March 2019	Yes

Publication of Papers

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

Board	Meeting date	Met (Y/N)?
Accountability Board	12 th April 2019	Yes
Strategic Board	22 nd March 2019	No
Investment Panel	8 th March 2019	Yes
EBB	18 th March 2019	No
KMEP	25 th March 2019	No
OSE	13 th February 2019	No
TES	18 th March 2019	Yes

Draft Minutes

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

Board	Meeting date	Actual- Met (Y/N)?
Accountability Board	12 th April 2019	Yes
Strategic Board	22 nd March 2019	No
Investment Panel	8 th March 2019	Yes
EBB	18 th March 2019	No
KMEP	25 th March 2019	No
OSE	13 th Feb 2019	Yes
TES	18 th March 2019	No

Final Minutes

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

Board	Meeting date	Actual- Met (Y/N)?
Accountability Board	15 th February 2019	Yes
Strategic Board	7 th December 2018	Yes
Investment Panel	n/a	n/a
EBB	3 rd December 2018	Yes
KMEP	28 th January 2019	No
OSE	7 th November 2018	Yes
TES	28 th January 2019	Yes

Registers of Interest- Board Members

Are registers of interests in place for all board members?

Board	Percentage completed	Comments
Accountability Board	100%	New board members as a result of local elections have 28 days to submit.
Strategic Board	100%	New board members as a result of local elections have 28 days to submit.
Investment Panel	100%	As above
EBB	100%	May require update as a result of changes to the Board member as a result of local elections.
KMEP	100%	As above
OSE	100%	As above
TES	100%	As above

Registers of Interest- Officers

Are registers of interest in place for all officers?

Category	Percentage completed
SELEP Secretariat	100%
Accountable Body	100%
Federated Board Lead Officers	100%

Declarations of interests in meetings

Are all interests declared and recorded in the meeting minutes with a note of any actions taken?

Board	Date	Actual- Met (Y/N)?
Accountability Board	12 th April 2019	Yes
Strategic Board	22 nd March 2019	Yes
EBB	18 th March 2019	Minutes missing
KMEP	25 th March 2019	Yes
OSE	13 th February 2019	Yes
TES	18 th March 2019	Yes

Business Case Endorsement

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

Board	Actual- Met (Y/N)?	Comments
LGF	Yes	Through prioritisation process for LGF3b
GPF	n/a	No GPF prioritisation has been undertaken in last year
SSF	Yes	Applications are considered by Federated Boards in advance of being brought forward for Strategic Board endorsement.

Publication of Business Cases

Are all business cases published 1 month in advance of funding decisions?

Board	Meeting date	Actual- Met (Y/N)?
Accountability Board	12 th April 2019	Yes

Monitoring Board Diversity

Progress towards having a board with one third of private sector members being women

Board	Date	Percentage of female board members
Strategic Board	24/5/19	25%

Appendix H LEP Review Implementation

The Strategic Board signed off the 'workstream' approach to the implementation of the LEP Review on the 22nd March. This paper indicates which board members have offered to participate in steering the work and provides details of **two**, rather than five, **proposed board sub-groups** which will all report back to the Strategic Board to the timeline outlined in the March board paper. This paper also offers a chairperson for each group, ensuring that the conversation is fully owned by board members.

What are we aiming for?

Government require all LEPs to operate in full compliance with the LEP Review. It has already been evidenced to us that failure to do this will result in the holding back of funding. It is important that this does not happen.

We therefore require the two board sub-groups to arrive at complementary proposals for:

- a) A board which meets Government's criteria for being two-thirds private sector and with a maximum of 20 members with 5 co-opted members; while also accommodating the federal model and retaining the Accountability Board
- b) A legal structure which is appropriate to the objectives of the LEP, limits the risk exposure of its members, and passes Government's compliance tests.

We think that elements of our current model offer best practice – whether that is through the transparency offered by the Accountability Board and its supporting body of work or the wider business penetration offered by the federal model. While we recognise that we need to achieve compliance in order to retain funding channels into the future, we should have every intention of recognising what makes SELEP work and retaining it into the future model.

Paper structure

1. *Background & Strategic Board decisions*
2. *Structure of the groups and resourcing the work*
3. *Timeline*

1. Background

1.1 When the SELEP Strategic Board considered the paper on LEP Review at the 22nd March board meeting, the following was resolved:

- a. Ratification of the electronic procedure which agreed to move a 20+5 board with a two-thirds business majority.
- b. Approval of workstream/Steering Group to consider the size and composition of the SELEP Board which would provide advisory options and recommendations reporting to the Strategic Board
- c. Approval of appointment of an external body to undertake the provision of these options and recommendations. The client for this commission to be the board composition Steering Group.
- d. Approval of the workstream approach for all other LEP Review recommendations
- e. Approval of the formation of a 'nil return' company.
- f. Approval of the principle of Board members acting as sponsors for the workstreams.

1.2 The following 16 board members, offering various indications of preferences and caveats around availability, have offered their support to the process indicated in (b) and (d) above:

• Chris Brodie	• Perry Glading
• George Kieffer	• Cllr Rob Gledhill
• Graham Peters	• Cllr Keith Glazier
• Cllr Graham Butland	• Douglas Horner
• David Burch	• Jo James
• Cllr Rodney Chambers	• David Rayner
• Cllr Peter Chowney	• Penny Shimmin
• Ana Christie	• Clive Soper

2. Structure of the groups and resourcing the work

- 2.1 The suggested approach is to establish two board sub-groups – rather than ‘workstreams’ – which will each have the responsibility indicated in the Strategic Board paper, to arrive at advisory recommendations to put to the rest of the Strategic Board at their meetings up to March 2020 and as according to the Decision Plan indicated in Table 1 of the 22nd March Strategic Board paper.
- 2.2 The work to produce the factual materials to enable those discussions, while coordinated by the SELEP Secretariat, will be undertaken by officers from organisations across the LEP area. The LEP’s Senior Officer Group (established in 2011) will support the SELEP secretariat in producing materials for the discussions.
- 2.3 The original board paper sought to establish five separate workstreams. Some further reflection, conversations with board members, and the nature and preferences indicated in the 15 nominations listed above, suggest that the formation of **two groups** would be the most pragmatic way forward. This ensures that we are approaching the task with an appropriate level of rigour, and are yet avoiding creating an industry.
- 2.4 The most logical groupings are as follows:
- i. Board size, composition, chair and board member recruitment and diversity*
 - ii. Legal personality*
- 2.5 The issue around scrutiny, oversight and independence which are highlighted in the 22nd March board paper will be addressed by a group of officers and reported back to the Strategic Board in tandem with the conversations around board composition and legal personality.
- 2.6 In accordance with the Board paper the tables below list an indicative range of topics for discussion. It also indicates which board members are provisionally aligned to the groups and suggests a Chair person for each group.
- 2.7 Section 3 of this report suggests a broad timeline for the work. This is built on meeting the deadlines previously stated around upcoming Strategic Board meetings and positioning SELEP to launch itself as a newly operating entity at its March 2020 Strategic Board meeting. The proposal for the sub-groups is that there is a conference call of all three groups together at the beginning and end of the process, with up to three separate meetings of each group between now and March 2020.
- 2.8 It will be important to ensure that members of the groups are positioned to report back to their host federated board groupings and scheduling of meetings should enable those conversations.
- 2.9 The end goal for this exercise is to have fully implemented all facets of the LEP Review in time for the March 2020 Strategic Board meeting.

I: Board size, composition, chair and board member recruitment and diversity

Chair	Chris Brodie
Working Group Members	<p>Cllr Butland</p> <p>Cllr Chambers</p> <p>Cllr Chowney</p> <p>David Burch</p> <p>Ana Christie</p> <p>Perry Glading</p> <p>Jo James</p> <p>Penny Shimmin</p>
Officer support	SELEP CEO; 1 representative from the Accountable Body; 1 nominated officer from each of the 4 federated areas; 1 education representative (HE or FE)
Short Terms of Reference	To provide a recommendation/s to the Strategic Board which addresses HM Government's requirements around the composition of the board; future chair and board member recruitment, and diversity of the board.
Provisional topics for discussion	<ul style="list-style-type: none"> - To oversee the Independent Commission on Board Composition and ensure that an amenable proposal on the composition of the board is made available to the Strategic Board as soon as practicable - To propose a policy around Chair and Deputy Chair recruitment - To propose a policy around board member recruitment and how this works in conjunction with the federated model - To consider and advocate a plan for the future induction and training of new board members - To ensure that the Board appointed in time for the March 2020 board meeting is at least one-third female - To consider good practice in other LEPs and use this to inform the recommendations
Meeting schedule	<ol style="list-style-type: none"> 1. Shared conference call of both sub-groups 2. Inception meeting with Independent Review consultant 3. Progress meeting to consider emergent advice 4. Meeting to finalise advice to board 5. Wrap up meeting of both sub-groups

II: Legal Personality

Chair	David Rayner
Working Group Members	<p>Cllr Chambers</p> <p>Cllr Glazier</p> <p>Cllr Gledhill</p> <p>Douglas Horner</p> <p>George Kieffer</p> <p>Graham Peters</p> <p>Clive Soper</p>
Officer support	SELEP COO; 1 representative from the Accountable Body; 1 nominated officer from each of the 4 federated areas
Short Terms of Reference	To arrive at the most appropriate legal form for SELEP and provide this advice to the Strategic Board in time for implementation by 1 st October 2019 (with a final decision therefore taken at the September 2019 board meeting)
Provisional topics for discussion	<ul style="list-style-type: none"> - To consider legal advice taken to date (through LEP Network and the SELEP Accountable Body) and to commission additional advice where the group determines it is necessary - To consider how the SELEP incorporated model would work in conjunction with the wider structures of the LEP, including the Accountability Board and the federated boards - To consider the exposure and liabilities of board members in the new models and provide this advice to the current board, giving reassurance where necessary - To formulate a plan for taking the proposals through the governance structures of SELEP's partner organisations
Meeting schedule	<ol style="list-style-type: none"> 1. Shared conference call of both sub-groups 2. Meeting One – consolidation of legal advice taken 3. Meeting Two to finalise advice to board 4. Wrap up meeting of both sub-groups

III: Scrutiny, Oversight and Independence (officer led)

Short Terms of Reference	To ensure that a proposal is provided which offers clarity and reassurance around the independence of the Secretariat and a method of scrutinising the decisions of the newly established Board.
Provisional topics for discussion	<ul style="list-style-type: none">- The nature of the formal agreement between SELEP and the Accountable Body which evidences operational independence- Articles of Association for the board including, in particular, statements therein around the independence of the LEP and its Secretariat.- The methods deployed, or group constituted, to ensure that SELEP can demonstrate full scrutiny of the decisions of the Strategic Board. (e.g. a Scrutiny Panel which includes some of the organisations who do not have a place on the new SELEP board)

3. Timelines

3.1 The indicative timetable below offers an outline of the frequency of meetings and the discussions required at board meetings to ensure that the work is progressed at the required pace. The SELEP Governance Officer will work with Board members to identify the schedule of meetings in May 2019.

Group meeting	May	June	July	August	September	October	November	December	January	February	March
Strategic Board		<ul style="list-style-type: none"> Review interim findings Board recruitment policy Legal form options 				<ul style="list-style-type: none"> Review recs on recruitment and composition Options paper on legal form Update on independence agreement with A/B Scrutiny proposals for advice 		<ul style="list-style-type: none"> Confirmation of new board members Induction plan to be discussed Final no/go on incorp Draft independ' agreement Draft scrutiny arr'ments 			<ul style="list-style-type: none"> Inaugural meeting of new Board Agreement of new governance Arts of Assoc agreed Decision to enter new agreement with A/B on independ' Decision on scrutiny arr'ments
Board composition group	<ul style="list-style-type: none"> <i>Shared conference call of both groups</i> 	<ul style="list-style-type: none"> Inception meeting with Indep Review consultants (before board) 			<ul style="list-style-type: none"> Progress meeting to consider consultant advice 		<ul style="list-style-type: none"> Meeting to finalise advice to Board 	<ul style="list-style-type: none"> <i>Wrap up meeting of both groups</i> 			



Legal personality group	▪ <i>Shared conference call of both groups</i>		▪ Discussion around legal advice and way forward		▪ Meeting to finalise provisional advice			▪ <i>Wrap up meeting of both groups</i>			
-------------------------------	--	--	---	--	---	--	--	---	--	--	--

Forward Plan reference number: FP/AB/220

Report title: A28 Chart Road Project Update	
Report to Accountability Board on 7th June 19	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Date: 09.05.2019	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com	
SELEP Partner Authority affected: Kent	

Confidential Appendix

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

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the A28 Chart Road project (the Project), Ashford, Kent and to consider whether the Project should remain within the LGF programme.
- 1.2 The Project has previously been approved by the Board for the award of £10.2m Local Growth Fund (LGF) but is currently identified as a high risk project due to the risk in relation to the availability of the developer funding contributions to the Project.

2. Recommendations

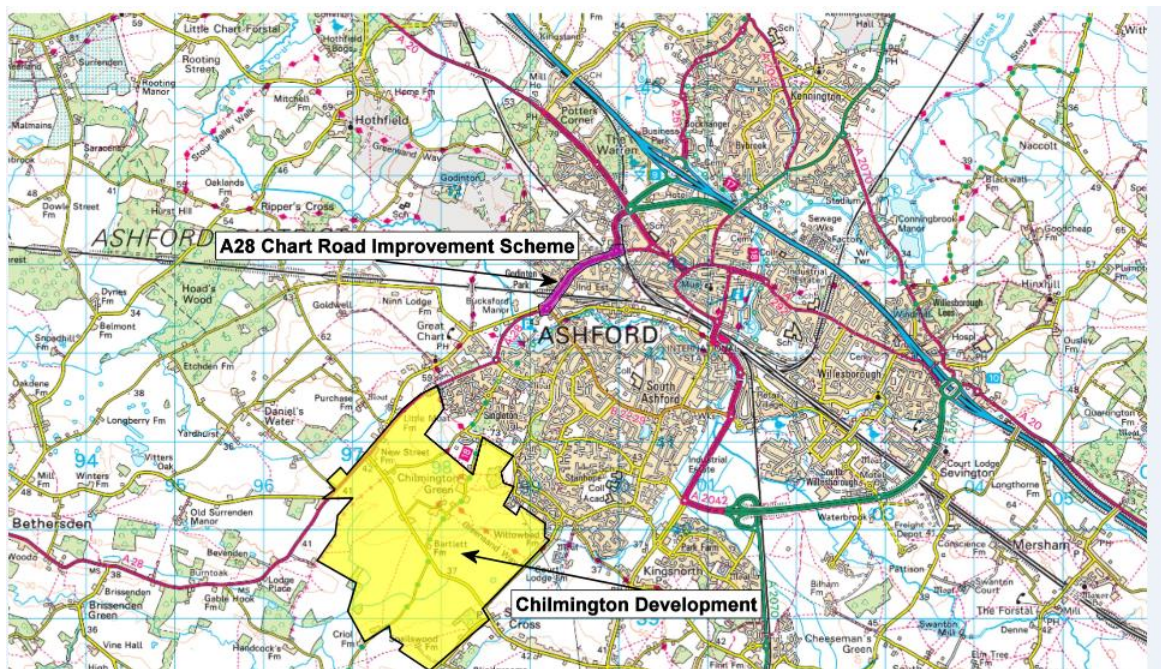
- 2.1. The Board is asked to:
 - 2.1.1. **Agree** that the Project is put on hold;
 - 2.1.2. **Agree** that there is compelling justification for SELEP not to recover the £2.829m LGF spent on the Project to date.
 - 2.1.3. **Agree** that the £7.371m unspent LGF is reallocated through the LGF3b pipeline development process but the Project is considered for future funding opportunities, should such funding opportunities become available.

3. A28 Chart Road (the Project)

- 3.1. The A28 is the main route serving south and west Ashford. The route runs north-south on the western side of the town and connects to the A20/A292 to the north, and ultimately, the strategic highway network via the M20.

- 3.2. The Project is linked to the Chilmington Green development, with the Project needing to be completed in order to unlock this area for development. This dependency is set out within Ashford Borough Council's local plan.
- 3.3. The Project scope included 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.
- 3.4. The Matalan and Tank junctions would both be enlarged to accommodate increased capacity stemming from the carriageway upgrade. The Loudon Way signalised junction would be retained but will be improved with more efficient signals, new pedestrian and cycle crossing facilities and dedicated right and left turning lanes from Chart Road.
- 3.5. The proposed Chilimington Green development is located approximately 6km to the south west of Ashford town centre and lies to the east of the A28 corridor. A planning condition has been imposed by Kent County Council (KCC) that the A28 will require upgrading in order to carry the expected level of demand attributable to the Chilmington Green development. The development will comprise:
- Up to 5,750 dwellings;
 - Up to 10,000 sqm of B1 use class;
 - Up to 9,000 sqm of A1-A5 use classes;
 - Three primary schools for up to 1,200 pupils; and
 - A site for a Secondary School for up to 1,080 pupils.
- 3.8. The approved business case for the Project presented the following objectives:
- Provide additional capacity on the road network to improve traffic flow
 - Alleviate congestion along the A28 Chart Road
 - Improve journey time reliability along the A28 Chart Road.
 - Improve road safety along the A28 Chart Road.
 - Reduce environmental impacts for local residents.
 - Support the economy by supporting the delivery of houses and jobs.

Figure 1 A28 Chart Road relative to Chilmington Green development



4. Project funding risk

- 4.1. Substantial work has been undertaken by KCC towards the delivery of the Project since the Project was approved by the Board in February 2016. This includes approval and possessions planned with Network Rail, detail design, land acquisition and a contractor having been appointed to deliver the Project (although this contractor will now be stood down by KCC)
- 4.2. On the 16th November 2018, the Board received a detailed update report setting out the risk in relation to the developer contributions towards the delivery of the Project.
- 4.3. To supplement the £10.2m LGF contribution to the Project, the Chilmington Green developer (the Developer) have contributed £1.41m towards the development of the Project and are funding the remaining construction costs of the Project, as detailed in confidential appendix 1.
- 4.4. The agreed funding arrangement between KCC and the Developer was for KCC to forward fund the developer contribution to the Project and for this to be repaid by the developer over a ten year period.
- 4.5. To safeguard KCC of any risk of non-payment and to recover interest charges, the agreement included a provision for the Developer to provide a security bond (the Bond) prior to awarding the construction contract.
- 4.6. The 6-week security bond notice was issued to the Developer on 14 December 2017, requiring the bond to be provided by 26 January 2018. However, the provision of the security bond has not been forthcoming.

- 4.7. Since December 2017, a number of deadlines have been set by KCC for the provision of the bond by the Developer. Whilst there were initially promising discussions, a security bond has not provided by the developer.
- 4.8. Appendix 2 sets out a series of letters between the Developer, SELEP and KCC. The letter from the Developer indicates that the provision of a security bond will be forthcoming. KCC has requested further confirmation from the developer as to the structure of the security bond that is being proposed. This detail has not been provided. As such, KCC do not have the financial security required to proceed with the delivery of the Project.
- 4.9. In the absence of a security bond from the Developer, the Developer is not meeting their Section 278 obligation to provide their funding contribution to the Project through a security bond until the Section 106 agreement trigger is reached for the occupation of 400 homes. As the trigger point is not expected to be reached until 2022/23, this would substantially delay the LGF spend beyond the Growth Deal period.
- 4.10. There is also no guarantee that this pace of the development will be achieved, to ensure the Developer funding contribution in 2022/23. As such, there is no guarantee as to when the Project will be able to resume delivery.

5. Latest position

- 5.1. Following the update report to the Board in November 2018, the Board agreed to enable the respective Federated Board to consider the next steps for the Project prior to a decision being made by the Board.
- 5.2. At their meeting on the 26th November 2018, the Kent and Medway Economic Partnership (KMEP) agreed that, *"The A28 Chart Road project be put on hold but the LGF to remain allocated to the Project until the 31st January 2019. If, at this time, no bond or adequate security has been forthcoming, then the LGF should be reallocated through the LGF3b process, and the A28 Chart Road project should be prioritised for future funding opportunities, such as the UK Shared Prosperity Fund"*.
- 5.3. Whilst this deadline was not met by the Developer, a letter was sent by Ashford MP, Damian Green to request for the matter to be considered by the Ministry for Housing, Communities and Local Government (MHCLG). As such, additional time was permitted by SELEP to enable options to be considered by Homes England and MHCLG. These discussions have not proved fruitful and the issue of the Developer contribution to the Project remains unresolved.
- 5.4. It is likely that correspondence will be sent directly from the developer to SELEP prior to Board meeting on 7th June 2019 to request a further delay to reallocating the LGF to enable the bond to be arranged. The developer indicated at a Chilmington Green Partner meeting on 17th May 2019 that a 6-month delay in securing the bond would allow greater cost certainty to be achieved. However, previous delays to the decision have not resulted in

adequate progress being made with securing the bond and this matter has been ongoing since January 2018.

- 5.5. As such, it is now recommended that the remaining LGF for the Project is reallocated through the LGF3b process.

6. LGF spend to date

- 6.1. To date, a total of £2.829m LGF has been spent on the Project. In addition, the £1.41m developer contribution to the Project has been received by KCC and spent in full.
- 6.2. Expenditure on the Project to date includes costs for surveys and studies, detail design, utility design costs/fees, Network Rail costs, procurement and land acquisition, including CPO and Public Inquiry costs.
- 6.3. In relation to the £7.371m LGF, which has been spent to date as part of the above expenditure on the Project, KCC have confirmed that this will remain as a capital cost as there remains a need for the delivery of the Project to deliver the 5,750 homes planned at the Chilmington Green site.
- 6.4. The S106 agreement stipulates that this Project must be delivered once 400 occupations have been reached.

7. Options available

- 7.1. Based on the options agreed by the Strategic Board in December 2018, the following three options are available to the Board:
- 7.1.1. Option 1 – Cancellation of the Project from the LGF programme due to being undeliverable within the Growth Deal period and the LGF being reallocated through the LGF3b (single project pipeline development) process;
 - 7.1.2. Option 2 – The Project is put on hold but the LGF remain allocated to the Project; or
 - 7.1.3. Option 3 – The Project is put on hold and the LGF is reallocated through the LGF3b process, but the Project is prioritised for future funding opportunities.
- 7.2. In relation to this specific Project, the implications of the following options are set out in Table 1 below.

Table 1 Options available for A28 Chart Road Project

Options	Positive Implications	Negative Implications
Option 1 - Cancellation of the Project from the LGF programme due to being undeliverable within the Growth Deal period	The LGF can be re-allocated to an alternative LGF3b projects which can demonstrate	The amount of LGF spend to date would become an abortive cost and would need to be returned to SELEP.

Options	Positive Implications	Negative Implications
<p>Under this option, all the LGF would be returned to SELEP for reinvestment, including the LGF spend to date.</p>	<p>deliverability at a faster pace.</p> <p>This may in turn deliver economic benefits to the SELEP area at a faster pace.</p>	<p>The congestion issues at the two junctions along the A28 Chart Road will continue to persist and there will be an increased burden on the developer to deliver the Project in order to unlock the Chilmington Green site, Ashford, for the delivery of up to 5,750 dwellings.</p> <p>Alternative projects brought forward through LGF3b may not deliver the same scale of benefits as the Project.</p>
<p>Option 2 – The Project is put on hold but the LGF remains allocated to the Project.</p> <p>Under this option, the Board would be asked to agree how long the project can be put on hold for.</p>	<p>There are no abortive costs to be repaid to SELEP if the Project is able to proceed at a future date and the LGF spend to date can be accounted for locally as a capital cost.</p> <p>KCC has confirmed that they will continue to account for expenditure to date on the project as a capital cost, as there remains an obligation for the developers to deliver the Project.</p>	<p>Whilst Government has indicated some flexibility to spend LGF beyond the 31st March 2021, there continues to be pressure to demonstrate the delivery of the LGF programme and benefits realisation. The Board has also agreed that a project must satisfy certain conditions to spend LGF beyond the 31st March 2021. These conditions are detailed as part of the capital programme report.</p> <p>The retention of the LGF allocation against this Project would prohibit more deliverable projects from progressing.</p>

Options	Positive Implications	Negative Implications
		It is unclear when the delivery of the Project will be able to resume, should the LGF remain allocated.
<p><u>Recommended Option</u></p> <p>Option 3 – The Project is put on hold and the LGF is reallocated through the LGF3b process</p> <p>Under this option, then the LGF spend to date will not necessarily be treated as an abortive project cost. However, the remaining unspent LGF allocation will be reallocated through the LGF3b process.</p> <p>Under this option, the Project may be put forward as a priority for future funding streams. However, at this stage, the timescales and criteria for expected future funding streams, such as the Shared Prosperity Fund are currently unknown.</p>	<p>The remaining £7.371m LGF allocation to the Project will be reinvested through the LGF3b project to enable alternative projects which can demonstrate deliverability at a faster pace.</p> <p>The £2.829m LGF spend on the Project to date will not be considered an abortive cost, if the Board are satisfied that:</p> <ul style="list-style-type: none"> i) there is compelling justification for SELEP not to recover the £2.829m LGF spend to date on the Project; and ii) the Project is able to proceed at a future date; and iii) the LGF spend to date can still be accounted for locally as a capital project cost. 	<p>The congestion issues at the two junctions along the A28 Chart Road will continue to persist and there will be an increased burden on the developer to deliver the Project in order to unlock the Chilmington Green site, Ashford, for the delivery of up to 5,750 dwellings.</p> <p>Alternative projects brought forward through LGF3b may not deliver the same scale of benefits as the Project.</p>

- 7.3. Given the lack of progress which has been made in securing the Developer contributions to the Project, the recommended option is Option 3. This is for the Project to be put on hold but for the remaining £7.371m unspent LGF to be

returned to SELEP for reinvestment by the SELEP Investment Panel on an LGF3b pipeline project.

- 7.4. Through the National Assurance Framework 2019, central government has stated that, "The LEP is expected to have in place appropriate arrangements to recover non-compliant funding. Where the LEP decides not to pursue recovery where it has identified non-compliance and has legal grounds to do so it must provide a compelling justification for its decision.
- 7.5. As KCC have not been able to complete the delivery of the Project then there are provisions under the Service Level Agreements, for the recovery of the £2.829m LGF spend to date by SELEP, as detailed in section 9 below. However, it is not recommended to the Board that the LGF spend to date should be recovered at this stage, as it is still intended that the Project will progress to delivery at a future date. This is on the basis that KCC continue to account for the LGF spend to date as a capital cost, which is a condition of the funding.
- 7.6. Should KCC reach a stage of agreeing that the Project will no longer progress to delivery, the £2.829m LGF spend to date would be likely to become a revenue cost and will need to be returned to SELEP, as grant conditions from Central Government stipulate that LGF can only be spent on capital expenditure. Should this situation arise then the Board will be made aware.
- 7.7. As a consequence of the Board agreeing for the Project to be placed on hold and the unspent LGF to be reallocated, then this is likely to increase the burden on the developer to fund the full cost of delivering the Project, in order to unlock the Chilmington Green site for development, or for alternative funding sources to be sought. A S106 obligation is, however, in place which requires the developers to provide a bond for the full scheme cost, with or without the LGF funding.
- 7.8. The delivery of dwellings at the Chilmington Green site will also be restricted to 400 dwellings, until the Project is delivered. This will stall residential and commercial development at the site, which holds potential for the delivery of up to 5,750 dwellings, as well as commercial space, three primary schools and one secondary school.
- 7.9. The £7.371m LGF will be considered for reinvestment by the SELEP Investment Panel at its meeting on the 28th June 2019, to projects which have been identified through the LGF3b single pipeline development process. This provides the opportunity for the funding to be reinvested in project(s) which hold greater certainty of deliverability and the potential for a faster pace of benefit realisation.

8. Financial Implications (Accountable Body comments)

- 8.1. In considering the recommendations of this report, the Board is advised to assess the risk of further delay in spend of LGF in ensuring best use of

funding and securing value for money in the use of the grant.

- 8.2. It is noted that £2.8m of LGF expenditure has already been incurred towards the delivery of the Project. In consideration of whether the Board wishes to seek to reclaim this funding, it should be noted that the conditions of the Grant will continue to be met provided that the Project expenditure remains capitalised by Kent County Council (KCC). In the instance that the funding is no longer capital, KCC will be required to repay it in full to Essex County Council (ECC), as the Accountable Body for the SELEP.
- 8.3. ECC is responsible to ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 8.4. Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding from the Council, or withhold future funding streams.
- 8.5. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 8.6. The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.

9. Legal Implications (Accountable Body comments)

- 9.1. The Project has not been delivered in accordance with the business case and in line with the LGF allocation as a result of the reasons set out within this report. The provisions under the Service Level Agreements in place between ECC as Accountable Body and KCC provide for the recovery of the £2.829m LGF spend to date. However, the activation of this provision is not recommended at this time.
- 9.2. KCC remain committed to the Project and have indicated that they are satisfied that they will be able to deliver the Project as proposed within the business case at a future date. In this circumstance there remains a commitment to complete the Project. If KCC determine that they will no longer be able to deliver the Project, the Project will be formally cancelled by the Board and removed from the programme. At this stage the provision for recovery of the spent LGF should be activated.

10. Equality and Diversity implication

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

- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not;
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 10.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

11. List of Appendices

- 11.1. Appendix 1 - Funding breakdown (confidential appendix)
- 11.2. Appendix 2 - Letter from solicitors to SELEP 31.01.2019 (confidential appendix)
- 11.3. Appendix 3 - SELEP response 25.02.2019 (confidential appendix)
- 11.4. Appendix 4 – KCC response from solicitors 12.03.2019 (confidential appendix)
- 11.5. Appendix 5 – Letter from solicitors 08.04.2019 (confidential appendix)
- 11.6. Appendix 6 – KCC response 10.04.2019 (confidential appendix)

12. List of Background Papers

- 12.1. Business Case for the A28 Chart Road
- 12.2. Accountability Board Agenda Pack 12th February 2016, including decision to award funding to the Project
- 12.3. Accountability Board Agenda Pack 16th November 2019, including an update report on the Project

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	24/5/19

Forward Plan reference number: FP/AB/220

Report title: A28 Sturry Link Road Project Update	
Report to Accountability Board on 7th June 19	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Date: 07.05.2019	For: Decision
Enquiries to: Rhiannon Mort, Rhiannon.mort@southeastlep.com	
SELEP Partner Authority affected: Kent	
Confidential Appendix This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to receive an update on the delivery of the A28 Sturry Link Road project (the Project), Canterbury, Kent.
- 1.2 The Strategic Board has previously agreed that all high risk Local Growth Fund (LGF) projects should be considered by the Board by no later than this meeting of the Board, to determine whether satisfactory mitigation has been put in place to enable the high risk projects to progress, whether the Project should be put on hold and/or the LGF re-allocated, as per the options detailed in Appendix 1.
- 1.3 The Project has previously been approved by the Board for the award of £5.9m Local Growth Fund (LGF) but is identified as high risk, due to the risk to the private sector funding contributions to the Project.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. Agree one of the following Options:

- a. **Agree** that the Board is satisfied that sufficient mitigation has been put in place to enable the Project to progress; **or**
- b. **Agree** one of the three alternative options agreed by the Strategic Board:
 - b.1 Option 1 - Cancellation of the Project from the LGF programme due to being undeliverable within the Growth

Deal period and the LGF is reallocated through the LGF3b (LGF single pipeline development) process;

- b.2 Option 2 - The Project is put on hold but the LGF remains allocated to the Project until KCC can provide assurance that the local funding package is in place to progress with the delivery of the Project (**recommended option**); or
- b.3 Option 3 - The Project is put on hold and the LGF is reallocated through the LGF3b process, but the Project is prioritised for future funding opportunities, such as the Shared Prosperity Fund.

- 2.1.2 **Agree** the requirement for a project update report to be received by the Board at least every six months, to monitor the Project risk, unless the project is cancelled. These separate update reports will continue until the point that the Board is satisfied that the Project risks, detailed in section 5 of this report, have been sufficiently mitigated.

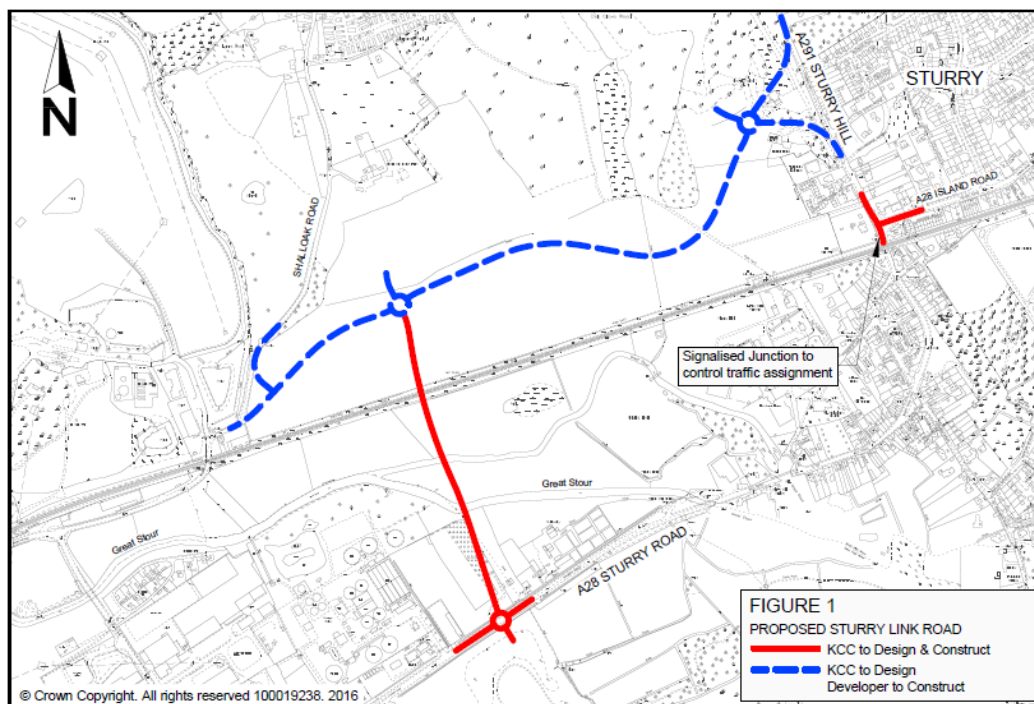
3. High Risk LGF Projects

- 3.1. At the Strategic Board in December 2018, it was agreed that the LGF projects which had been Red-Amber- Green (RAG) rated as Red due to the risk to LGF spend within the Growth Deal period must come back to the Accountability Board within the next six months to confirm that a delivery solution has been identified to progress the project or to agree one of the three options:
 - 3.1.1. Option 1 - Cancellation of the Project from the LGF programme due to being undeliverable within the Growth Deal period and the LGF is reallocated through the LGF3b (LGF single pipeline development) process;
 - 3.1.2. Option 2 - The Project is put on hold but the LGF remains allocated to the Project (recommended option); or
 - 3.1.3. Option 3 - The Project is put on hold and the LGF is reallocated through the LGF3b process, but the Project is prioritised for future funding opportunities, such as the Shared Prosperity Fund.
- 3.2. Further details on each of the options listed in section 6 of this report.
- 3.3. The Project has been identified as high risk due to uncertainty around the timing of the private sector funding contributions which are required to deliver the Project.

4. A28 Sturry Link Road (the Project)

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

Figure 1 A28 Sturry Link Road



- 4.3. The overall objective of the Project is to tackle the existing congestion problem which currently exists at the Sturry level crossing and at the A28/ A291 junction. Queuing traffic affects adjacent junctions and can extend 1km in peak periods. The A28 road currently carries 20,000 vehicles per day, but with 6 trains passing per hour, the level crossing is closed for up to 20 minutes/hour during peak times, causing severe congestion to trips along the A28. This level of congestion is a major constraint on development to the north east of Canterbury.

- 4.4. Through tackling this congestion pinch point and increasing the capacity of this part of the network, the Project will unlock new development sites to the North East of Canterbury, delivering 4,220 new homes and 1,700 jobs.
- 4.5. The scale of development unlocked by the Project includes residential development at the following sites:
 - 4.5.1. Broad Oak Farm and Sturry – 1000 homes;
 - 4.5.2. Hoplands Farm, Hersden – 250 homes;
 - 4.5.3. Colliery Site, Hersden – 500;
 - 4.5.4. Other sites in the north eastern quadrant of Canterbury District
- 4.6. Since the approval of the business case by the Board in June 2016, there have been no substantial changes to the Project scope, although some enhancements have been made to the Project design to incorporate feedback received by KCC through public consultation.
- 4.7. The developers/ land owners for the residential and commercial development sites which will be unlocked through the delivery of the Project are due to provide sizable funding contributions towards the delivery of the Project, as detailed below. These funding contributions are being made as a S106 funding contribution per residential unit plot completed. The developers are also responsible for the delivery of the spine road, as shown in Figure 1.
- 4.8. The Project was approved by the Board on the 24th June 2016 for the award of £5.9m LGF. At the stage of the Project being approved, Project risks were identified by the SELEP Independent Technical Evaluator (ITE) regarding the cost and deliverability of the Project, particularly in light of the interaction with Network Rail.
- 4.9. Furthermore, risks have been identified in relation to the security and timing of the expected private sector funding contributions to the Project.
- 4.10. A funding bid was submitted through the SELEP LGF3b pipeline development process, seeking a further £4.5m LGF towards the delivery of the Project, to help mitigate the funding risk in relation to the phasing of the developer contributions towards the Project.
- 4.11. The LGF3b bid for the Project was not prioritised by the Investment Panel to secure any additional LGF. As the application has not been successful, this further draws attention to the funding risk for this Project.
- 4.12. An update on these Project risks is provided through this report.

5. Project Cost and Funding

- 5.1. The Project cost estimate for the delivery of the bridge over the railway was £28.6m within the original business case in 2016. This cost has now been updated and is currently forecast at £29.6m.

- 5.2. In both the original and updated Project cost, the cost of delivering the spine road through the development site has been excluded, as these costs will be met in full by the developer. The construction of the spine road will also be undertaken by the developer.
- 5.3. To date, £1.073m LGF has been spent on the delivery of the Project, with a further £2.394m LGF expected to be spent on the Project in 2019/20. If the Project does not progress to delivery, this spend will become an abortive revenue cost and the LGF will need to be repaid to SELEP.
- 5.4. In addition to the £5.9m LGF award to the Project, three developer funding contributions are due to be made to fund the remaining project cost. These three developer contributions are being made by three different developers from sites in the vicinity of the Project, as detailed within the confidential appendix.
- 5.5. As a result of the project development work which has been undertaken over the last three years, there is now greater cost certainty than when the Project was previously considered by the Board.
- 5.6. The detailed cost breakdown has been updated and refined to reflect project progress and the revised programme. This includes allowances for Network Rail costs, inflation and risk, as determined through a Quantified Risk Assessment (QRA). This cost estimate has been prepared with knowledge of the costs involved in working with Network Rail through previously projects such as the East Kent Assess and Rushenden Relief Road. The risk for the need to provide land for flood storage compensation has been reduced, following acceptance by the Environment agency of the Hydraulic Modelling of the Stour and the impact of the new road.
- 5.7. Confidential Appendix 1 sets out the current status of the developer contributions towards the delivery of the Project.

6. Project delivery update

- 6.1. The original Project business case set out the intention to commence site mobilisation work in October 2019 and to complete the Project by October 2021.
- 6.2. The delivery of the Project has been slower than anticipated due to the interdependency between the Project and the planning applications for the residential/ commercial development which is associated with the Project. Project delays have also been experienced through the development of the environmental impact assessment (EIA), as stakeholder feedback has been considered and used to enhance the Project design work.
- 6.3. The planning application for the Project itself has been submitted and is due to be determined by Kent County Council (KCC) planning committee in September 2019.

- 6.4. It is now anticipated that site mobilisation works will commence in spring 2020, with the completion of the Project by December 2021. This is on the basis that the developer contributions are in place and that the land required to deliver the Project can be acquired voluntarily.
- 6.5. Through the LGF being spent before the other funding sources, on costs such as land acquisition, it is expected that the LGF award to the Project can be spent in full prior to the end of the Growth Deal (31st March 2021). This is based on the assumption that no Compulsory Purchase Order (CPO) is required.
- 6.6. At the point of the funding decision being considered by the Board in June 2016 the ITE raised concerns around the deliverability of the Project. This included concerns given the requirement for close working with Network Rail to enable the construction of the bridge over the railway.
- 6.7. There remains a requirement for a Basic Asset Protection Agreement (BAPA) to be put in place with Network Rail and formal approval of the design and construction methodology is required.
- 6.8. A Basic Service Agreement is now in place and initial payments have been made to Network Rail to cover their costs during the project.
- 6.9. The design of the Viaduct has been developed to avoid the need to work on Network Rail land and to minimise the disruption to Network Rail operations. This is a standard arrangement and considered a low risk.
- 6.10. In assessing tenders for the contractor and detail designer for the project, consideration will be given to the previous experience of the contractors in working with Network Rail on such projects. This will help ensure that they have the appropriate competencies to give added confidence in the delivery of the bridge with minimal impact on the railway.

7. Project risk

- 7.1. The most significant Project risk is the availability of the private sector funding contributions towards the delivery of the Project. As detailed in Appendix 2, potential options have been identified to manage the cash flow position and to secure developer contributions which have been identified towards the delivery of the Project. However, this remains a substantial risk, as although all of the sites are allocated in the adopted Local Plan (July 2017), full planning consent has not yet been approved for any of the main three developers due to financially contribute towards the delivery of the Project.
- 7.2. Given the complex funding package for the Project, there are a large number of dependencies to secure the full local funding package required to deliver the Project. These dependencies include:

- 7.2.1. Planning consent being secured for the developments which are due to financially contribute to the delivery of the Project; and
 - 7.2.2. A security bond being provided to KCC to forward fund Source 1; and
 - 7.2.3. KCC securing a charge on the land to enable KCC to forward fund Source 2; and
 - 7.2.4. The pace of housing delivery for the other development sites which are financially contributing towards the delivery of the Project.
- 7.3. As the developers are also delivering the spine road to connect the bridge (funded through this LGF Project) with the existing road network to the north east, then any delays to the developers construction of the spine road will impact the opening date for the Project.
- 7.4. The Head of Terms agreement with the developer, who is constructing the spine road, sets out the requirement to deliver the spine road at the same time as the Project. As full planning consent has not yet been granted to this site then this remains a substantial project risk. A detailed planning submission has been made for the spine road which will be determined as part of the application for the site in June 2019, so the risk will be reduced at this point.
- 7.5. A CPO enquiry may be required to secure the land required to complete the Project. A land agent has been appointed to lead on land negotiations, and the land owners have been consulted during the design phase to enable their initial concerns to be mitigated through design amendments. However, if a CPO enquiry is required then this will add to the timescales for delivering the project and risks the LGF not being spent by the end of the Growth Deal.

8. Next steps and potential options

- 8.1. There has been some progress made by KCC towards developing the local funding package for the Project, as set out in Appendix 2. There has also been progress through the planning process for the Project itself and the developments due to financially contribute towards the delivery of the Project. However, there remains a substantial risk in relation to the timing of the local funding contributions.
- 8.2. As part of this report, the Board is therefore asked to consider whether board members are satisfied that sufficient mitigation has been put in place to progress with the Project or alternative options should be considered. The alternative options available to the Board, include:
- 8.2.1. **Option 1** - Cancellation of the Project from the LGF programme due to being undeliverable within the Growth Deal period and the LGF is reallocated through the LGF3b (pipeline development) process.
 - 8.2.2. **Option 2** - The Project is put on hold but the LGF remains allocated to the Project (recommended option).

Under option 2, given the additional flexibility that has been indicated by the Ministry for Housing, Communities and Local Government to spent

LGF beyond the Growth Deal then the Board could consider placing the project on hold and pausing LGF spend on the Project until the local funding contributions have been confirmed.

This may provide a sensible approach to ensure that further abortive costs are not incurred, if the Project is unable to progress. Should the Board choose to support this option, it is recommended that the status of the project should be kept under review at least every six months.

KCC has already banked £1.45m of developer contributions which could be used to continue the design phase if the LGF spend is paused, which would ensure that progress could continue to be made with the risk mitigation for the scheme.

8.2.3. **Option 3** - The Project is put on hold and the LGF is reallocated through the LGF3b process, but the Project is prioritised for future funding opportunities, such as the Shared Prosperity Fund.

- 8.3. Should the Board support either Option 1 or 3 of the listed above, SELEP will work with KCC's finance team to understand how the LGF spend to date will be accounted for and to consider the stage at which the LGF spend to date would become an abortive revenue cost (resulting in the need to return the LGF to SELEP).
- 8.4. Should the Board agree Option 1, 2 or 3, any future LGF spend on the Project will be on the basis that KCC continue to accept the risk that if the Project does not progress then any abortive revenue costs will need to be met locally.
- 8.5. KCC remain confident that the private sector funding contributions will be secured to enable the delivery of the Project. At this stage, it is therefore recommended that the £5.9m LGF allocation remains allocated to the Project. However, learning from the lessons in relation to the A28 Chart Road project, considered under agenda item 19, the Board is advised to consider putting the project on hold (Option 2) and pause LGF spend on the Project until KCC can provide assurance that the local funding package is in place to progress with the delivery of the Project.
- 8.6. It is also recommended that the Board receives an update at its next meeting in September 2019 on the negotiations with the private sector developers. Following this, a separate update report will be provided to the Board on the Project at least every six months, until the Board is satisfied that the Project funding risk has been sufficiently mitigated.

9. Financial Implications (Accountable Body comments)

- 9.1. The proposals for funding this Project are complex and currently the arrangements with each of the developers are unconfirmed, with varying degrees of associated risk.

- 9.2. Should the necessary funding or planning permissions not be secured, there is a risk that the Project may need to be cancelled and any LGF funding spent to date may no longer meet the conditions of funding. In these circumstances, under the terms of the Funding Agreement in place with KCC, the LGF spent to date may need to be returned to Essex County Council (ECC), as the Accountable Body, and reallocated through the SELEP investment pipeline.
- 9.3. It is noted that the recommendation is to pause any further spend of LGF on this project until the funding is secured. Given the complexities and size of the risks associated with this Project, on-going monitoring of the risks and dependencies is necessary, to support effective decision making with regard to the use of LGF.
- 9.4. The SELEP Accountable Body is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 9.5. Should the funding not be utilised in accordance with the conditions, for example, where abortive Project costs are transferred to revenue, the Government may request return of the funding from the Council, or withhold future funding streams.
- 9.6. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the decisions of the Board.

10. Legal Implications (Accountable Body comments)

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

11. Equality and Diversity implication

- 11.1. Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
 - (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act;
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not;
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

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

12. List of Appendices

- 12.1. Appendix 1 – Confidential appendix – developer contributions

13. List of Background Papers

- 13.1. Business Case for the A28 Sturry Link Road
- 13.2. Accountability Board Agenda Pack 24th June 2016, including decision to award funding to the Project

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	24/5/19

Forward Plan reference number: FP/AB/211

Report title: Bexhill Enterprise Park North LGF funding decision	
Report to Accountability Board on 7th June 2019	
Report author: Helen Dyer, SELEP Capital Programme Officer	
Date: 15 th May 2019	For: Decision
Enquiries to: Helen Dyer, Helen.Dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex	

Confidential Appendix

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

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £1.94m LGF to the delivery of Bexhill Enterprise Park North, East Sussex (the Project). This Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.
- 1.2 The Business Case for the Project has been considered through the Independent Technical Evaluation (ITE) process and the Project has been assessed as presenting high value for money with medium to high certainty of achieving this.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Agree** the award of £1.94m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.
 - 2.1.2. **Note** that in order to realise all the benefits set out in the Project Business Case all phases of the Project need to be delivered.

3. Bexhill Enterprise Park North

- 3.1. Bexhill Enterprise Park North is a key element in the package of developments that have been designed as a direct response to the socio-economic challenges facing the Bexhill area.

- 3.2. The Project will deliver the site and servicing infrastructure required to access individual development plots within the business park from the North Bexhill Access Road. Delivery of this infrastructure will directly enable development on the site to proceed with the benefit of access and enable private sector investment.
- 3.3. The Bexhill Enterprise Park North site gained planning approval in May 2018 for 33,500sqm of employment floor space within use classes B1 and B2.
- 3.4. The delivery of the enabling infrastructure will unlock the site and will allow delivery of the first light industrial units which are essential to address the local jobs deficit in the local area. In the first instance 8,000sqm of light industrial (B1) space will be brought forward, with the potential for 8,000sqm of manufacturing (B2) space to follow.
- 3.5. The key objectives of the Project are:
 - 3.5.1. The delivery of employment floorspace;
 - 3.5.2. Creation of jobs to benefit economic development;
 - 3.5.3. To enable private sector investment;
 - 3.5.4. To encourage foreign investment; and
 - 3.5.5. To demonstrate market viability.
- 3.6. In total, the wider Bexhill Enterprise Park North site has the capacity to support 493 net FTE jobs when fully delivered. Modelling of the take-up and occupancy of new development at the site suggests that the delivery of the wider project has the potential to generate £341m of GVA towards the economy by 2038.

4. Options Considered

- 4.1. The Bexhill Enterprise Park North site has received planning permission for 33,500sqm of business space. It is expected that this business space will be brought forward by the private sector, however, in order to facilitate this the site needs to be unlocked through the provision of enabling infrastructure. Without the provision of this infrastructure the private sector will not bring forward the business space.
- 4.2. The Project Business Case solely focuses on the options for bringing forward the enabling infrastructure required to generate the private sector investment. These options include:
 - 4.2.1. **Do Nothing** – under this option the Bexhill Enterprise Park North site would remain un-serviced, with no direct means of access to the site

from the North Bexhill Access Road. The Bexhill Enterprise Park North site would remain stalled and the approved business space development would not proceed. Engagement with the private sector has provided a clear indication that business space on the site will not be forthcoming until the enabling infrastructure has been delivered. This option is not considered viable as it will act as a barrier to development on the site, meaning that the opportunity will be lost to address the local jobs deficit in the area;

4.2.2. **Do Something** – Basic Enabling Works – under this option the infrastructure provision into the site would be partial, rather than comprehensive. It would involve infrastructure works comprising 144m of carriageway with footways, verges, drainage and associated engineering. This option would fail to achieve the ‘tipping point’ at which the private sector would invest in bringing forward the business space on the site. If this approach was adopted the private sector would be left with substantial costs in order to achieve suitable infrastructure provision to the majority of the site. Through this option a small parcel of land on the site would be unlocked for development, however, it is likely that this piecemeal approach to the delivery of the Bexhill Enterprise Park North site will fail to achieve the early critical mass necessary to establish the site as a prime employment location capable of attracting occupier interest from a wide market area. For these reasons this option was discounted;

4.2.3. **Do Optimum** – full package of enabling works – under this option the full package of pre-development infrastructure works would be delivered. This would include: 385m of carriageway with footways, verges, drainage and associated engineering. Completion of these works would ensure that the site is fully accessible and that the required advanced service infrastructure is in place to provide developers with ready to build development platforms. This option will maximise the scale and pace of private sector investment and will unlock the entire site for the delivery of business space, allowing immediate private sector investment in the first phase.

4.3. The preferred option is the Do Optimum scenario as it fully aligns with the objectives of bringing forward employment uses on the site, attracting committed private sector investment and establishing Bexhill Enterprise Park North as a key employment growth location, in accordance with local planning policies and the priorities set out in the SEP. The Do Optimum scenario ensures that the full potential of the site is realised and that new employment opportunities are delivered as early as possible.

5. Public Consultation and Engagement

5.1. A number of public consultation exercises have been undertaken in relation to the wider development of North East Bexhill. This has included statutory consultations relating to local strategic planning documents. These responses

have been considered in detail by East Sussex County Council in finalising the Project specification.

- 5.2. There has been a long-standing intention to develop the area of north-east Bexhill, stemming right back to the County Structure Plan in 1980. This intention was followed through to the East Sussex and Brighton and Hove Structure Plan (1991) in which a major business park north of Sidley was proposed.
- 5.3. Subsequently the Rother District Local Plan in 2006 recognised north-east Bexhill as being critical to economic growth in the area, and established the principle of development, and the overall scale, mix and general disposition of uses within the site.
- 5.4. The site was the subject of a planning application in 2018. The application received strong support which resulted in the planning consent being granted in May 2018.
- 5.5. Wider stakeholders in the Project include: SELEP, East Sussex County Council, Rother District Council, Hastings Borough Council, Highways Authority, Statutory Consultees, Utility Companies, members of the public who have expressed an interest in the project, landowners, the business community, local residents, local interest groups, other organisations (both public and private sector), potential suppliers and the media.

6. Project Cost and Funding

- 6.1. East Sussex County Council is seeking a £1.94m LGF contribution towards the delivery of the Project. The remaining costs will be funded by Sea Change Sussex and Westcott Leach.
- 6.2. The full funding package for the Project is set out in a confidential appendix.

7. Outcome of ITE Review

- 7.1. The ITE review confirms that the Business Case analysis provides a proportionate assessment of the Project costs and benefits and results in a strong benefit cost ratio representing high value for money.
- 7.2. The analysis was robustly carried out using Ministry for Homes, Communities and Local Government appraisal guidance and delivers high levels of certainty around this value for money categorisation.

8. Project Compliance with SELEP Assurance Framework

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

Table 2 - Assessment of the Project against the requirements of the SELEP Assurance Framework

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The objectives presented align with the objectives identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. Comprehensive value for money analysis has been completed.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates clear experience of delivering similar schemes. A comprehensive risk register has been developed which provides an itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	An adjusted BCR of 7.9:1 has been calculated which indicates high value for money.

9. Financial Implications (Accountable Body comments)

- 9.1. All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been received, however, funding for future years is indicative.

- 9.2. Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 9.3. As the full benefits and value for money for this scheme are contingent on delivery of the full programme of investment, including the later phases, as set out in the confidential appendix, the Board is advised to clarify that funding allocations are subject to delivery of the full business case, unless otherwise approved by the Board.
- 9.4. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 9.5. The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the decisions of the Board.

10. Legal Implications (Accountable Body comments)

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

11. Equality and Diversity implication

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

considered as part of their decision making process and where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

12. List of Appendices

- 12.1. Appendix 1 - Report of the Independent Technical Evaluator (as attached to Agenda Item 6).
- 12.2. Appendix 2 – Confidential appendix

13. List of Background Papers

- 13.1. Business Case for Bexhill Enterprise Park North.

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	 24/5/19