

<b>Report title:</b> Getting Building Fund Programme Update	
<b>Report to Accountability Board on 20 November 2020</b>	
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<b>Meeting Date:</b> 20 November 2020	<b>For:</b> Decision
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<b>SELEP Partner Authority affected:</b> 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 provide an overview of the Getting Building Fund (GBF) programme and agree the planning spend in 2020/21.

## 2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1. **Agree** the updated total planned GBF spend of £29.687m GBF in 2020/21.

## 3. Summary

- 3.1 SELEP has been successfully allocated a total of £85m GBF by the Ministry of Housing, Communities and Local Government (MHCLG). This funding must be spent by 31 March 2022.
- 3.2 The Strategic Board has prioritised 34 projects to be included within the GBF programme. The scheme promoter for each of these projects has been required to bring forward a business case to be reviewed by SELEP's appointed Independent Technical Evaluator (ITE) and to be considered by the Board for the award of funding.
- 3.3 To date, eight projects have been approved by the Board and awarded £16.1m GBF. A further 25 projects are considered for a funding award under agenda items 14 - 16.
- 3.4 The projects are considered under different agenda items depending on the certainty around the economic appraisal and the perceived level of risk, following assessment by the ITE.

#### **4. GBF planned spend**

- 4.1 A total of £42.5m GBF has been transferred to SELEP by MHCLG to date. A further £42.5m GBF has been provisionally allocated to SELEP in 2021/22 but formal confirmation of this funding is not expected until April 2021. This presents a programme risk, as set out in section 7.
- 4.2 Based on the information presented in the project business cases, GBF spend in 2020/21 is expected to total £29.687m, with the remaining £55.313m due to be spent in 2021/22.
- 4.3 There is a £12.813m forecast variance between the amount of GBF transferred by MHCLG and the forecast GBF spend on GBF projects in 2020/21. To help mitigate this issue, provisions have been made within the GBF Service Level Agreement (SLA), under which GBF will be transferred to partner authorities, to enable Option 4 capital swaps to be implemented.
- 4.4 Option 4 capital swaps refers to the transfer of grant funding into the local authorities own wider capital programme, to be spent on non-GBF projects. In the subsequent financial year, the local authority funds the spend on the project through their own capital programme.
- 4.5 The total GBF allocation to the project remains the same, but this approach can be used to demonstrate that the GBF has been spent in full at the end of the financial year.
- 4.6 The use of an option 4 capital swap will require approval from the Board in Q4 2020/21. The feasibility of this mitigation option is currently being considered between the SELEP Accountable Body and partner authorities. As option 4 capital swaps are also required for Local Growth Fund at the end of 2020/21, it may not be feasible for partner authorities to implement Option 4 swaps for GBF too. However, if a suitable approach can be identified, a proposal will be brought forward for consideration by the Board at its next meeting on 12 February 2021.

**Table 1 – GBF spend summary**

	£m		
	2020/21	2021/22	Total
East Sussex	4.288	6.892	11.180
Essex	10.137	16.365	26.502
Kent	11.732	2.296	14.028
Medway	5.300	1.460	6.760
Southend	2.400	5.500	7.900
Thurrock*	0.600	2.132	2.732
<b>Total</b>	<b>29.687</b>	<b>55.313</b>	<b>85.000</b>
GBF available	42.5	42.5	85
Carry forward	12.813	-12.813	

\*Includes £1,808,865 in 2021/22 which is being considered for reallocation by Opportunity South Essex

## 5. GBF pipeline

- 5.1 At the Strategic Board in October 2020, SELEP Ltd were made aware of the need to develop a GBF pipeline, in case any project is found to be unable to proceed.
- 5.2 As there were exceptionally short timescales available for the initial GBF programme to be identified, the Strategic Board has agreed that on 11 December 2020, Federated Board's may put forward any changes to the GBF programme that they wish to see agreed by SELEP Ltd.
- 5.3 At the meeting on the 11 December 2020, the Strategic Board will also be asked to agree an approach for the development of a GBF pipeline, should any unallocated GBF become available from January 2021 should an approved GBF be unable to proceed.
- 5.4 Since the list of projects to be included in the GBF programme was agreed by the Strategic Board, issues have been identified for the Grays Shopping Centre project as the site is currently up for sale.
- 5.5 The original application was supported by SELEP Ltd due to the expected project outcomes in creating 1,000 new residential units. As the shopping centre is now up for sale, assurances cannot be provided around the delivery of the project outcomes detailed in the original submission to Government or the business case which has been developed subsequently.
- 5.6 It is expected that an alternative project proposal will be brought forward by Opportunity South Essex Federated Board for consideration by the Strategic Board at its meeting on 11 December 2020.

- 5.7 Unallocated GBF funding has also been identified due to a reduced GBF funding ask for the New Performance and Production Digital Arts Facility, North Kent College project. The GBF ask has reduced from £12.625m to £12.302m GBF, making £323,204 available for alternative investment.
- 5.8 It is therefore expected that the Kent and Medway Federated Board will bring forward an additional project proposal, to be considered by the Strategic Board for the allocation of £323,204.
- 5.9 Once the Strategic Board have agreed how the unallocated funding in relation to the Grays Shopping Centre and the New Performance and Production Digital Art Facility should be redeployed, business cases will need to be brought forward for consideration by the ITE and approval by the Board. The project changes will also need to be agreed with Central Government.

## 6. GBF outputs and outcomes

- 6.1 Within the correspondence between MHCLG and SELEP to confirm the GBF allocation, the expected outputs and outcomes of the GBF investment were stated, as shown in Table 2 below. A copy of the letter from MHCLG is provided as appendix B. These outputs reflect the expected benefits of GBF investment stated in the original submission to Central Government.
- 6.2 Through the development of the detailed business case information for each GBF project, changes to the expected outputs and outcomes have been reported to SELEP.
- 6.3 SELEP is required to agree all project changes with Central Government and therefore the revised information about the expected outputs and outcomes will need to be agreed with MHCLG.
- 6.4 MHCLG have circulated a request for SELEP to provide an updated baseline of each GBF project's outputs and outcomes. This includes a detailed quarterly breakdown of metrics such as jobs and houses delivered. The submission of this information to Central Government provides a means to agree the changes to project outputs and outcomes.
- 6.5 At future meetings the Board will be provided with quarterly updates on the delivery of the GBF programme, including project spend, risks and the delivery of project outputs and outcomes.

**Table 2 – GBF programme outcomes Original Submission**

<b>Direct Jobs Created</b>	9,170
<b>Construction Jobs Created</b>	2,180
<b>Jobs Safeguarded</b>	3,340
<b>Houses Unlocked</b>	7,234
<b>Commercial Space Unlocked (sqm)</b>	50,813

<b>New Learning Space Unlocked (sqm)</b>	9,128
<b>New Learners Assisted</b>	8,663
<b>Businesses Assisted</b>	1,261
<b>Roads/Cycle Lanes/Walkways Unlocked (km)</b>	2.427
<b>R&amp;D Floorspace (sqm)</b>	9,788
<b>Improved Learning/ Training Space Unlocked (sqm)</b>	9,128
<b>Public Realm/ Green Space Created (sqm)</b>	132,050
<b>New Superfast Broadband Connections</b>	18,333
<b>CO2 Emissions Saved (kg)</b>	1,146,874

## 7. GBF Programme Risks

- 7.1 Appendix C sets out the overall programme risks. The main programme risk relates to the GBF allocation for 2021/22.
- 7.2 Due to the exceptionally short timescales to deliver the GBF programme and spend the £85m GBF in full by 31 March 2022, the Board is asked to consider the award of funding to projects seeking funding across 2020/21 and 2021/22. There is a risk, however, that if the remaining £42.5m GBF for 2021/22 is not secured, there will be insufficient funding to support all the GBF projects agreed by the Board.
- 7.3 This creates a substantial risk for local authority partners who are entering funding commitments for the GBF funding when the remaining £42.5m GBF has only been provisionally allocated by Central Government.
- 7.4 If this risk were to materialise and the GBF was not forthcoming, or if there is a delay to MHCLG transferring the GBF in 2021/22 (as with the Local Growth Fund in 2020/21), the Board will need to agree which projects should be prioritised. It would likely be recommended to the Board that projects which have received part of their funding allocation in 2020/21 should be prioritised.

## 8. Financial Implications (Accountable Body comments)

- 8.1 All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The Accountable Body has now received the first tranche of GBF for £42.5m from MHCLG in September 2020. The second tranche of GBF for £42.5m is unconfirmed by MHCLG and is expected to be confirmed and received in April 2021.
- 8.2 Should the second remaining tranche of GBF for £42.5m from Government be delayed or withdrawn in 2021/22 resulting in insufficient funding to the programme, there could be a risk to completion of GBF projects and delivery of outcomes.
- 8.3 Any spend by Scheme Promoters of GBF in advance of receipt by the Accountable Body is undertaken at risk by the respective local authority under the terms of the funding agreement being put in place.

## Local Growth Fund Capital Programme Update

- 8.4 The use of “Option 4 capital swap” as discussed in section 4 (GBF Planned Spend) of this report is permissible under the SLA’s which have been drafted between ECC as Accountable Body and the local authority partners. Written confirmation from the S151 officer for each Local Authority that they are comfortable with the proposed approach to apply the option 4 GBF capital swap as required at the end of 2020/21, will be requested.
- 8.5 The application of Option 4 capital swap will be subject to an Accountability Board Decision.
- 8.6 Essex County Council, as the Accountable Body, is responsible for ensuring that the GBF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 8.7 Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.
- 8.8 Any changes to the original list of GBF projects approved by Government must be agreed in writing with MHCLG via a change request. Should the Board approve the award of funding in Agenda Item’s 14, 15 &16, the Accountable Body will transfer GBF funding to the sponsoring authorities on confirmation from Government that the changes (where applicable) to the Project outputs and outcomes are accepted.

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

- 9.1 There are no legal implications arising from this report. As set out within this report, the grant funding will be administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government, and used in accordance with the terms of the Service Level Agreements between the Accountable Body and the Partner Authorities.

### **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.

## Local Growth Fund Capital Programme Update

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.

### 5. List of Appendices

- 11.1 Appendix A - GBF spend forecast
- 11.2 Appendix B – Letter from Government
- 11.3 Appendix C – GBF Programme Risks

### 6. List of Background Papers

12.1 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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	11.11.2020