

ACCOUNTABILITY BOARD

10:00	Friday, 15 June 2018	High House Production Park, Vellacott Close, Purfleet, Essex, RM19 1RJ
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Quorum: 3 (to include 2 voting members)

Membership

Mr Geoff Miles	Chairman
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
Angela O'Donoghue	Further Education/ Skills representative
Lucy Druesne	Higher Education representative

For information about the meeting please ask for:

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(Secretary to the Board)
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Meeting Information

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

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

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

The agenda is also available on the Essex County Council website

Part 1

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

	Pages	
1	Welcome and Apologies for Absence	
2	Minutes To approve the minutes of the meeting held on 16th March.	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 Public Questions 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	A131 Braintree to Sudbury RBS LGF Funding Decision	15 - 32

6	Maidstone Integrated Transport Package Phase 2	33 - 42
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8	Kent Strategic Congestion Management Programme – Update	53 - 60
9	Sandwich Rail Infrastructure When available, this report will be published online, below the heading 'Meeting Documents' - please scroll to the bottom of page.	
10	Rochester Airport LGF progress update report	61 - 82
11	A13 Widening Update Report	83 - 88
12	Capital Programme Management of the Local Growth Fund	89 - 126
13	Growing Places Fund Update	127 - 138
14	SELEP Assurance Framework Implementation Update	139 - 156
15	First Quarter Update on SELEP Revenue Budget 2018-19	157 - 168
16	Date of Next Meeting To note that the next meeting of the Board will be held on Friday 14 September 2018 at High House Production House.	
17	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)

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

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

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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, 16 March 2018

Present:

Geoff Miles	Chairman
Cllr Gagan Mohindra	Essex County Council
Cllr Paul Carter	Kent County Council
Cllr Rodney Chambers	Medway Council
Cllr Rupert Simmons	East Sussex County Council
Cllr Rob Gledhill	Thurrock Council
Cllr James Courtenay	Southend Borough Council
Audrey Songhurst	Higher Education representative

ALSO PRESENT**Having signed the attendance book**

Amy Beckett	SELEP
Suzanne Bennett	Essex County Council
Steven Bishop	Steer Davies Gleave
Adam Bryan	SELEP
Lee Burchill	Kent County Council
Kim Cole	Essex County Council (As Deputy Monitoring Officer for the Accountable Body)
Dominic Collins	Essex County Council
Emma Cooney	Southend Borough Council
Helen Dyer	Medway Council
Janet Elliott	Medway Council
Ben Hook	East Sussex County Council
Tomasz Kozlowski.	Medway Council
Cllr Jeremy Kite	Dartford Borough Council
Mr M McLennan	Member of the public
Paul Martin	SELEP
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Fred Montague	Member of the public
Wendy Montague	Member of the public
Rhiannon Mort	SELEP
Lorna Norris	Essex County Council
Sarah Nurden	Kent and Medway Economic Partnership
Andy Rayfield	Maxim PR

Teresa Ryszkowska	Dartford Borough Council
Lisa Siggins	ECC Democratic Services
Stephen Taylor	Thurrock Council

1 Welcome and Apologies for Absence

The following apologies were received:

- Councillor Kevin Bentley (substituted by Councillor Gagan Mohindra as a non-voting observer)
- Councillor Keith Glazier (substituted by Councillor Rupert Simmons)
- Councillor John Lamb (substituted by Councillor James Courtney)
- Lucy Druesne (substituted by Audrey Songhurst)
- Angela O'Donoghue

2 Minutes

The minutes of the meeting held on Friday, 16th March 2018 were agreed as an accurate record and were signed by the Chairman.

3 Declarations of Interest

Councillor Rodney Chambers declared a non-pecuniary interest in item 9 on the agenda which concerned the Historic Dockyard Chatham, as he is a trustee thereof. He would not therefore participate in any vote on this particular item.

4 Questions from the Public

There were no public questions.

5 Dartford Town Centre Improvements LGF Funding Decision

The Accountability Board (the Board) received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was to make the Board aware of the value for money assessment for the Dartford Town Centre Improvements (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £4.3m Local Growth Fund (LGF) to be devolved to Kent County Council.

Rhiannon advised the Board that the public consultation referred to in the report as currently underway has now been completed..

Councillor Kite, Leader of Dartford Council addressed the Board, speaking in support of the Project. He addressed the points raised in the ITE report and in particular journey times. He pointed out that he thought the report referred to speed issues instead of journey times. He stressed that due to the M25 traffic , Dartford cannot be measured in the same ways as in other areas. He also spoke to offer reassurance to the Board regarding deliverability of the scheme.

The Board proceeded to discuss the merits of the Project and also discussed the risks involved. It was felt that the regeneration of the town centre was vital, with several Board members feeling that Councillor Kite's local knowledge had

addressed many of the concerns raised.

It was stressed by the Chairman that all items considered by the Board are done on an individual basis and no precedents are set by the approval of an individual scheme.

Resolved:

Option 1: To approve the award of £4.3m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with low certainty of achieving this.

6 A414 Pinch Point Package Funding Award

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was for the Board to consider the award of an additional £487,000 to the A414 Pinch Point Package (the Project).

Councillor Carter pointed that Essex County Council (ECC) had needed to fund a large financial gap in this project. He did not feel that this was fair and stressed that the matter should be raised with the appropriate government ministers.

Resolved:

1. **Option A - To Approve** the award of an additional £487,000 LGF to support the completion of the Project which has been assessed as presenting high value for money with medium to high certainty of achieving this.
2. **To Note** that the Change Request has not been considered by Essex Business Board

7 Harlow Advanced Manufacturing and Engineering Centre (HAMEC) skills capital round one underspend utilisation

The Board received a report from Louise Aitken, and a presentation from Steer Davies Gleave, the purpose of which was to seek Board approval for the award of £234,815 of Local Growth Fund (LGF) Capital Grant to Harlow College to purchase specialist equipment supporting the Harlow Advanced Manufacturing and Engineering Centre (HAMEC) (the Project).

Councillor Mohindra stated that as a decision had yet to be made by ECC, he had concerns around making the award subject to ECC's match funding. It was also noted that the College was open to seek alternative match funding from a third party should ECC's decision be to not contribute at this time.

The matter was discussed by the Board, and it was proposed that reference to

ECC in the original recommendation be amended to reflect this.

Resolved:

To Approve the award of £234,815 LGF to Harlow College for specialist equipment which has been assessed as providing high value for money with high certainty. This is subject to confirmation that match funding is secured.

8 Rochester Airport LGF Progress Update Report

Mr McLennan, a member of the public, was present and advised the Board that he would be taking a video recording of the Board's consideration of this particular item. He was unable at this stage to clarify the exact intention of his use of the recording.

The Board received a report from Helen Dyer, Senior LGF Programme Co-ordinator, Medway Council, Lucy Carpenter, Principal Regeneration Project Officer, Medway Council and Janet Elliott, Regeneration Programme Manager, Medway Council which was presented by Rhiannon Mort. The purpose of the report was to make the Board aware of the latest progress on the Rochester Airport project phases 1 and 2 (the Project). The funding award of £4.4m Local Growth Fund (LGF) for phase 1 of the Project was approved by the Board on 10th June 2016.

The Chairman advised the Board that a Freedom of Information request had been received in relation to the Project and there had been public interest in the proposed project change being considered by the Board at today's meeting. Accordingly there had been a challenge around the information provided as part of the change process, including the accuracy of the project cost escalation that was detailed in the report and the proposed changes to the project scope. He added that the information sought through the FOI was readily available on the SELEP website.

He asked Medway Council, prior to the Board considering the report recommendations, to inform the Board of the following:

- The reasons why a change request has been brought forward for this Project;
- The process that has been undertaken in considering the revised scope of Phase 1; and
- Confirmation that the information contained within the report reflects the latest information in relation to the Project and the proposed change of scope.

Tomasz Kozlowski of Medway Council addressed the Board to provide clarification and assurances regarding the change request. He stressed that the same outcomes would be delivered within the previously agreed costings. He clarified that there was just a change to how the project was being delivered, including the variation in respect of the runway where lighting will be replaced but that the provision of a hard paved runway would not go ahead, and only one of the two hangers would be replaced

The Board expressed their concern that less was now to be delivered than was agreed when the funding was provided.

In response to a Board Member's question it was confirmed that the accountable body in this instance is Rochester Airport Ltd, although the LGF allocated for this project is transferred to Medway Council in accordance with the agreed approach for LGF projects.

Rhiannon provided clarification that no additional LGF was being sought from SELEP to deliver the Phase 1 Project. The report considered by the Board concerned a change in respect of the deliverability of the Phase 1 project and specifically the outputs that are intended for delivery through the Project. Rhiannon advised the Board that from the information received by SELEP it is understood that the benefits of the project will remain the same as stated in the original Business Case in terms of the delivery of jobs.

There followed a lengthy discussion by the Board, which included the repercussions of further delays to the project. There was a consensus that there was too much confusion and ambiguity regarding the changes and the association between phases 1 and 2 of the project. The Board did not feel that in the circumstances they could make a decision at this stage until further details were provided and in particular to the link between Phases 1 and 2 of the project.

Upon a vote being taken it was:

Resolved:

To defer any decision regarding this matter until the next meeting of the Board on Friday 15th June.

9 Growing Places Fund award to the Fitted Rigging House

The Board received a report from Rhiannon Mort and a presentation from Steer Davies Gleave, the purpose of which was for the Board to consider the award of a £800,000 Growing Places Fund (GPF) Loan to the Fitted Rigging House Project (the Project).

In response to a question raised by a Board Member, Rhiannon clarified that the risks associated with the loan are considered through a legal agreement between Essex County Council, as the SELEP Accountable Body and Medway Council.

Resolved:

To Approve the award of £800,000 GPF by way of a loan to enable the delivery of the Project which has been assessed as presenting high value for money with high certainty of achieving this, on the basis that it will be repaid by 31st March 2022.

10 Assurance Framework Implementation Update

The Board received a report from Adam Bryan, the purpose of which was to make the Board aware of:

1. The progress which has been made by the South East Local Enterprise Partnership (SELEP) team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework. *The Board is reminded that it is accountable for assuring that all requirements are implemented; it is a condition of the funding that the Assurance Framework is being implemented.*
2. The findings of the Ministry of Housing, Communities and Local Government (MHCLG) Deep Dive process and recommendations made to SELEP.
3. The proposed Governance and Transparency Performance Indicators as set out in Appendix 6 of the report.

Adam advised the Board that he was happy to be able to confirm that all monies had now being received in respect of the 2018/19 LGF and SELEP core funding allocation.

Resolved:

- 1 **To Note** the progress to date in implementing the SELEP 2018/19 Assurance Framework.
- 2 **To Note** the SELEP team and federated area progress to implement the:
 - 2.1. Mary Ney recommendations; and
 - 2.2. Ministry of Housing, Communities and Local Government (MHCLG) Deep Dive recommendations.

11 Provisional Revenue Outturn 2017-18

The Board received a report from Suzanne Bennett, the purpose of which was to inform the Board of the provisional outturn position of the SELEP revenue spending for financial year ended 31st March 2018. This position is provisional as the accounts will be subjected to external audit scrutiny and may be changed. The spending in year was less than the income received and as a result a recommendation for approval of a contribution to the General Reserve is made.

Councillor Carter raised an issue regarding interest earned and what had previously been agreed with regard to how this would be utilised. Adam advised that he and Suzanne Bennett would look into the issue and provide clarification.

The Board proceeded to discuss the proposed recommendation 2.1.3 in the report regarding the reserve for growth hubs. The Board did not feel that a dedicated reserve was necessary, and that funds could be managed under the Managing Directors delegated responsibilities.

The Board proceeded to vote on the proposed recommendations and recommendation 2.1.3 contained in the report was not agreed.

Resolved:

1. **To Approve** the final provisional outturn for the South East LEP revenue budgets for 2017/18 at Tables 1, 2, 3, 4, 5, 6, 7, 8 and 9 of the report;
2. **To Approve** the contribution of **£127,125** to General Reserves

12 Date of Next Meeting

The Board noted that the next meeting will take place on Friday 15th June 2018 at High House Production Park.

There being no urgent business the meeting closed at 11.55 am.

Chairman

Forward Plan reference number: FP/AB/154

Report title: A131 Braintree to Sudbury Route Based Strategy LGF funding decision	
Report to Accountability Board	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Date: 15 th June 2018	For: Decision
Enquiries to: Rhiannon.Mort@southeastlep.com	
SELEP Partner Authority affected: Essex	

1. Purpose of Report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the value for money assessment for the A131 Braintree to Sudbury Route Based Strategy (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £1.8m Local Growth Fund (LGF) to be devolved to Essex County Council for Project delivery.
- 1.2 The ITE report sets out the detailed analysis for the Project. This report is included in Appendix 1, of Agenda Item 5.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Approve** the award of £1.8m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with high certainty of achieving this.

3. A131 Braintree and Sudbury Route Based Strategy

- 3.1. The Project is for the 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.
- 3.2. The A131 is the primary route from Braintree, through Halstead, to Sudbury. The route covers 13.5 miles (21.6 km), along which there is one roundabout, three mini roundabouts, a signalised junction, two zebra crossings and one signalised pedestrian crossing.
- 3.3. Braintree is undergoing significant growth and there is the potential for exponential growth with the adoption of a new garden community to the west of Braintree. The A131, leaving the north of Braintree, also provides an essential commercial link, via the A1017, on to the A14 and the M11.
- 3.4. Similarly, there are significant growth plans for Sudbury, which, together with developments in Halstead halfway between the two destinations, will put increased pressure on the capacity and performance of this corridor.

4. Project Options

- 4.1. A Route Based Strategy has been developed for the Braintree to Sudbury corridor highlighting the following transport –related problems along the corridor:
 - 4.1.1. Congestion
 - 4.1.2. Reliability
 - 4.1.3. Junction Capacity
 - 4.1.4. Link Capacity
 - 4.1.5. Safety; and
 - 4.1.6. Sustainable Transport
- 4.2. In addition, six route-specific objectives were identified for the corridor, including:
 - 4.2.1. Providing the transport improvements needed to accommodate housing and employment growth;
 - 4.2.2. Improving safety on the route and reducing the number of people killed or seriously injured
 - 4.2.3. Tackling congestion;
 - 4.2.4. Improving journey-time reliability; and
 - 4.2.5. Providing for, and promoting, sustainable forms of travel.
- 4.3. During February 2016 an Options workshop was undertaken involving teams within Essex County Council, including Network Operations, Traffic Management, Passenger Transport, Safety Engineers, Intelligent Transport Systems and Development Control. This workshop exercise identified a total of 20 potential options. A full list of these potential options is available in the Project Business Case.
- 4.4. The 20 options identified through this exercise were then sifted using an approach based on the Department for Transport's (DfT) Early Assessment and Sifting Tool (EAST) and based on the options performance against the following three criteria:
 - 4.4.1. Identified Route Problems;
 - 4.4.2. Study Objectives (as set out in 4.2); and
 - 4.4.3. Scheme Deliverability, Feasibility and Affordability
- 4.5. Through this sifting process, a total of four proposed interventions were identified for delivery. The options to be taken forward for delivery as part of this Project include:
 - 4.5.1. **Marks Farm** - widening of all four entry flares, introduction of a left turn slip from the A120 heading south and general improvements to the roundabout;
 - 4.5.2. **Broad Road** – improving entry flare from Broad Road and realignment to improve traffic flow.

A131 Braintree to Sudbury Route Based Strategy LGF funding decision

- 4.5.3. **High Garrett junction with A1017** – major improvements to layout, changes to signals, relocated and improved crossings and pedestrian facilities; and
- 4.5.4. **Plaistow Green and Bulmer Tye** – safety improvements, including improved signage and non-slip surfacing.
- 4.6. The transport modelling which has been undertaken to support the development of these projects indicates that if the proposed interventions are not delivered then the planned development along the corridor will constrain the route as traffic increases.
- 4.7. The delivery of the four interventions is set to achieve the following six outcomes:
- Improve journey times and reliability for all vehicles
 - Improve safety, especially for cyclists and pedestrians
 - Improve sustainable transport
 - Support the completion of at least 1,550 new homes
 - Support economic growth and businesses; and
 - Provide for incremental jobs associated with the new development.

5. Project Cost and Funding

- 5.1. The total cost of the Project is estimated at £3.6m. In addition to the £1.8m LGF contribution, a £1.8m contribution has also been confirmed from Essex County Council, as per the funding profile set out in Table 1 below.

Table 1 A131 Braintree to Sudbury RBS Funding Profile

	2018/19	2019/20	2020/21	Total
SELEP LGF	0.445	1.355	0.000	1.800
Essex County Council	0.000	1.155	0.645	1.800
Total	0.445	2.510	0.645	3.600

6. Outcome of ITE Review

- 6.1. The ITE has assessed the Project Business Case through the Gate 1 and 2 process and has determined that the Project is expected to achieve very high value for money with high certainty of achieving this.
- 6.2. The Benefit Cost Ratio (BCR) of 10.48:1 has been calculated following a robust approach, following Department for Transport (DfT) WebTAG guidance.
- 6.3. The ITE review confirms that the Business Case provides a clear rationale for the need for intervention supported by evidence regarding congestion and safety concerns along the corridor. The expected housing growth in the area underpins the case for highway capacity improvements and investment in road safety measures.

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 provides a clear rationale for the need for intervention. It provides diagrams showing congestion data from Trafficmaster. In addition, the business case also provides road collision statistics and comparator rates, demonstrating that safety is an issue along the corridor.
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 detailed in the economic case. Transport Users Benefits Appraisal (TUBA 1.9.9) has been used to estimate the user benefits associated with the scheme.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The business case demonstrates experience in delivering schemes of similar size and complexity. A risk register and Quantified Risk Assessment have been developed with minimum and maximum expected costs
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR has been calculated as 10.48:1, which indicates very high value for money.

8. Financial Implications (Accountable Body comments)

- 8.1. Any funding agreed by the Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2018/19 have been confirmed, however, funding for this Project for future years is only indicative.
- 8.2. In considering allocating funding to this project, the Board should take into account the following risks:
 - 8.2.1. The high level of slippage within the overall programme which totalled £37.8m by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not aligned to the funding profile. This risk, however, is offset in part by the recognition that the profile of the LGF allocations did not consider the required spend profile when determined by HM Government.
 - 8.2.2. This misalignment of the funding profile has created a further risk, however, in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £35.9m (including the requirements of this project); This risk is being managed in part through a planned slippage of £24.3m into 2019/20 from the current year, leaving a remaining funding gap of £11.6m.
 - 8.2.3. It is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered with partners. Potential options include: reviewing options to advance alternative funding sources ahead of LGF spend; and delaying delivery of projects into 2020/21 where the funding is available. In reviewing the options across the whole programme, minimising the risk to delivery and assuring value for money should be key considerations.
- 8.3. There are SLAs in place with the sponsoring authority which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.

9. Legal Implications (Accountable Body comments)

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

10. Equality and Diversity implication

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

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

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

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

11. List of Appendices

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

12. List of Background Papers

13.1 Business Case for A131 Braintree to Sudbury

(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	6/6/18
(On behalf of Margaret Lee)	



Independent Technical
Evaluator – Growth Deal and
Growing Places Fund Business
Case Assessment (Q1
2018/19)

Accountability Board Report
June 2018

South East Local
Enterprise Partnership

Our ref:22790507
Client ref: F1523058

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Steer Davies Gleave has prepared this work for South East Local Enterprise Partnership. This work may only be used within the context and scope of work for which Steer Davies Gleave was commissioned and may not be relied upon in part or whole by any third party or be used for any other purpose. Any person choosing to use any part of this work without the express and written permission of Steer Davies Gleave shall be deemed to confirm their agreement to indemnify Steer Davies Gleave for all loss or damage resulting therefrom. Steer Davies Gleave has prepared this work using professional practices and procedures using information available to it at the time and as such any new information could alter the validity of the results and conclusions made.

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1 Independent Technical Evaluation of Q1 2018/19 Growth Deal Schemes

Overview

- 1.1 Steer Davies Gleave were 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 15th June 2018 by the Accountability Board, in line with the South East Local Enterprise Partnership's own governance.

Method

- 1.3 The review provides commentary on the Business Cases submitted by scheme promoters, and feedback on the strength of business case, the value for money likely to be delivered by the scheme (as set out in the business case) and the certainty of securing that value for money.
- 1.4 Our role as Independent Technical Evaluator is not to purely assess adherence to guidance, nor to make a 'go' / 'no go' decisions on funding, but to provide evidence to the South East Local Enterprise Partnership Board to make such decisions based on expert, independent and transparent advice. Approval will, in part, depend on the appetite of the Board to approve funding for schemes where value for money is not assessed as being high (i.e. where a benefit to cost ratio is below two to one and / or where information and / or analysis is incomplete).
- 1.5 The assessment is based on adherence of scheme business cases to Her Majesty's Treasury's *The Green Book: 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 Appraisal Guide. All of these provide proportionate methodologies for scheme appraisal (i.e. business case development).
- 1.6 Pro forma have been developed based on the criteria of *The Green Book*, a 'checklist for appraisal assessment from Her Majesty's Treasury, and WebTAG. Assessment criteria were removed or substituted if not relevant for a non-transport scheme.
- 1.7 Individual criteria were assessed and the given a 'RAG' (Red – Amber – Green) rating, with a summary rating for each case. The consistent and common understanding of the ratings are as follows:
- **Green:** approach or assumption(s) in line with guidance and practice or the impact of any departures is sufficiently insignificant to the Value for Money category assessment.
 - **Amber:** approach or assumption(s) out of line with guidance and practice, with limited significance to the Value for Money category assessment, but should be amended in future submissions (e.g. at Final Approval stage).
 - **Red:** approach or assumption(s) out of line with guidance and practice, with material or unknown significance to the Value for Money category assessment, requires amendment or further evidence in support before Gateway can be passed.

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

1.8 The five cases of a government business case are:

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

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

1.10 Assessments were conducted by a team of transport and economic planning professionals, and feedback and support has been given to scheme promoters throughout the process through workshops, meetings, telephone calls and emails during April and May 2018.

Evaluation Results

- 1.11 Two schemes seeking Local Growth Funding are to be considered at the June 2018 Accountability Board. 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 scheme achieves very high Value for Money with high certainty of achieving this:

- **A131 Braintree to Sudbury Route Based Strategy (£1.8m):** The project involves a series of highway interventions to improve road layout and safety at various locations on Marks Farm, Broad Road, High Garrett junction with A1017 and Plaistow Green and Bulomer Tye.

The expected housing growth in the area underpins the case for highway capacity improvements and investment in road safety measures. The business case provides a clear rationale for the need for intervention supported by evidence regarding congestion and safety concerns along the corridor.

The economic case indicates that the scheme represents very high value for money (10:1). The alignment of the economic case with WebTAG Guidance together with the demonstrated experience in delivering schemes of similar size and complexity indicate that the scheme has high certainty around its expected value for money.

- 1.13 The following scheme achieves high Value for Money with low certainty of achieving this:

- **Maidstone Integrated Transport Package – Phase 2 (£2.7m):** The project proposes to enlarge Coldharbour Roundabout by providing additional entry lanes and allowing lane designation that better aligns with the volume of traffic.

The Strategic Case makes reference to the urban area of Maidstone and the wider issues affecting the county identified in the Kent LTP. Nevertheless it does not forge sufficient linkages between these current and future problems, and the need for intervention at this particular location. There is also a weak evidence base regarding the current and projected level of congestion relative to the current and proposed roundabout capacity, and the wider network implications are not considered.

The Economic Case demonstrates high value for money, but there is a high level of uncertainty regarding the key assumptions and approach taken. Following the Gate 2 review there is residual uncertainty regarding the appraisal period (assumed to be 15 years), projected demand growth (no growth is applied), value of travel time savings (these do not grow in-line with output per capita), and consideration of impacts on the wider road network (there is a considerable risk of double-counting benefits from this scheme with other schemes delivered in the vicinity).

Alignment of the Strategic Case with the Economic Case is weak because the intervention is predicated on future growth in demand coming from housing development in the area, but the Economic Case does not incorporate any such future growth, nor does it test the future capacity of the scheme. While we acknowledge this comes from a desire to offer a conservative assessment of scheme benefits, it also limits the assurance that can be provided regarding the fitness for purpose of the intervention and its long term resilience.

Table 1.1: Gate 1 & 2 Assessment of Growth Deal Schemes seeking Approval for Funding for Q1 2018-19

Scheme Name	LGF Allocation (£m)	Benefit to Cost Ratio ('x' to 1)	Strategic Case Summary	Economic Case Summary	Commercial Case Summary	Financial Case Summary	Management Case Summary	Assurance of Value for Money		
								Reasonableness of Analysis	Robustness of Analysis	Uncertainty
A131 Braintree to Sudbury Route Based Strategy	£1.8m	Gate 1: 10.5:1	Green	Green	Green	Green	Green	The approach taken to assess scheme benefits is considered to be reasonable. TUBA 1.9.9 has been used to estimate the user benefits associated with the scheme.	Analysis rooted in robust assumptions and local evidence, where available.	High level of certainty demonstrated by the robustness of analysis and assumptions used.
		Gate 2: 10.5:1	Gate 2 review not considered necessary							
		Gate 1: 1.9/2.1:1 (without/with developer contribution)	Amber	Amber	Red	Amber	Green			
Maidstone Integrated Transport Package – Phase 2	£2.7m	Gate 1b: 2.4/2.9:1 (without/with developer contribution)	Amber	Amber	Red	Amber	Green	Additional information provided nevertheless not sufficient to clarify all concerns previously raised.	Additional information provided nevertheless not sufficient to clarify all concerns previously raised.	High level of uncertainty
		Gate 2: 2.5/2.9:1 (without/with developer contribution)	Amber	Amber	Green	Green	Green	Additional information provided and further clarifications added in the main body of the business case, nevertheless the link between the Strategic and Economic Case remains weak.	Additional clarifications provided demonstrating feedback has been incorporated. There are remaining concerns regarding the robustness of assumptions on growth and wider network impacts.	High level of residual uncertainty remains.

2 Independent Technical Evaluation of Q1 2018/19 Local Growth Fund Allocation Change Requests

Overview

- 2.1 The SELEP Assurance Framework states that any variations to a project’s costs, scope, outcomes or outputs from the information specified in the Business Case must be reported to the Accountability Board. When the changes are expected to have a substantial impact on forecast project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment, it is expected that the business case should be re-evaluated by the ITE.
- 2.2 In light of the increased costs on the projects below, Steer Davies Gleave have carried out a reassessment of their Value for Money categorisation, comparing the Value for Money upon which the original recommendation to the Accountability Board was made and the current Value for Money of the scheme.

Rochester Airport Innovation Park – Phase 1

- 2.3 Medway Council has submitted a change request to reduce the scope and amend the delivery timescales of Phase 1 of the Rochester Airport scheme, allocated £4.4m LGF funding at the June 2016 Accountability Board. This change request has been triggered by significantly higher construction costs for Phase 1, which estimated to have increased by £4.6m since the original Phase 1 business case was submitted. The reasons for these cost increases are detailed within the accompanying report to the Accountability Board *Rochester Airport LGF Progress Update Report*.
- 2.4 In light of these revised costs, the Council has undertaken a reassessment of the scope of the scheme to remain within the initial allocated LGF budget. The revised scope of the scheme proposes maintaining the grass air strip instead of replacing it with a hard-paved runway (the runway lighting will be replaced and the existing helipads relocated but no other works will be undertaken) and delivering one new hangar instead of the two initially planned.
- 2.5 In considering the Value for Money of the Rochester Airport Innovation Park scheme following these changes, it is necessary to consider the case for investment across all three phases. Phase 1 is explicitly designed to safeguard the financial viability of the airport site following the closure of one of the two grass runways which, in turn, will release 17 hectares of commercially developable land. In isolation, phase 1 does not deliver significant monetisable benefits (safeguarding 25 existing jobs and relocating 37 jobs through construction of a new headquarters for the Kent, Surrey and Sussex Air Ambulance service). The case for investment across all three phases, therefore, hinges upon successful delivery of the Innovation Park campus, the benefits of which are only marginally affected by the change in scope of works to the runway and hangar provision at Rochester Airport.
- 2.6 The business case prepared by Medway Council states that, in order to proceed with Phases 2 and 3 of the Innovation Park scheme, it is imperative that Rochester Airport remains a going concern following closure of one of its runways. Correspondence received by the Independent Technical Evaluator from Rochester Airport Ltd (dated 1 June 2018) confirms that this will be the case, and notes that demand for engineering services and hangarage is currently suppressed by the limited and ageing facilities currently available at the airport. As a consequence, the airport will continue

to operate as-is albeit with a single grass runway which, as at present, will close for three months of the year.

- 2.7 It should be noted that as an enabling scheme, Phase 1 in isolation offers poor Value for Money, and is reliant upon successful completion of subsequent phases of work. There is, therefore, a risk to SELEP if these phases do not proceed as planned.
- 2.8 On the basis of the assurances provided by Rochester Airport Ltd we do not consider the revised scope of Phase 1 to materially affect the Value for Money of the Innovation Park proposal, which continues to offer very high VfM. In turn, this suggests that the previous scope for Phase 1 may have been over-specified.

3 Independent Technical Evaluation of Q1 2018/19 Growing Places Fund Schemes

- 3.1 There have been no Growing Places Fund business cases received for assessment by the Independent Technical Evaluator this period.

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Forward Plan reference number: FP/AB/147

Report title: Maidstone Integrated Transport Package Phase 2	
Report to Accountability Board	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Date: 15 th June 2018	For: Decision
Enquiries to: Rhiannon.Mort@southeastlep.com	
SELEP Partner Authority affected: Kent	

1. Purpose of Report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of:
- 1.1.1 The latest position in relation to the delivery of Maidstone Integrated Transport Package (the Project) Phase 1; and
 - 1.1.2 The value for money assessment for the Phase 2 Project (the Project) which has been through the Independent Technical Evaluator (ITE) review process, to enable £2.7m Local Growth Fund (LGF) to be devolved to Kent County Council for Phase 2 Project delivery.
- 1.2 The ITE report sets out the detailed analysis for the Phase 2 Project. This report is included in Appendix 1, of Agenda Item 5.

2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** that Maidstone ITP Phase 1 is currently being reviewed by Kent County Council following objections to the scheme being received.
 - 2.1.2. **Approve** one of the two following options:
 - Option 1** – Approve the award of £2.7m LGF to support the delivery of the Phase 2 Project identified in the Business Case and which has been assessed as presenting high value for money but with low certainty of achieving this.
 - Option 2** – Defer the funding decision for Phase 2 Project until further evidence is provided, as listed under 9.7, to demonstrate high certainty of high value for money being achieved

3. Maidstone Integrated Transport Package (ITP) Background

- 3.1. The Project is for the delivery of transport improvements in Maidstone and the surrounding area, with a total LGF allocation of £8.9m.

Maidstone Integrated Transport Package LGF funding decision

- 3.2. The aim of the Project is to reduce congestion and ease traffic movements through the town, to support the delivery of Maidstone's Transport Strategy. The Project consists of a package of interventions, with the Business Case for the specific interventions being brought forward on a phased basis. This phased approach to Project delivery is intended to help reduce traffic disruption whilst project construction works are undertaken.
- 3.3. Business Cases for subsequent phases of the Project will be developed through 2018/19 to secure the remaining £4.9m funding allocation to the Project.

4. Maidstone ITP Phase 1 Project

- 4.1. In February 2016, the Board approved the award of £1.3m LGF to the Phase 1 Project, which focused on interventions at Willington Street, Maidstone. This is a route which connects the A20 and A274 routes, as key corridors into Maidstone from the east and south east.
- 4.2. The scope of the Phase 1 project is to improve the operation of the junctions at either end of Willington Street, including the junction with A20 Ashford Road to the northern end and A274 Sutton Road at the southern end. This objective is set to be achieved through improvements to the existing signalised junctions; to reduce traffic delays along the corridor.
- 4.3. The Project is supported through local developer contributions, with the total cost of the Phase 1 Project estimated at £4m. A total of £0.979m LGF has been spent on the Project to date. The LGF Project spend profile, including later phases of the Project, is set out in Table 1 below.

Table 1 Maidstone ITP LGF spend profile

£m	2016/17	2017/18	2018/19	2019/20	2020/21	Total
LGF spend	0.265	0.714	1.371	4.285	2.265	8.900

- 4.4. There is, however, a lack of local support for the proposed scheme approved by the Board in February 2016, as recognised through a public engagement meeting held in December 2017 and the Maidstone Joint Transport Board meeting on the 17th January 2018. The Phase 1 Project is currently on hold whilst alternative scheme proposals are developed for the improvements in Willington Street.
- 4.5. The Phase 1 Project will be considered again at the Maidstone Joint Transport Board meeting on the 11th July 2018 and is scheduled to be considered by Kent County Council Environment and Transport Cabinet Committee on the 13th July 2018. Through these meetings a decision will be sought on the next steps for Phase 1. An update will be provided to the Board and decision sought from the Board in relation to the next steps for Phase 1 following the further local consideration of Phase 1 through the appropriate local democratic processes.

- 4.6. If the Project does not progress then there is a risk that spend on the Phase 1 project to date will become an abortive revenue cost which cannot be met with the LGF grant and such revenue costs would need to be met locally. If the LGF spend to date were considered an abortive cost then a further decision would be required from the Board to reallocate the LGF to meet the conditions of the grant from Government.

5. Maidstone ITP– Phase 2 project

- 5.1. In parallel to the development of the initial phase of the Project, a Business Case has been developed for the second phase of the Project. This is for the delivery of improvements to M20 Junction 5, Coldharbour Roundabout (Phase 2 Project), on the A20 to the north west of Maidstone Town Centre, as the intersection of the A20 and a link road to M20 Junction 5.
- 5.2. The Phase 2 project is required due to the considerable growth in the local area, with planned development expected to increase the level of traffic through the already congested junction. The Phase 2 Project will enlarge the roundabout, remove the existing traffic signals and provide additional junction entry lanes, allowing lane designation that better aligns with traffic volumes.
- 5.3. The LGF investment itself will focus on the improvements to M20 Junction 5, whilst junction improvements to two nearby junctions, A2246 Hermitage Lane/A20 and the Poppyfield Roundabout, will be made through developer contributions.
- 5.4. The primary objectives of the Phase 2 Project are to:
 - 5.4.1. Improve the efficiency of the junction to relieve congestion; and
 - 5.4.2. Improve journey times and journey time reliability
- 5.5. In addition the Phase 2 Project will deliver secondary benefits, including arrest of deteriorating air quality, improved access to the 20-20 Business Park and South Aylesford Retail Park, and increased capacity of the junction to support future development.

6. Project Options

- 6.1. The delivery of the Phase 2 Project has been identified through the development of Maidstone's ITP and Maidstone's Transport Strategy.
- 6.2. Due to the high proximity of Coldharbour Roundabout to the M20 motorway and the high proportion of users who are therefore heading to/from the motorway, the options considered as part of the Business Case development have been limited to highway improvements rather than traffic demand management or public transport interventions.
- 6.3. Kent County Council has considered alternative solutions to improve the operation of the A20 Coldharbour Roundabout through converting to a

signalised T-Junction or enlarging the existing signalised junction. These solutions, however, were considered to provide less capacity than the preferred option and would therefore only provide a short/medium term solution.

- 6.4. If no changes are delivered to the junction, then the existing congestion at the junction is expected to worsen and present a constraint to planned development within Maidstone and Tonbridge & Malling Boroughs. Bus services would also be exposed to the same delays and congestion which will worsen journey times and the reliability of services.

7. Public Engagement

- 7.1. To date, Kent County Council has worked closely with Maidstone Borough Council to define the interventions to be delivered through Maidstone ITP, with the proposed interventions having been agreed by Maidstone Joint Transport Committee, involving Councillors from Maidstone Borough Council, Kent County Council and two Parish Council representatives.
- 7.2. Other stakeholders who have been involved through the early stages of the Project's development include Tonbridge and Malling Borough Council, landowners adjacent to the highway and Highways England. This early engagement with local stakeholders will help to ensure that Phase 2 is supported as it comes forward for delivery and construction.
- 7.3. Public engagement is planned for October 2018. A Stakeholder and Communication Plan will be developed to set out key project stakeholders, identify the specific interests of stakeholders and the appropriate engagement/communication approach.
- 7.4. The outcomes of public and stakeholder engagement will be used to help inform the detailed development of the project and future phases of the Project.

8. Project Cost and Funding

- 8.1. The total cost of the Project is estimated at £4m. In addition to the £2.7m LGF contribution sought, a £1.3m developer contribution has also been identified, as per the funding profile set out in Table 1 below.
- 8.2. The private sector funding contributions have been secured through Section 106 agreements from developments at Bridge Nurseries, East of Hermitage Lane, West of Hermitage Lane and Oaksapple Nursing Home. The S106 agreements have been signed to secure these funding contributions.
- 8.3. Kent County Council has already started to receive some of these developer contributions and is confident that all contributions will be received towards the Phase 2 Project. Due to the phased approach of the funding mechanism,

the full of amount is expected to be received by the last year of construction (2020).

Table 2 Maidstone ITP Funding Profile (£m)

	2018/19	2019/20	2020/21	Total
SELEP LGF	0.5	2.0	0.2	2.7
Developer Contributions		1.3		1.3
Total	0.5	3.3	0.2	4.0

9. Outcome of ITE Review

- 9.1. The ITE has assessed the Project Business Case through Gate 1 and 2 processes and has recommended that the Project achieves very high value for money but with low certainty of achieving this.
- 9.2. The Benefit Cost Ratio (BCR) of 2.9:1 has been calculated once the developer contributions have been taken into account. The economic appraisal has been conducted following Department for Transport (DfT) WebTAG guidance.
- 9.3. As set out in the ITE report, the Strategic Case makes reference to the urban area of Maidstone and the wider issues affecting the county identified in the Kent LTP. However, it does not forge sufficient linkages between these current and future problems, and the need for intervention at this particular location. There is also a weak evidence base regarding the current and projected level of congestion relative to the current and proposed roundabout capacity, and the wider network implications are not considered.
- 9.4. The Economic Case demonstrates high value for money, but there is a high level of uncertainty regarding the key assumptions and approach taken. Following the Gate 2 review there is residual uncertainty regarding the appraisal period (assumed to be 15 years), projected demand growth (no growth is applied), value of travel time savings (these do not grow in-line with output per capita), and consideration of impacts on the wider road network (there is a considerable risk of double-counting benefits from this scheme with other schemes delivered in the vicinity).
- 9.5. Alignment of the Strategic Case with the Economic Case is weak because the intervention is predicated on future growth in demand coming from housing development in the area, but the Economic Case does not incorporate any such future growth, nor does it test the future capacity of the scheme. The ITE have acknowledged that there is a desire to offer a conservative assessment of scheme benefits, however in doing so it also limits the assurance that can be provided regarding the fitness for purpose of the intervention and its long term resilience.

Maidstone Integrated Transport Package LGF funding decision

- 9.6. There is some uncertainty around the analysis as the wider network impact of the junction improvements has not been taken into consideration due to the nature of the transport modelling appraisal of the Project which has been applied.
- 9.7. As the proposed intervention is being delivered with the objective of supporting future growth, it is expected that the analysis conducted as part of the Business Case would consider the impact of future traffic growth to ensure that the proposed scheme is suitable to accommodate the planned traffic growth.
- 9.8. As it stands, the analysis does not include such evidence and so the Business Case doesn't provide re-assurance that the proposed scheme can cope with the planned growth in the vicinity of the junction. However, were evidence to be provided that the Phase 2 Project could meet the future traffic demand then it is likely that the BCR value for the Project would increase.
- 9.9. In view of the ITE assessment, the Board is asked to approve one of two options:
- 9.9.1. **Option 1** – Approve the award of £2.7m LGF to support the delivery of the Phase 2 Project identified in the Business Case and which has been assessed as presenting high value for money but with low certainty of achieving this.
- 9.9.2. **Option 2** – Defer the funding decision for Phase 2 Project until further evidence is provided, as listed under 9.7, to demonstrate high certainty of high value for money being achieved
- 9.10. In agreeing Option 1, there is a risk that the proposed intervention will not meet the demand of future development in the vicinity of the junction, as the transport modelling completed as part of the Business Case has not considered the impact of planned development on traffic growth. This created uncertainty about the expected benefits of the Phase 2 project.
- 9.11. Alternatively, the Board may agree to defer the decision until further evidence is provided to ensure that Phase 2 will achieve high value for money once the impact of future development has been taken into consideration.
- 9.12. Whilst Option 2 will provide greater certainty about the proposed benefits of the intervention, a deferred funding decision is expected to delay the delivery of Phase 2. This is likely to add to time pressures on the delivery of the overall Project by the completion of the Growth Deal period, as the delivery of various interventions across Maidstone and nearby areas included as part of the Project needs to be phased to help reduce travel disruption during delivery.
- 9.13. In approving Option 2, the Board would be deferring the funding decision until further evidence is provided to:

- 9.13.1. Confirm that the proposed intervention provides sufficient capacity to accommodate the planned development in the vicinity of the junction which is referred to in the Strategic Case; and
- 9.13.2. Confirm that there has been no double counting of benefits between Phase 2 and other interventions which are being delivered as part of the Project.

10. Project Compliance with SELEP Assurance Framework

10.1. 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, but a number of concerns are noted, particularly with regard to the evidence provided to support the value for money assessment.

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	Amber	National / regional and local plans and objectives are commented on, but linkages between the scheme and each plan/policy mentioned should be strengthened.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The Business Case provides details of the intended project outputs and outcomes. These have been converted into measurable indicators for the scheme’s monitoring, evaluation and benefits realisation plan.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	Risks are appropriately identified and evaluated, indicating the mitigation actions for each of them.
A Benefit Cost Ratio of	Amber	The BCR of 2.9:1 has been

at least 2:1 or comply with one of the two Value for Money exemptions		calculated as part of the Business Case. However, there is significant uncertainty as to how it has been calculated.
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11. Financial Implications (Accountable Body comments)

11.1. Any funding agreed by the Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2018/19 have been confirmed, however, funding for this Project for future years is only indicative.

11.2. In considering allocating funding to this Phase 2 of this Project, the Board should take into account the following risks:

11.2.1. The uncertainty with regard to the value for money assessment presents a risk with ensuring compliance with the SELEP Assurance Framework. It is not clear from the ITE assessment why the required information is absent from the Business Case and it is advised that this information should be sought from the lead Authority to increase the robustness of the value for money assessment.

11.2.2. There is a high level of slippage within the overall LGF programme which totalled £37.8m by the end of 2017/18; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not aligned to the funding profile. Whilst this risk, is offset in part by the recognition that the profile of the LGF allocations did not consider the required spend profile when determined by HM Government, the delay and subsequent pause in delivery of phase 1 of the Project has contributed to the high level of slippage in the overall LGF Programme.

11.2.3. The misalignment of the funding profile has created a further risk, in 2019/20; whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £35.9m (including the requirements of this project); This risk is being managed in part through a planned slippage of £24.3m into 2019/20 from the current year, leaving a remaining funding gap of £11.6m.

11.2.4. It is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered with partners. Potential options include: reviewing options to advance alternative funding sources ahead of LGF spend; and delaying delivery of projects into 2020/21 where the funding is available. In reviewing the options across the whole programme, minimising the risk to delivery and

assuring value for money should be key considerations.

- 11.3. There are SLAs in place with the sponsoring authority which makes clear that future years funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 11.4. The SLAs also require that the LGF allocations are spent on approved LGF schemes as set out in their business case and that the grant can only be used towards Capital expenditure. Should it be agreed that Phase 1 of the Project is not progressed, then there is a risk that the spend incurred to date may not be classified as Capital. In these circumstances, the Partner authority is required to identify revenue funding to meet the abortive costs.

12. Legal Implications (Accountable Body comments)

- 12.1. There are no legal implications arising from this decision.

13. Equality and Diversity implication

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

14. List of Appendices

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

15. List of Background Papers

- 15.1. Business Case for Maidstone Integrated Transport Package Phase 2

Maidstone Integrated Transport Package LGF funding decision

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee)	 07.06.2018

Report to Accountability Board	Forward Plan reference number: FP/AB/143
Date of Accountability Board Meeting:	15th June 2018
Date of report:	17th May 2018
Title of report:	Kent Sustainable Interventions Programme – Update
Report by:	Lee Burchill, KCC LGF Programme Manager
Enquiries to:	lee.burchill@kent.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the latest progress in the delivery of the annual programme of works covered under the Kent Sustainable Interventions Programme (KSIP) (the Programme).
- 1.2 The report provides an update on changes to the outputs which will be delivered through the Programme and changes to the value of Local Growth Fund (LGF) applied to individual schemes. Under the terms of the Assurance Framework, this variance is within tolerances for the Partner authority to redeploy without requiring Board approval. As such, the Board is asked to note the project changes detailed in this report.
- 1.3 The 2015/16, 2016/17, 2017/18 and 18/19 business cases have all been through the Independent Technical Evaluator (ITE) process and received approval from the Board for the award of £2m LGF from a total LGF allocation of £3m.

2. Recommendations

- 2.1 The Board is asked to **note** the progress of the KSIP programme and the individual schemes that have been delivered each year.
- 2.2 The Board is asked to **note** that the following schemes which will not be taken forward as part of the Programme, will result in a total of £270,000 LGF being available for alternative investment:
 - (1) Access Improvements for Aylesford Station - Footway Improvements (2015/16 - £50,000);
 - (2) The Meads, Grove Park to London Road (2015/16 - £70,000);
 - (3) Schools Cluster to Folkestone Harbour Cycle Improvements (2016/17 - £150,000).

2.3 The Board is asked to **note** the availability of £139,000 LGF under spend from the following four projects:

- (1) Howards Avenue, cycle improvements (£13,000);
- (2) South Street, Deal - bus hub improvements (£4,000);
- (3) Homes Garden, Dartford – cycle improvements (£26,000); and
- (4) Forward design of future KSIP schemes (£96,000)

2.4 The Board is asked to **note** the reallocation of £409,000 LGF from the schemes identified in 2.2 and 2.3 as a further allocation to the following schemes:

- (1) Sittingbourne Town Centre cycle signing improvements (£12,000);
- (2) Cinque Ports Phase 1 cycle improvements - Folkestone to Hythe (£90,000);
- (3) Tonbridge Angels to Station Cycle Improvements Phase 1 (£167,000)
- (4) Thames Greenway – Public Rights of Way - Forward Design (£41,000);
- (5) Tunbridge Wells Junction Improvements Phase 2 – A26 Cycle Route Forward design (£63,000);
- (6) A21 Non-Motorised User Scheme – via Pembury Road – Forward Design (£36,000)

3. Background

3.1 This report is to update the Board on amendments to the schemes being delivered through the Programme.

3.2 The overall programme involves the delivery of a number of smaller schemes which bridge a gap to larger (particularly LGF) schemes. The sustainable transport schemes funded under this element of the LGF programme are designed to complement these larger interventions and are designed to maximise the benefits. The annual programme is based on a £500,000 per annum funding bid, adding up to a total of £3m over the six financial years up until March 2021.

3.3 It has previously been decided to submit business cases for schemes on a year-by-year basis. The first four years of the six-year programme have already been approved, with the fourth business case having been approved by the Board on 23rd February 2018.

3.4 The annual programmes of schemes are susceptible to some variability due to changes in the scope and timescale of the primary schemes which they are designed to complement.

4. Project Programme

4.1 The schemes that have been delivered to date through the Programme are listed below, with a Red-Amber-Green (RAG) rating based on the overall delivery against the original budget:.

4.2 **Green** rated schemes (Delivered in line with the original budget set out in the approved business case).

4.2.1 **Howard Avenue – Cycle Improvements - 2015/16 (Complete)**

A scheme which delivered a new walking/cycle link between Howard Avenue and Laburnum Place, walking/cycling link was delivered in 2015/16.

4.2.2 **South Street, Deal - bus hub improvements 2015/16 (Complete)**

A scheme which delivered improved bus waiting facilities, as well as improvements to the waiting environment.

4.2.3 **Home Gardens, Dartford - cycle improvements 2015/16 (Complete)**

A scheme which delivered a widened footway on Home Gardens North Footway to Darent Valley Path and Dartford Station.

4.3 **Amber** rated schemes (Delivered above the original budget set out in the approved business case)

4.3.1 **Sittingbourne Town Centre cycle signing improvements – 2015/16 (Complete)**

A scheme which delivered improvements to the signing of cycling routes in Sittingbourne town centre and the surrounding links.

4.3.2 **Cinque Ports Phase 1 cycle Improvements – 2016/17 (Complete)**

A cycle link from Folkestone to Hythe; joining the Harbour, the coastal park, and Martello Lakes housing development. This is phase 1 of a longer-term aspiration of a coastal route from Folkestone to Lydd ('Cinque Ports Cycleway') improving routes to National Cycle Route 2 (NCN2) and the Royal Military Canal.

4.3.3 **Thames Greenway – Forward Design - 16/17 (Complete)**

The Thames Cycle Path project creates over 3km of cycle route along the banks of the River Thames between Greenhithe and "The Bridge" mixed use development in Dartford. This section of route will eventually form part of National Cycle Route 1 and links the residential development at Ingress Park to employment areas at "The bridge" and Crossways Park. Ultimately the route is intended to link with connections to Ebbsfleet International station and any forthcoming Paramount Park.

4.3.4 **Tunbridge Wells Junction Improvements Phase 2 – A26 Cycle Route Forward design – 2016/17 (Complete)**

The forward design of the Tunbridge Wells Junction Improvements Phase 2 scheme, which was approved by the Board on 22nd September 2017.

4.3.5 A21 Non-Motorised User (NMU) Scheme – Forward design - 2016/17 (Complete)

The forward design of the scheme through Pembury Road, which is fully funded and has been implemented by Highways England.

4.3.6 Tonbridge Angels to Tonbridge Station cycle improvement – 2016/17 (Complete)

A scheme which delivered the provision of on and off-road cycle facility including toucan crossing on London Road, Tonbridge to support the Tonbridge Town Centre LGF scheme.

4.4 Red rated schemes (Not delivered as part of the current programme or as set out in the approved business case).

4.4.1 Access Improvements for Aylesford Station - Footway Improvements - 2015/16 (Non-delivery)

Kent County Council (KCC) has been unable to negotiate the land requirements. Therefore, the scheme has been abandoned but may be progressed at a later date by KCC outside of the scope of the LGF programme.

This scheme was originally allocated £50,000 LGF.

4.4.2 The Meads, Grove Park to London Road Cycle Improvements Scheme - 2015/16 (Non delivery)

The improvements will now be carried out by developers who are carrying out works in the area so private funding will be used rather than LGF. As such, the original benefits of this intervention will be delivered through private sector investment.

This scheme was originally allocated £70,000 LGF.

4.4.3 Schools Cluster to Folkestone Harbour Cycle Improvements - 2016/17 (Non delivery)

The works in this vicinity are to be carried out as part of the Morehall to Folkestone Central Station 17/18 scheme and therefore there will be a delay to the delivery of the benefits expected from this scheme.

This scheme was originally allocated £150,000 LGF.

2017/18 and 2018/19 schemes

4.5 The following schemes are currently in the planning/delivery stage following approval of the 2017/18 and 2018/19 business cases by the Board:

- (1) Cinque Ports Phase 2 cycle improvements – Folkestone to Hythe (2017/18) - complete;
- (2) Morehall to Folkestone Central Station (2017/18) - complete
- (3) Morants Court Roundabout (2017/18) complete;
- (4) Kent Spa & Castle ride (2017/18) to be completed in 2018/19 alongside additional PROW improvements;
- (5) Highfield Lane, Mersham (2017/18) to be completed in 2018/19 as part of M20 J10a works. It was originally envisaged that these works would be delivered from the KSIP 17/18 budget, but there may be enough HE and S106 funding to complete.
- (6) Sloe Lane, Thanet (2018/19) scheme investigation/feasibility currently ongoing.
- (7) A228 Holborough (2018/19) scheme investigation/feasibility currently ongoing.
- (8) A2070 Barrey Road (2018/19) scheme investigation/feasibility currently ongoing.

5 Programme Funding

5.4 Table 1 below highlights the schemes that have been delivered and the final cost against the original budget.

Table 1 – 2015/16 and 2016/17 KSIP schemes by RAG rating

Scheme Description	Status	Original Allocation (£)	Total LGF (actual or updated forecast - £)	Variance (£)	Variance (%)
2015/16 schemes					
Howard Avenue, cycle improvements	Delivered	40,000	26,890	-13,110	-33%
Sittingbourne Town Centre cycle signing improvements	Delivered	10,000	22,055	12,055	121%
South Street, Deal - bus hub improvements	Delivered	120,000	115,636	-4,364	-4%

Scheme Description	Status	Original Allocation (£)	Total LGF (actual or updated forecast - £)	Variance (£)	Variance (%)
Home Gardens, Dartford - cycle improvements	Delivered	80,000	54,165	-25,835	-32%
Access Improvements for Aylesford Station – Footway Improvements	Not progressing	50,000	0	-50,000	-100%
The Meads, Grove Park to London Road	To be carried out by developers	70,000	0	-70,000	-100%
2016/17 schemes					
Cinque Ports Phase 1 cycle improvements - Folkestone to Hythe	Delivered	80,000	170,437	90,437	113%
A26 Cycle Improvements – Forward Design	Delivered	As part of Forward Design	62,800	62,800	-
A21 NMU (via Pembury Road) – Forward Design	Delivered	As part of Forward Design	35,884	35,884	-
Tonbridge Angels to Station cycle improvements Phase 1	Delivered	180,000	346,963	166,963	93%
Thames Greenway – Forward Design	Delivered	As part of Forward Design	41,145	41,145	-
Schools Cluster to Folkestone Harbour Cycle Improvements	To be carried out as part of Morehall to Folkestone Central Station 17/18 scheme	150,000	0	-150,000	-100%
2015/16 and 2016/17 Forward Design		180,000	84,025	-95,975	-53%
Total		960,000	960,000	0	0%

6 Impact on Programme Outcomes

6.1 As part of the Business Case submissions for KSIP, KCC proposed to introduce a programme of smaller transport interventions which complement larger major schemes, regeneration projects and the broader growth agenda. It was felt that the success of large transport projects in Kent could be enhanced significantly through the provision of complimentary measures. This Programme also aims to deliver small scale public realm or minor highway schemes that are in keeping with the overall objectives identified in the KSIP business cases and listed below:

- Improve public transport facilities (primary objective for Deal Bus hub scheme in 2015/16)
- Improve road safety
- Improve traffic flow
- To improve general conditions and accessibility for pedestrians and cyclists
- Enhance the local environment
- To deliver wider social and economic benefits for the community
- To deliver and promote increased levels of physical activity and the health benefits that can be expected from schemes.
- To improve the general transport infrastructure, including arrangements for parking and loading.

6.4 In line with the proportionate approach to business case appraisal, KCC has prepared qualitative evidence to support the economic case for each annual submission. The component schemes all have a very low cost (<£300,000) and as such it was considered that it would be disproportionate to undertake a detailed quantitative appraisal for each.

6.5 Nonetheless, in keeping with the SELEP Assurance Framework, the post scheme monitoring of the schemes that have been delivered as part of this KSIP programme will be carried out to assess the benefit of the interventions that have been delivered.

6.6 Three schemes have not been taken forward for delivery, (i. Access Improvements for Aylesford Station – Footway Improvements, ii. The Meads, Grove Park to London Road and iii. Schools Cluster to Folkestone Harbour Cycle Improvements), with the allocation being transferred to existing schemes or the forward design of other projects in the wider KCC LGF programme. The benefits of the access improvements for Aylesford Station will not be achieved. However, the benefits from the Meads, Grove Park to London Road scheme will still be realised as those works will be delivered through developer funding and the Schools Cluster to Folkestone Harbour improvements will be carried out as part of the Folkestone Central Station scheme.

6.7 Due to the relatively low value of LGF sought through the Business Case approval for each annual allocation a Benefit Cost Ratio has not been developed for the Programme. However, the likely Programme Value for Money has been considered through benchmarking of the schemes against similar interventions. The increase in the cost of specific interventions within the Programme is likely to have reduced the Programmes Value for Money but is

still expected that the overall Programme represents High Value for Money for LGF investment.

7 Financial Implications (Accountable Body comments)

- 7.1 Under the terms of the Assurance Framework, Partners are able to redeploy LGF underspends where they are within the tolerance level of 10% variance, provided that the overall schedule of schemes within the Partner's programme are delivered and this does not result in a reduction in the overall benefit realisation as set out in the Business Case . Any changes within the tolerance level must be informed to the Board and Partners are reminded that it is best practice to inform the Board in advance of making any redeployment.
- 7.2 A potential reduction in the benefits associated with this programme, as a result of the reported changes, has been identified; due to the scale of the interventions, a Benefit Cost Ratio has not been developed for the Programme, however, it is noted that the project is still expected to represent high value for money. This should be assessed through the post scheme monitoring with any significant variations being reported to the board.
- 7.3 It should be noted that the future allocations to this Programme are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2018/19 have been confirmed, however, funding for future years is only indicative.
- 7.4

8 Legal Implications (Accountable Body comments)

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

9 Equality and Diversity implications

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

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

10 List of Appendices

10.1 None

11 List of Background Documents

11.1 KSIP Business Case 2015/16

11.2 KSIP Business Case 2016/17

11.3 KSIP Business Case 2017/18

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee)	6/6/18

Report to Accountability Board	Forward Plan reference number: FP/AB/144
Date of Accountability Board Meeting:	15th June 2018
Date of report:	17th May 2018
Title of report: Kent Strategic Congestion Management Programme – Update	
Report by: Lee Burchill, KCC LGF Programme Manager	
Enquiries to: lee.burchill@kent.gov.uk	

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the latest progress in the delivery of the annual programme of works covered under the Kent Strategic Congestion Management Programme (KSCMP) project (the Programme).
- 1.2 The report provides an update on changes to the outputs which will be delivered through the Programme and changes to the value of LGF applied to individual schemes.
- 1.3 The 2015/16, 2016/17, 2017/18 and 2018/19 business cases have all been through the Independent Technical Evaluator (ITE) process and received approval from the Board for the award of £2m Local Growth Fund (LGF) from a total LGF allocation of £4.8m.

2. Recommendations

- 2.1 The Board is asked to **note** the progress of the Programme and the individual schemes that have been delivered each year.
- 2.2 The Board is asked to **note** that the following schemes will not be taken forward as part of the Programme, which will result in a total of £242,000 being available for alternative investment: Under the terms of the Assurance Framework, this variance is within tolerances for the Partner authority to redeploy without requiring Accountability Board approval.
 - (1) A229 Bluebell Hill approach and northbound off-slip towards the Taddington roundabout - M2 Junction 3 (2015/16 - £102,000)
 - (2) A229/A274 Wheatsheaf Junction Improvements (2015/16 - £40,000).
 - (3) A229 Loose Road, Armstrong Road and Sheal's Crescent Junction Improvements in Maidstone (2016/17 - £100,000)
- 2.3 The Board is asked to **note** the funding of £242,000 LGF from the withdrawn schemes highlighted in 2.2 was applied to the following approved scheme:

(1) The Highways Management Centre (HMC) Technology Refresh project
2015/16

3. Background

- 3.1 This report is to update the Board on amendments to the schemes being delivered through the Programme.
- 3.2 The Programme is a continuation of improvements being made by Kent County Council (KCC) to maximise the efficiency of the local highway network as traffic levels increase in line with development. The Programme is to be delivered between the financial years 2015/16 and 2020/21 and the total Programme value is £4.8million LGF.
- 3.3 It has previously been decided to submit business cases for schemes on a year-by-year basis. The first four years of the six year programme have already been approved, with the Business Case for 2018/19 having been approved by at the Board meeting on 23rd February 2018.
- 3.4 The annual programmes of schemes are susceptible to some variability due to changes in the scope and timescales of other major LGF schemes that are being delivered in Kent.

4. Project Programme

- 4.1 The schemes that have been delivered to date under the Programme are listed below, with a Red – Amber- Green (RAG) rating based on the overall delivery against the original project budget:
- 4.2 **Green** rated schemes (Delivered in line with the original budget set out in the approved business case).
- 4.2.1 **A225 Princes Road / Darenth Road Hotspot Scheme – 2017/18 (Complete)**

KCC and Highways England (HE) have worked in partnership to implement several schemes around the Dartford Crossing to improve network performance and reduce congestion. The hotspot scheme which has been delivered aimed to keep the local road network as free flowing as possible, improving journey time reliability and enhancing the bus rapid transit network in the area (Fastrack).

- 4.2.2 **A2500 Lower Road / Barton Hill Drive Junction improvements, Sheppey – 2017/18 (Complete)**

A trial junction arrangement with modified traffic signals was implemented and has now been made permanent to address congestion issues at this junction in the interim of the larger LGF3 major scheme being delivered. The interim

scheme has removed some of the permitted traffic movements, increasing green times to the congested arms and reducing the number of times the traffic would have to stop to let opposing movements go green.

4.2.3 EU Connected Corridor – 2016/17 to 2020/21 (ongoing)

The delayed EU Connected Corridor scheme will be carried forward for delivery in future years of the Programme. The Cooperative Intelligent Transport Systems (C-ITS) scheme is an innovative pilot project which, if successful, will be rolled out nationally on the country's roads. KCC have identified several new ITS initiatives (the A229 extension being one) that link with the A2/M2 corridor proposal and with the Highways Management Centre (HMC) technology refresh (realised as part of this scheme in financial year 2015/16) and it provides an opportunity to align the initiative to bring additional benefits to the residents of Kent.

4.2.4 Elwick Road / A2042 Junction Improvements – 2017/18 to 2018/19 (to be delivered in quarter 1 2018/19)

The junction improvement scheme intends to improve the operation of the junction and reduce congestion, therefore unlocking the potential development within Ashford Town Centre.

4.3 Amber rated schemes (Delivered above the original budget set out in the approved business case)

4.3.1 Highways Management Centre (HMC) Technology Refresh – 2015/16 (Complete)

A full in-depth assessment of the operation of the HMC identified a range of improvements including the database management, CCTV and network coverage of Variable Message Signs (VMS) and as a result all have been upgraded.

4.3.2 A292 Mace Lane / Wellesley Road and Somerset Road/ Canterbury Road Junction Improvements – 2016/17 (Complete)

Both junction improvements were implemented in 2016/17. The A292 is the main corridor for accessing Ashford, linking growth sites between the north and south of Ashford. The costs for the schemes increased due to the cost of moving utility plant. A significant fibre optic cable had to be moved to facilitate the improvements.

4.4 Red rated schemes (Not delivered as part of the current programme or as set out in the approved business case).

4.4.1 A229 Bluebell Hill approach and northbound off-slip towards the Taddington roundabout - M2 Junction 3 - 2015/16 (on hold)

KCC engaged with Highways England (HE) and sought to develop a suitable scheme that improved the crash record, meeting the needs of the HE and the objectives of the Programme. As the scheme was developed it was evident that while this initial scheme had merit, supported by the initial modelling work with HE, it was clear that a bigger scheme could unlock greater growth potential. It is now intended to complete an expanded investigation and submit a separate business case for an improvement scheme.

4.4.2 A229/A274 Wheatsheaf Junction Improvements - 2015/16 (On hold)

This location was identified as a priority intervention area and is currently being investigated as part of the Maidstone Integrated Transport Package LGF scheme.

4.4.3 A229 Loose Road, Armstrong Road and Sheal's Crescent Junction Improvements in Maidstone - 2016/17 (On Hold)

This location was identified as a priority intervention area and is currently being investigated as part of the Maidstone Integrated Transport Package LGF scheme.

4.5 The following schemes are currently in the planning/delivery stage following approval of the 2017/18 and 2018/19 business cases by the Board:

- (1) Wateringbury Crossroads Improvement (2018/19);
- (2) Tunbridge Wells ITS Implementation (2018/19);
- (3) MOVA (a traffic signal control process) Implementation Programme (2018/19)
- (4) Dover Tap / ITS Assessment (2018/19)

5 Project Funding

5.1 Table 1 below highlights the schemes that have been delivered and the final cost against the original budget.

Table 1 – 2015/16, 2016/17 & 2017/18 KSMCP schemes by RAG rating

Scheme Description	Status	Original Allocation (£)	Total LGF (£) (Actual or updated spend forecast)	Variance (£)	Variance (%)
2015/16					
HMC Technology Refresh	Delivered - 2015/16	503,000	753,000	250,000	50%
A229 Bluebell Hill approach and	On hold while further	102,000	0	-102,000	-100%

Scheme Description	Status	Original Allocation (£)	Total LGF (£) (Actual or updated spend forecast)	Variance (£)	Variance (%)
northbound off-slip towards the Taddington roundabout – M2 Junction 3	modelling analysis is carried out				
A229 /A274 Wheatsheaf Junction Improvements	To be delivered under Maidstone ITP LGF scheme	40,000	0	-40,000	-100%
Forward design 16/17		88,000	67,000	-21,000	-24%
2016/17					
EU Connected Corridor – Part 1	Ongoing – to be completed by 2021	300,000	300,000 (forecast)	0	0%
A292 Mace Lane / Wellesley Road and Somerset Road/ Canterbury Road Junction Improvements	Delivered – 2016/17	300,000	510,000	210,000	70%
A229 Loose Road, Armstrong Road and Sheal's Crescent Junction improvements in Maidstone.	To be delivered under Maidstone ITP LGF scheme	100,000	0	-100,000	-100%
Forward design 17/18		88,000	0	-88,000	-100%
2017/18					
EU Connected Corridor - Part 2	Ongoing – to be completed by 2021	300,000	300,000 (forecast)	0	0%
A225 Princes Road/Darenth Road Hotspot Scheme	Delivered - September 2017	270,000	200,000	-70,000	-26%
A2500 Lower Road/Barton Hill Drive junction, Sheppey	Delivered - December 2017	50,000	25,000	-25,000	-50%
Forward design 18/19	Funding carried forward	90,000	60,000	-30,000	-33%
Remaining allocation	To be carried	0	16,000	16,000	100%

Scheme Description	Status	Original Allocation (£)	Total LGF (£) (Actual or updated spend forecast)	Variance (£)	Variance (%)
	into future forward design budget				
Total		2,231,000	2,231,000	0	0%

6 Impact on Programme Outcomes

6.1 As part of the Business Case submissions, KCC proposed to introduce a programme of congestion management initiatives by 2021. The initial aim of the programme was to enhance the effectiveness of KCC's existing Highways Management Centre (HMC). The HMC is an essential component which supports and strengthens the Council's 'Growth without Gridlock' transport strategy. The HMC improvements are now complete and are intrinsically linked with the delivery of the ongoing EU Connected Corridor scheme. Various aspects of the HMC's infrastructure requires modernising to bring them up to date; and to enable a seamless cross boundary system with the HE and Transport for London (TfL) systems. Therefore, the further investment into this scheme to develop the latest technology and upgrade obsolete systems fits within the remit of the approved business cases and will therefore aim to deliver similar benefits and outcomes. It should be noted that no additional benefits will be achieved through the increased LGF allocation to the EU Connected Corridor Project.

6.2 The secondary aim was to use data from the enhanced HMC to identify network 'hotspots' and invest in small scale (i.e. <£500k) network improvements to improve journey time reliability; air quality; safety; and bus punctuality. Small scale network improvements have also been delivered to date as part of this project and have set out to achieve the specific benefits listed below:

- Alleviate congestion by allowing better flow of traffic
- Supporting economic development in Kent
- To promote accessibility to jobs and services for all
- Provide a resilient network that can respond to disruption and incidents
- Improve air quality

6.3 The following three schemes will no longer be taken forward as part of the Programme:

- A229 Bluebell Hill approach and northbound off-slip towards the Taddington roundabout - M2 Junction 3
- A229/A274 Wheatsheaf Junction Improvements; and
- A229 Loose Road, Armstrong Road and Sheal's Crescent Junction Improvements in Maidstone.

- 6.4 It is intended that A229 Wheatsheaf Junction and A229 Loose Road/Armstrong Road/Sheal's Crescent Junction schemes will be considered for inclusion as part of future phases of the Maidstone Integrated Transport Package. A business case will be brought forward for the approval of future year allocations to the Maidstone Integrated Transport Package, which will confirm the scope and benefits of these projects and will seek the funding required to deliver these interventions.
- 6.5 Whilst the need for an intervention at the A229 Bluebell Hill approach and northbound off-slip towards the Taddington roundabout - M2 Junction 3 is recognised through the transport modelling, a larger scale proposal is required to mitigate the impact of planned development. As such, it is not feasible to deliver the scheme within the current LGF award to the Programme.
- 6.6 The LGF allocation from these three schemes has been transferred to another scheme in the Programme, HMC technology refresh, to mitigate the impact of the cost escalation for this project. The benefits of these three schemes will not be realised under this Programme.
- 6.7 The Value for Money (VfM) assessment for the Programme in 2015/16 and 2016/17 calculated a Benefit to Cost Ratio (BCR) of 3.3:1 (2015/16) and 3.4:1 (2016/17), presenting high VfM. However, in light of the three schemes being removed from the Programme, this is likely to reduce the benefits which will be achieved through the delivery of the Programme.
- 6.8 Of the schemes delivered to date, the A2500 Lower Road/Barton Hill Junction improvement and the A292 Mace Lane / Wellesley Road and Somerset Road/ Canterbury Road Junction Improvements are currently being monitored for post construction journey time improvements to ascertain their true benefits. Currently the schemes public perception has been very positive, however qualitative assessment is required to formalise the records.

7 Financial Implications (Accountable Body comments)

- 7.1 Under the terms of the Assurance Framework, Partners are able to redeploy LGF underspends where they are within the tolerance level of 10% variance, provided that the overall schedule of schemes within the Partner's programme are delivered and this does not result in a reduction in the overall benefit realisation as set out in the Business Case . Any changes within the tolerance level must be informed to the Board and partners are reminded that it is best practice to inform the Board in advance of making any redeployment.
- 7.2 A potential reduction in the benefits associated with this programme, as a result of the reported changes, has been identified in 6.7 above; it is advised that the impact of this reduction on the expected BCR of the programme should be calculated, reported to the Board and, if required, further decisions or approvals sought.

7.3 It should be noted that the future allocations to this Programme is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2018/19 have been confirmed, however, funding for future years is only indicative.

8 Legal Implications (Accountable Body comments)

8.1 There are no legal implications arising out of this report.

9 Equality and Diversity implications

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

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

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

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

10 List of Appendices

10.1 None

11 List of Background Papers

11.1 KSCMP Business Case 2015/16

11.2 KSCMP Business Case 2016/17

11.3 KSCMP Business Case 2017/18

Role	Date
Accountable Body sign off	
Stephanie Mitchener (On behalf of Margaret Lee)	6/6/18

Report to Accountability Board	Forward Plan reference number: FP/AB/152
Date of Accountability Board Meeting: 15 th June 2018	Date of report: 17 th May 2018
Title of report:	Rochester Airport LGF progress update report
Report by:	Helen Dyer, Senior LGF Programme Co-ordinator, Medway Council Lucy Carpenter, Principal Regeneration Project Officer, Medway Council Janet Elliott, Regeneration Programme Manager, Medway Council
Enquiries to:	helen.dyer@medway.gov.uk

1. Purpose of report

- 1.1 The purpose of this report is to make the Accountability Board (the Board) aware of the latest progress on the Rochester Airport project phases 1 and 2 (the Project). The funding award of £4.4m Local Growth Fund (LGF) for phase 1 of the Project was approved by the Board on 10th June 2016.
- 1.2 The Business Case for Phase 2 of the Project has not yet been submitted for Gate 1 review by the Independent Technical Evaluator (ITE), but has been provisionally allocated £3.7m LGF.

2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 **Note** the update on the Rochester Airport LGF Phase 1 project
- 2.1.2 **Agree** the change to the proposed Phase 1 Project outputs as set out in Table 2
- 2.1.3 **Note** the proposed timetable for bringing forward the Business Case for the LGF3 project (Phase 2).
- 2.1.4 **Note** the proposed programme for delivering both LGF funded phases of the Project.

3. Background

- 3.1 Medway Council (the Council) owns the Rochester Airport site and currently leases the site to Rochester Airport Ltd., as airport operator. The Rochester Airport site is seen as one of the Council's most valuable assets.
- 3.2 The Council has a long-held ambition to deliver a high quality business, science and technology development (the Development) on part of the Rochester Airport site, as detailed in the Medway Local Plan 2003. The Development will enable the delivery of 1,300 high Gross Value Added (GVA) jobs and will help to realise the ambitious jobs target in support of local growth. The Development will be known as Innovation Park Medway.
- 3.3 Of equal importance to the Council is a commitment to safeguard the future of Rochester Airport. The airport is considered to be of increasing strategic importance, particularly given the closure and reconfiguration of other local airports. Closure of the second runway, without making any improvements to the airport infrastructure will undoubtedly threaten the future of the airport. This is due to the current poor condition of buildings on the site (despite Rochester Airport Ltd. maintaining the buildings in accordance with the lease), which directly impacts on the ability of the airport to remain viable. Current health and safety concerns relating to the poor condition of the buildings have resulted in businesses currently based on the site looking to relocate elsewhere, and pilots who store their planes at the airport looking for alternative storage locations.
- 3.4 In order to safeguard the future of the airport and to bring forward the Development, the Council submitted a request for LGF funding to bring forward the first two phases of the Innovation Park Medway project. Phase 1 of the project focusses on infrastructure improvements at the airport (Phase 1). Through the delivery of the works within Phase 1 the future of the airport will be secured, whilst releasing the land required for the creation of Innovation Park Medway. Phase 2 of the project will deliver the enabling infrastructure required to bring forward development on the newly released land, which will form Innovation Park Medway (Phase 2).

4. Phase 1

- 4.1 Phase 1 was approved by the Board on 10th June 2016, and awarded the allocation of £4.4m LGF.
- 4.2 The scope of Phase 1 as detailed in the original Business Case, was as follows:
 - 4.2.1 Provision of a hard paved runway with a parallel grass airstrip, new runway lighting and all other ancillary runway equipment;
 - 4.2.2 Provision of a new hub and control tower;
 - 4.2.3 Refurbishment of two existing aircraft hangars;
 - 4.2.4 Provision of two new hangars; and

4.2.5 New working facilities and visitor viewing facilities for the Medway Aircraft Preservation Society (MAPS).

- 4.3 Completion of these works would have allowed for the closure of one of the two current grass runways. In doing so it would release 17.07 hectares of commercially developable land for B1 and B2 uses (see areas A, B, D and E on the site plan at Appendix 1). Closure of the runway will release areas D and E for commercial development as they will be freed from the development restrictions associated with being positioned on an active flight path.

Delivery of phase 1 works

- 4.4 Phase 1 focusses on improving the airport infrastructure as required to safeguard the future of the airport and to enable the closure of the second runway and subsequent release of the land needed for the development of Innovation Park Medway. As detailed in both the Business Case and the lease between Rochester Airport Ltd. and Medway Council, Rochester Airport Ltd. will be responsible for delivering the improvement works. Rochester Airport Ltd. will also lead on the procurement process, albeit following the Public Contracts Regulations 2015 as the funding constitutes public money. It is considered that Rochester Airport Ltd. are best placed to deliver these works as they will be able to use their experience to ensure the phasing of the works is most conducive to maintaining a fully operational airport during the construction period.
- 4.5 Whilst Rochester Airport Ltd. is responsible for delivering these works Medway Council is ultimately accountable for the project. For this reason, Medway Council will employ an independent surveyor to inspect the building works undertaken prior to releasing any funding to Rochester Airport Ltd. Payments to Rochester Airport Ltd. will be made upon successful completion of key works milestones, to facilitate payment of the appointed contractor. This will ensure that the LGF funding is spent in accordance with the Business Case.
- 4.6 There are two key beneficiaries from Phase 1 – Medway Council and Rochester Airport Ltd.
- 4.7 In March 2013 an open procurement process was undertaken to appoint a company to operate the airport. The tender documents clearly indicated that funding would be available to deliver improvements to the airport infrastructure. At the end of the procurement process Rochester Airport Ltd. were appointed to operate the airport from 13th January 2014 until 12th January 2039. Rochester Airport Ltd. will benefit from the Phase 1 works for the duration of their lease period only. As Rochester Airport Ltd. have been appointed through an open and fair procurement process, there are no State Aid implications in terms of the delivery of and benefit from these works. Other potential airport operators were aware of the availability of funding to improve the airport and had the opportunity to tender to operate Rochester Airport.

- 4.8 As landowner, Medway Council will benefit from the improved infrastructure on the airport site in the long-term. All assets on the site are the property of Medway Council and upon cessation of the lease will revert to Medway Council control. Following completion of Phase 1 a fully detailed schedule of condition will be prepared and Rochester Airport Ltd. will be required to maintain the buildings inline with this schedule. The buildings will therefore be returned to Medway Council in good condition, allowing for use by the next airport operator (should this be the route chosen by the Council).

Planning application

- 4.9 In March 2017 the planning application (ref: MC/14/2914) was approved by Medway Council's Planning Committee. This application related to the 'erection of two hangars, erection of a new hangar for Medway Aircraft Preservation Society, erection of fencing and gates, formation of associated car parking areas, fuel tank enclosure, ancillary works and a memorial garden'. The airport site straddles the administrative boundary between Medway Council and Tonbridge and Malling Borough Council. As a result, depending upon the location of the proposed works, planning applications will need to be considered by one or both of the Local Planning Authorities. This planning application related to the part of the airport which sits wholly within the Medway Council boundary and therefore determination by Tonbridge and Malling Borough Council was not required on this occasion. Tonbridge and Malling Borough Council were, however, involved in the consultation process.
- 4.10 A second planning application covering the paving of the runway, construction of a new control tower and hub and associated infrastructure was submitted by Rochester Airport Ltd. to both Medway Council and Tonbridge and Malling Borough Council in September 2017. This planning application was accompanied by the required Environmental Impact Assessment (EIA).
- 4.11 A review of the application and EIA identified that the EIA did not completely fulfil the requirements of the previously agreed scoping decision. Furthermore, as part of the consultation process comments were received from Natural England and Highways England which requested that further information be provided in relation to the impact on air quality and any change in level of risk to users of the nearby high speed highway transport infrastructure.
- 4.12 Accordingly, Rochester Airport Ltd. and their consultants are currently undertaking the additional work required to provide the information requested by both organisations. However, they have indicated that the work will take approximately three to four months to complete. As a result the planning application is not expected to be determined until late summer 2018 at the earliest. Given the planning history of this project a further two months has been accommodated within the programme to allow for any potential challenge or judicial review to be considered.

Project costs

- 4.13 In addition to the ongoing issues with the planning application, officers from Rochester Airport Ltd. have indicated that costs have risen significantly since the original Phase 1 Business Case was prepared and submitted to SELEP for consideration, with inflation being a key factor given the unforeseen delays and issues encountered with the Project, impacting the budget by approximately 30%¹ (£1.3m). The cost increase may be particularly high due to the proposed use of steel within project construction. In addition, the detailed specification work has identified omissions from the original cost estimate for outputs which are required as part of the project scope. The additional £4.6m of cost associated with Phase 1 has resulted in there being considerable uncertainty regarding whether all the outputs stated within the Business Case can be delivered within budget.
- 4.14 Medway Council appointed an independent Quantity Surveyor (QS) to review the construction costs provided by Rochester Airport Ltd. to determine if there were any areas where the projected costs could be reduced. The work undertaken by the QS consisted of an initial, low risk review of the updated construction costs compiled by Rochester Airport Ltd. and their consultants. The costs calculated by the QS are subject to a full open procurement process and consideration of options for value engineering during the construction period and could, therefore, be reduced. The results of the review indicated that it will no longer be possible for Rochester Airport Ltd. to deliver all the outputs expected within Phase 1 without exceeding the £4.4m LGF award by, in a worst case scenario, up to £3.3m (excluding inflation and dependent upon the outcome of the procurement process and consideration of all available value engineering options).
- 4.15 Table 1 below summarises the results of the QS review, in comparison to the figures quoted in the original Business Case.

¹ Inflation calculated using the UK Tender Price and Building Cost Indices, as issued by Costmodelling.com dated October 2017, which is based on information provided by the Office of National Statistics. Original budget was established in Q1 of 2014, at which point the tender price indices stated 138. The tender price indices for Q1 2018 stated 177. The inflation over the period is therefore: $(177/138)-1=0.283$ (28.3%).

Table 1 – Results of QS review of construction costs

Output	Original costs ⁵	Forecast costs ⁶	Variance
Hard paved runway, parallel grass airstrip and associated works ¹	2,220,000	4,420,727	+2,200,727
Runway lighting	415,000	296,640	-118,360
Control tower and hub building (including hub extension) ²	300,000	1,271,003	+971,003
Refurbishment of two hangars	750,000	1,088,304	+338,304
Two new hangars ³	-	970,401	+970,401
MAPS working facilities	-	357,217	+357,217
Access road and car park	528,000	403,657	-124,343
Planning costs ⁴	100,000	-	-100,000
Services	-	137,886	+137,886
Total	4,313,000	8,945,835	4,632,835

¹ Forecast costs include allowance of £36,318 (including inflation) for relocation of the helipads. An allowance for the relocation of the helipads was also included within the original project costing.

² Forecast costs include allowance of £173,667 (including inflation) for the provision of an extension to the hub building.

³ Forecast costs include allowance of £523,125 for construction of hangar 5 and £447,276 for construction of hangar 6.

⁴ Planning costs not considered by the QS.

⁵ Costs as per the original Business Case.

⁶ Forecast costs as provided by the QS, including inflation at 3%.

4.16 Table 1 above shows that the construction costs have risen by £4.6m since the original Phase 1 Business Case was submitted. The reasons for this increase are:

4.16.1 Cost increases in line with the UK Tender Price and Building Cost Indices as set out above, lead to an increase of approximately £1.3m;

4.16.2 The initial costs in the original Phase 1 Business Case were preliminary estimates, as at that stage there was no technical knowledge of the scheme specification. However, following submission of the Business Case, work has been carried out to develop a more detailed understanding of the scheme requirements, which has been reflected in the QS review. Further development of the scheme specification has resulted in a cost increase of approximately £2,027,000 (£82,000 in relation to the refurbishment of hangars 3 and 4, £845,000 on the airport office/control tower/hub and £1.1m on the runway and associated infrastructure);

4.16.3 Some elements of the scheme (as detailed in section 1.5 of the original Business Case) were not costed at the time due to a significant lack of information on specification and services. Inclusion of these outputs has resulted in an increase of approximately £1.5m. These outputs, as detailed in the Business Case, are essential to the overall sustainability of Rochester Airport.

- 4.17 These cost increases have been offset by cost savings identified by the QS in relation to the runway lighting and access road and car park.

Review of project outputs

- 4.18 Following receipt of the QS report, a full review of the Phase 1 outputs has been undertaken, in conjunction with Rochester Airport Ltd., to determine which outputs are essential to ensure that the agreed Project outcomes are delivered.
- 4.19 The over-arching Phase 1 outcomes as stated in the Business Case were:
- 4.19.1 releasing the land required to allow for delivery of Innovation Park Medway;
 - 4.19.2 safeguarding the long term future of Rochester Airport;
 - 4.19.3 creating 37 new jobs; and
 - 4.19.4 safeguarding 25 existing jobs.
- 4.20 Rochester Airport Ltd. has indicated that the provision of the new and refurbished buildings is essential for their long-term survival. At present the buildings, although being maintained as required under the terms of the lease, do not compare well with rival facilities and are not well-regarded by existing or prospective tenants. This has directly resulted in the loss of staff members, and concerns have been raised regarding the ongoing viability of storing customers' planes in the hangars, which are in urgent need of refurbishment.
- 4.21 Provision of improved buildings will allow Rochester Airport Ltd. to expand their current operations, potentially incorporating those providers of flying schools which have recently been given notice by Biggin Hill airport. In addition, these works would offer improved working conditions and facilities for businesses situated onsite and would increase the tourism offer on the site by providing MAPS with an improved and more visitor friendly building.
- 4.22 Medway Council has a long-held political commitment to safeguard the future of the airport, whilst the Medway Local Plan 2003 cites part of the airport site as 'allocated for a high quality business, science and technology development comprising class B1, B2 and B8 uses'. In order to bring forward the development anticipated in the Local Plan it is necessary to close one of the two runways currently in use at the airport. Closure of the runway, without delivering any improvements to the existing airport infrastructure would result in the airport becoming unviable which, given the political commitment to the airport, would be unacceptable. Therefore, improvements to the airport are essential to enable the development highlighted in the Local Plan to be brought forward.
- 4.23 Rochester Airport is increasing in strategic importance given the recent decision by Biggin Hill airport to become a 'business jet centre' and give notice to the six flying schools which are based on their site. The number of airports in the south east which are General Aviation friendly is declining,

which increases the prominence of Rochester Airport. An All-Party Parliamentary Group on General Aviation has been established to address issues that can directly or indirectly contribute to the growth and success of General Aviation in the UK. This Group has been monitoring and showing an interest in the plans put forward by Rochester Airport Ltd.

- 4.24 Furthermore as a result of the anticipated airport infrastructure improvements the Kent, Surrey and Sussex Air Ambulance are moving their administrative headquarters onto the Rochester Airport site. Their new building, costing £2.1m, is currently being constructed with staff due to relocate from their current Marden headquarters from June. At present the Air Ambulance building will house almost 40 members of staff, however, their intention is to create further jobs onsite and their building has been designed with this in mind. In addition to the staff employed by the Air Ambulance, construction of the building has created 25 construction jobs.
- 4.25 Rochester Airport Ltd. has indicated that the airport would remain financially viable with the provision of new and refurbished buildings. The provision of a paved runway would be beneficial if it could be delivered within budget; however, the priority for the airport operator is improving the facilities onsite for customers, existing businesses and potential new businesses. Provision of a paved runway alone would not safeguard the future of the airport as without improved buildings onsite there is a significant risk that businesses would relocate elsewhere due to the existing poor working conditions. Customers would also look to move the storage of their planes to an alternative location due to the poor and unattractive condition of the existing buildings.
- 4.26 Based on the business needs of Rochester Airport Ltd. the outputs delivered by Phase 1 have been amended. Table 2 below details all the outputs included within the Project Business Case and identifies those outputs which will still be delivered under the revised project scope.

Table 2 – Change to Phase 1 Project Outputs

Output	Deliverability
Provision of a hard paved runway with a parallel grass airstrip, new runway lighting and all other ancillary runway equipment	The runway lighting will be replaced and the existing helipads relocated but no other works will be undertaken
New control tower	To be delivered
New hub building	To be delivered
Refurbishment of two existing aircraft hangars	To be delivered
Provision of two new hangars	One of the two new hangars will be constructed
New working facilities and visitor viewing facilities for the Medway Aircraft Preservation Society (MAPS)	To be delivered

- 4.27 It should be noted that one of the new hangars was purely for the purpose of storing planes and would have offered no commercial or office space which may have facilitated creation of new jobs or direct safeguarding of existing jobs. Accordingly removal of the new hangar from the project scope will not have a significant impact on the viability of the airport or Phase 2 of the project.
- 4.28 The outputs to be delivered under the revised project scope have been costed in accordance with the QS review to ensure that all the outputs can be delivered within the agreed budget. Table 3 below breaks down how the £4.4m Phase 1 budget will be utilised.

Table 3 – Revised project costing

Output	Forecast costs ¹	Spend to date	Total cost
Replacement runway lighting	296,640		296,640
Relocation of helipads	36,318		36,318
New control tower	98,732		98,732
New hub building (without hub extension)	998,604		998,604
Refurbishment of two existing aircraft hangars	1,088,304		1,088,304
One new aircraft hangar	523,125		523,125
MAPS working facilities	357,217		357,217
Services	137,886		137,886
External works ³	113,300		113,300
Preliminary costs		361,544	361,544
Project Management costs	23,317		23,317
Contingency at 10%	365,013		365,013
Total	4,038,456	361,544	4,400,000²

¹ Forecast costs as provided by the QS, including inflation at 3%.

² Phase 1 is entirely funded through LGF funding.

³ Scope of external works reduced to reflect overall change to project scope.

- 4.29 The procurement process will be carefully managed to ensure that contractors are appointed to deliver all outputs before any work commences onsite. This will provide greater certainty in terms of deliverability within budget. In addition a 10% contingency has been included within the updated project costs. Should there be any unexpected cost increases during the construction period, Rochester Airport Ltd. will be responsible for covering any cost over-run. Throughout the construction period Rochester Airport Ltd., in conjunction with Medway Council, will closely monitor the budget and spend and will take action as required, at an early stage, to address any issues which arise.
- 4.30 The lease between Medway Council and Rochester Airport Ltd. clearly states that 'the Landlord (Medway Council) shall not be required to make any further contribution to the cost of the Works in the event of: If the Landlord has previously paid £4,000,000 (being the maximum Capital Grant towards the costs thereof'. Due to the scale of the current cost over-run (in excess of

£4m) it is not considered conducive to the overall objective of safeguarding the future of Rochester Airport to enforce this clause for the current cost overrun. As a result the decision has been made to review the project outputs, rather than proceeding as set out in the original Business Case.

- 4.31 The changes to Phase 1 outputs, detailed in Table 2 above, are not expected to impact on the overall Phase 1 Project outcomes and benefits. At present it is the poor condition of the buildings on the airport site which is directly resulting in some businesses losing employees, leading to business owners investigating options to relocate their premises elsewhere. Delivery of improved buildings will ensure that existing businesses are able to retain their staff and will make it viable for them to continue to operate from the site. In addition, the improved buildings will offer Rochester Airport Ltd. the opportunity to expand their business operations, including the potential incorporation of additional flying schools, increasing the number of on-site jobs, which has already been boosted through the arrival of the Kent, Surrey and Sussex Air Ambulance administrative headquarters.
- 4.32 It should be noted that all the flying schools currently based at Biggin Hill who have approached Rochester Airport Ltd. are fully aware that there are currently only grass runways at Rochester airport. In addition, Rochester Airport Ltd. has made the schools aware that whilst there is a pending planning application for a paved runway, it is likely that this application will be amended and the paved runway will not be forthcoming. Delivery of these works will offer Rochester Airport greater security for the future, allowing the closure of the second runway, releasing the land required for the development of Innovation Park Medway in Phase 2, which will be subject to a separate funding decision.
- 4.33 As delivery of project outcomes will not be affected by the proposed change in outputs the Value for Money offered by Phase 1 is also unaffected. The Value for Money assessment within the Phase 1 Business Case considers the Project as a whole and therefore also looks at the benefits offered by Phase 2. Changing the outputs being delivered through Phase 1 will not have an impact on the Value for Money offered by the overall project.
- 4.34 Delivery of the new hub and control tower and the new facilities for MAPS will require the airport to close the second runway as these buildings will be in the current flightpath for planes using this runway.
- 4.35 Rochester Airport Ltd. has indicated that removing the paved runway from the Phase 1 Project outputs would take away one element of the scheme causing controversy among a small minority and would therefore be expected to reduce the considerable risk of challenge currently associated with the planning application. The ongoing objections to the airport infrastructure improvement proposals, and the additional work required before the planning application can be determined, stem from public safety and environmental concerns related to the development and the potential increase in flights associated with the provision of this infrastructure (although a cap in flights was suggested within the planning application). In addition, Rochester Airport

Ltd. has indicated that it was the inclusion of the paved runway which resulted in the need for an EIA.

- 4.36 Under the revised project proposals the number of flights undertaken will be dependent upon the weather conditions, as is currently the case. As the revised planning application will not incorporate any changes to the runway infrastructure, it is expected (subject to confirmation from a planning consultant) that the requirement to further investigate the impact on public safety and the environment will be removed from the planning process. However, these factors will continue to be monitored through other mechanisms including the CAA (safety) and Medway Council (air quality).
- 4.37 Rochester Airport Ltd. is in discussions with the Council, as the Local Planning Authority, regarding the requirements of the planning application for the reduced scope of works to ensure the correct process is followed reducing the risk of further challenge or judicial review. Following submission of the amended planning application there will be a further round of public consultation as part of the planning process, allowing the local community to comment on and engage with the revised proposals for the airport infrastructure improvements.
- 4.38 Based on the information provided by Rochester Airport Ltd. it is now anticipated that the amended planning application will be determined approximately three months sooner than the current application. The removal of the runway from the planning application also removes the requirement for Tonbridge and Malling to determine the application, as the runway was the only element of the works which encroached on their administrative area. Tonbridge and Malling will still be included within the consultation process so will still be able to submit their comments in relation to the proposals.

5. Phase 2

- 5.1 An allocation of £3.7m LGF has been provisionally assigned to Phase 2 of the Project. The Business Case for Phase 2 has not yet been submitted for consideration by the Board, as it is considered essential that planning consent is in place for the enabling works under Phase 1 before progressing with the Business Case for Phase 2. As soon as the planning issues currently delaying Phase 1 of the project have been resolved the Business Case will be brought forward for consideration.
- 5.2 Phase 2 will deliver enabling infrastructure to 10.79 hectares (area A on the site plan at appendix 1) of newly released commercial land. The scope of Phase 2, as detailed in the preliminary Business Case, is as follows:
- 5.2.1 Access roads and pedestrian access infrastructure;
 - 5.2.2 Services including drainage and water provision, electrical infrastructure, gas mains and trenching and ducting for broadband fibre;
 - 5.2.3 Any required site surveys.

- 5.3 An updated Masterplan is currently being developed for the entire Innovation Park Medway Enterprise Zone. On the 9th June 2017, the SELEP Strategic Board endorsed a £161,000 revenue Sector Support Funding contribution to the North Kent Enterprise Zone, to support the development of the updated Masterplan and the preparation of the Local Development Order. The content of Phase 2 will be guided by the principles contained within this Masterplan.
- 5.4 It is essential that Phase 1 works are underway prior to the closure of the second runway, as this will provide Rochester Airport Ltd. with the conditions within which to maintain a fully operational airport during the construction works. It will be necessary for the second runway to be closed to facilitate the construction of the control tower, hub and MAPS building as these new facilities will be built on the flightpath for this runway. The provision of a new aircraft hangar and refurbishment of the two existing aircraft hangars prior to the closure of the runway will strengthen the airports operational capabilities during the construction period. It is vital to ensure that progression with Phase 2 does not in any way jeopardise the future of the airport.
- 5.5 In line with the recommendations of SELEP Strategic Board, the Business Case must be approved by the Board by the end of the 2018/19 financial year for Phase 2 to secure the provisional allocation of £3.7m LGF.
- 5.6 Given the change in Project outputs being delivered by Phase 1 it is anticipated that planning consent will be in place and any potential challenges addressed by mid to late September 2018. Therefore, the intention is to submit a Full Business Case for Phase 2 in November 2018, for consideration by the Board in February 2019. Should the planning application be more complex than anticipated by Rochester Airport Ltd. and the determination date slip, an Outline Business Case for Phase 2 will be submitted in November, with the Full Business Case following once there is more certainty in relation to planning consent for the Phase 1 works.

6. Phase 3

- 6.1 The original Phase 1 Business Case indicates that there are three phases to the project, with the suggestion that the LGF3 funding request will enable the delivery of phases 2 and 3. Phase 3 of the project focusses on bringing forward development on the southern site of Innovation Park Medway (area D on the site plan at appendix 1), through the delivery of enabling infrastructure including an access road with shared pedestrian/cycle facilities and utility ducting.
- 6.2 Since submission of the original Phase 1 Business Case further work has been undertaken to develop both future phases of the project. This work has included further scoping to establish the outputs required in order to bring forward development and more detailed construction costings. Following the development work it was concluded that the funding requested under LGF3 would be insufficient to bring forward both phases of the project sufficiently to

attract the private sector investment required to fully develop the site. As a result the LGF3 funding request now focuses solely on Phase 2 and a separate Growing Places Fund bid has been submitted in order to deliver the enabling works required to bring forward Phase 3. The jobs delivered through Phase 3 of the project will be in addition to those quoted in the Phase 2 Business Case.

- 6.3 The Growing Places Fund Business Case requests a loan of £650,000, to be used to provide the enabling infrastructure on the southern site of Innovation Park Medway. Alongside the Growing Places Fund contribution to Phase 3, the Council will be providing a confirmed contribution of £851,000 (£850,000 land and £1,000 financial contribution), alongside a projected private sector contribution of £2m. The private sector contribution has not yet been confirmed, however, there has been significant interest in developing on the site without any active marketing. It is anticipated that the Growing Places Fund Business Case will be considered by the Board in September 2018.

7. Project Programme

- 7.1 The Project programmes for both Phase 1 and Phase 2 have been updated in line with the changes to outputs from Phase 1 proposed by Rochester Airport Ltd. Phase 1 is currently expected to be complete by the end of the 2019/20 financial year, whilst phase 2 will continue until the end of the 2020/21 financial year.
- 7.2 The key milestones for both phases of the Project are outlined in Table 4 below:

Table 4 – Project Milestones

Phase 1	
Submission of amended second planning application (MC/17/3109)	Early July 2018
Determination of second planning application by Medway Council	Late September 2018
Period for potential Judicial Review/challenge	Late September to late November 2018
Procurement and delivery of hangar refurbishment, new aircraft hangar, hub building, control tower and MAPS building	September 2018 to March 2020
Closure of second runway	Between December 2018 and April 2019 (dependent upon phasing of works)
Phase 2	
Submission of Full Business Case to SELEP and ITE	November 2018
Accountability Board funding decision	February 2019
Detailed design	Mid February to late September 2019
Delivery of enabling infrastructure	October 2019 to late December 2020

8. Update on project expenditure

8.1 In light of the changes to the Project programme the spend profiles for both phases of the project have been reviewed and updated. The updated spend profiles are shown in Table 5 below.

Table 5 – Project Expenditure

£m	16/17	17/18	18/19	19/20	20/21	21/22	22/25	Total
Phase 1¹								
Current LGF spend profile*	0.179	0.243	3.588	0.390	-	-	-	4.400
Updated LGF spend profile [^]	0.179	0.182	0.745	3.294	-	-	-	4.400
Phase 2								
Current LGF spend profile*	-	-	0.520	1.930	1.250	-	-	3.700
Updated LGF spend profile [^]	-	-	0.210	1.820	1.670	-	-	3.700
Original private developer contribution spend profile ²	-	-	-	4.600	8.000	8.000	24.00	44.60
Updated private developer contribution spend profile ³	-	-	-	-	2.000	8.000	34.60	44.60
Residual land value – Medway Council contribution	-	-	-	0.370	-	-	-	0.370
Total for all phases	0.179	0.182	0.955	5.484	3.670	8.000	34.60	53.07

* As per SELEP Capital Programme Update to the Board in March 2018.

[^] As included within May 2018 quarterly reporting to SELEP.

¹ Phase 1 of the project is being entirely funded through the LGF allocation.

² Private developer contribution spend profile as set out in the provisional LGF3 Business Case.

³ Updated private developer contribution spend profile to reflect the revised programme.

9. Project Risks

9.1 Whilst the proposed change in Project outputs reduces the considerable risk currently associated with the planning application, other risks associated with project delivery remain. Table 6 below sets out the key risks faced by both Phase 1 and Phase 2 as they progress.

Table 6 – Project Risks

Phase 1	
Risk	Mitigation
Costs are higher than the agreed LGF funding award	The costings provided by Rochester Airport Ltd. have been independently reviewed by a quantity surveyor in order to determine their reliability. In addition, the procurement process will be carefully managed to ensure that all the proposed outputs can be delivered within budget. Should there be any unexpected cost increases during the construction period, Rochester Airport Ltd. will be responsible for covering any cost over-run.
Rochester Airport Ltd. cannot meet any cost over-run and the liability passes to Medway Council	Medway Council have appointed a surveyor as per the lease to review work undertaken and to ensure delivery is inline with the agreed project specification. Any additions to the scope will need to be agreed prior to undertaking further works.
Public opposition to the revised proposals for the airport infrastructure improvements	The main causes of local opposition to the project was the paved runway and associated concerns regarding increased flight numbers, noise, air quality and public safety. The new proposals remove this element from the scheme along with the requirement to further investigate these concerns as part of the planning process (they will still be monitored outside of the planning arena by the CAA and Medway Council as part of their routine monitoring), it is therefore expected that there will be a significant reduction in public opposition to the planning application. The local community will be consulted on the revised proposals as part of the planning process.
Risk to the ongoing operation of the airport during delivery of the proposed works	Rochester Airport Ltd. is developing a comprehensive programme of works, which takes into account operational requirements of the airport and the required safety margin for contractors working onsite. The CAA is being consulted as required to ensure there are no issues with the airport licence.
CAA doesn't licence the new airport facilities	Rochester Airport Ltd. is working closely with the CAA to ensure that all proposed works comply with CAA licence requirements.
Phase 2	
Risk	Mitigation
Public opposition to proposed	During the Masterplan process the public will

Masterplan for the site which will influence the works proposed under Phase 2 of the project	be consulted on the proposals for the wider Innovation Park Medway site and will be given the opportunity to put forward their ideas for the site which will be incorporated where appropriate.
Costs are higher than the available funding	The costs will be reviewed and updated as part of the Business Case process to ensure that the scheme proposals are affordable. If costs rise during the construction period value engineering will be implemented as required to ensure delivery within budget. Costs will be closely monitored throughout the project.
Failure to deliver the Project in accordance with the LGF funding period	A high level programme has been produced for Phase 2 which demonstrates that the Project can be delivered before the end of March 2021. This programme will be continuously refined and updated as the project progresses, with any risks to the programme identified and mitigated as early as possible in order to avoid any delay to project delivery.
Lack of commercial interest in the Innovation Park Medway site	Even before marketing the site there has been considerable interest from companies wanting to relocate to or establish themselves at Innovation Park Medway. To support this, the Masterplan process will include some market testing to identify the commercial sectors most suitable for developing on the site.

10. Outcome of ITE assessment (SELEP Secretariat Comments)

10.1 The Phase 1 Project Business Case has been updated to reflect the update to the Project as set out above, and has been re-assessed by the SELEP ITE.

10.2 In reassessing the Phase 1 Business Case the following comments have been made by the ITE:

“In considering the Value for Money of the Rochester Airport Innovation Park scheme following these changes, it is necessary to consider the case for investment across all three phases. Phase 1 is explicitly designed to safeguard the financial viability of the airport site following the closure of one of the two grass runways which, in turn, will release 17 hectares of commercially developable land.

In isolation, phase 1 does not deliver significant monetisable benefits (safeguarding 25 existing jobs and relocating 37 jobs through construction of a new headquarters for the Kent, Surrey and Sussex Air Ambulance service). The case for investment across all three phases, therefore, hinges upon successful delivery of the Innovation

Park campus, the benefits of which are only marginally affected by the change in scope of works to the runway and hangar provision at Rochester Airport.

The business case prepared by Medway Council states that, in order to proceed with Phases 2 and 3 of the Innovation Park scheme, it is imperative that Rochester Airport remains a going concern following closure of one of its runways.

Correspondence received by the Independent Technical Evaluator from Rochester Airport Ltd (dated 1 June 2018) confirms that this will be the case, and notes that demand for engineering services and hangarage is currently suppressed by the limited and ageing facilities currently available at the airport. As a consequence, the airport will continue to operate as-is albeit with a single grass runway which, as at present, will close for three months of the year.

It should be noted that as an enabling scheme, Phase 1 in isolation offers poor Value for Money, and is reliant upon successful completion of subsequent phases of work. There is, therefore, a risk to SELEP if these phases do not proceed as planned.

On the basis of the assurances provided by Rochester Airport Ltd we do not consider the revised scope of Phase 1 to materially affect the Value for Money of the Innovation Park proposal, which continues to offer very high VfM. In turn, this suggests that the previous scope for Phase 1 may have been over-specified”.

10.3 The outcome of the ITE assessment confirms that the project continues to represent high value for money but the realisation of benefits is dependent upon the delivery of Phases 2 and 3 of the Project. This will require further investment, including the award of a the provisionally allocated £3.70m LGF contribution to Phase 2 and the £0.65m GPF loan towards Phase 3, along with private sector contributions (as set out in Table 5 above).

11. Financial Implications (Accountable Body Comments)

11.1 Delays in the implementation of this Project and the outcome of a review of the costs and specification of this Project have resulted in a significant (over 100%) increase in the expected costs for the delivery of phase 1. As this increase in cost cannot be met by either Medway Council or Rochester Airport Ltd (as set out in 4.30), this report is recommending to reduce the scope of the proposed changes to within the £4.4m funding envelope.

11.2 Whilst it is expected that there will be some variation in costs between an Outline Business Case and a Full Business Case, an escalation of over 100% indicates a need for a greater consideration of the Project specifications to ensure that all requirements are incorporated and costed, including appropriate consideration of inflation and level of contingency.

11.3 It is noted that the proposal to reduce the overall outputs also seeks to minimise the impact on the expected outcomes in the original business case. Further, it has been confirmed by the ITE that the value for money assessment (which considers the benefits across all phases of the Project) is not significantly impacted by the proposed changes; it does highlight therefore, that the original phase 1 business case seeking LGF may have

been over-specified with regards to achieving the overall benefits.

- 11.4 It is also unfortunate that some of the additional costs associated with this business case were not highlighted as a risk by Medway Council when it brought forward the Project for a decision in 2016, in particular the inflationary increases; over half of the inflation pressure of £1.3m identified in paragraph 4.13 above could have been identified at this point.
- 11.5 In determining this recommendation, it is advised that the following risks are considered:
- 11.5.1 The value for money assessment for phase 1 is dependent on the successful delivery of phases 2 and 3, which have yet to come forward as business cases for consideration by the Board;
 - 11.5.2 The costs for phases 2 and 3 have yet to be subject to the same detailed analysis as phase 1 and as such may not reflect the funding profile as set out in table 5 above; it is noted that significant cost increases will be managed through value engineering, which may detriment the value for money assessment – in these circumstances, a further decision to agree any changes would need to be brought back to the Board;
 - 11.5.3 There is a requirement for significant private sector investment to ensure completion of phase 2 that has yet to be secured; paragraph 6.2 addresses concerns already identified by Medway Council with regard to securing sufficient private sector interest. The Board may wish to consider seeking assurances in this regard when a decision is sought on the phase 2 business case given that the LGF spend is profiled in advance of any private sector contributions.
 - 11.5.4 The private sector contribution to phase 3 has also yet to be confirmed, although it is noted in the report (paragraph 6.3) that considerable interest in the proposals has been received.
- 11.6 Should the board approve the recommendation for agreeing the proposed changes to phase 1, it is advised that further assurances should be sought on an on-going basis with regard to the projected project costs for all phases, to ensure that project outputs can still be delivered in the revised funding allocations, given that the proposals are still subject to consultation and planning approvals. In particular this should be considered at the point that the phase 2 business case is brought forward for funding approval as the benefits for this scheme have already been taken into account in the value for money assessment of phase 1 of the business case.
- 11.7 Should the board chose not to approve the recommendation with regard to phase 1, Medway Council will need to consider the options for the scheme, which include:
- 11.7.1 Progressing with the scheme at the increased cost; the additional funding would need to be identified by Medway Council to support this and would potentially require a reassessment by the ITE

- 11.7.2 Reviewing alternative options for the scheme and return a revised proposal to the board – this may also be subject to a further ITE to meet the Assurance Framework requirements
- 11.7.3 Closing the project – in this circumstance, any LGF spend on the scheme to date may need to be returned under the terms of the SLA in place with the Accountable Body

11.8 It should be noted that any funding agreed by the Accountability Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2018/19 have been confirmed, however, funding for future years is only indicative.

12. Legal Implications (Accountable Body Comments)

12.1 There are no legal implications arising from this report.

13. Staffing and other resource implications (Accountable Body Comments)

13.1 None at present.

14. Equality and Diversity implications (Accountable Body Comments)

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

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

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

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

15. List of Appendices

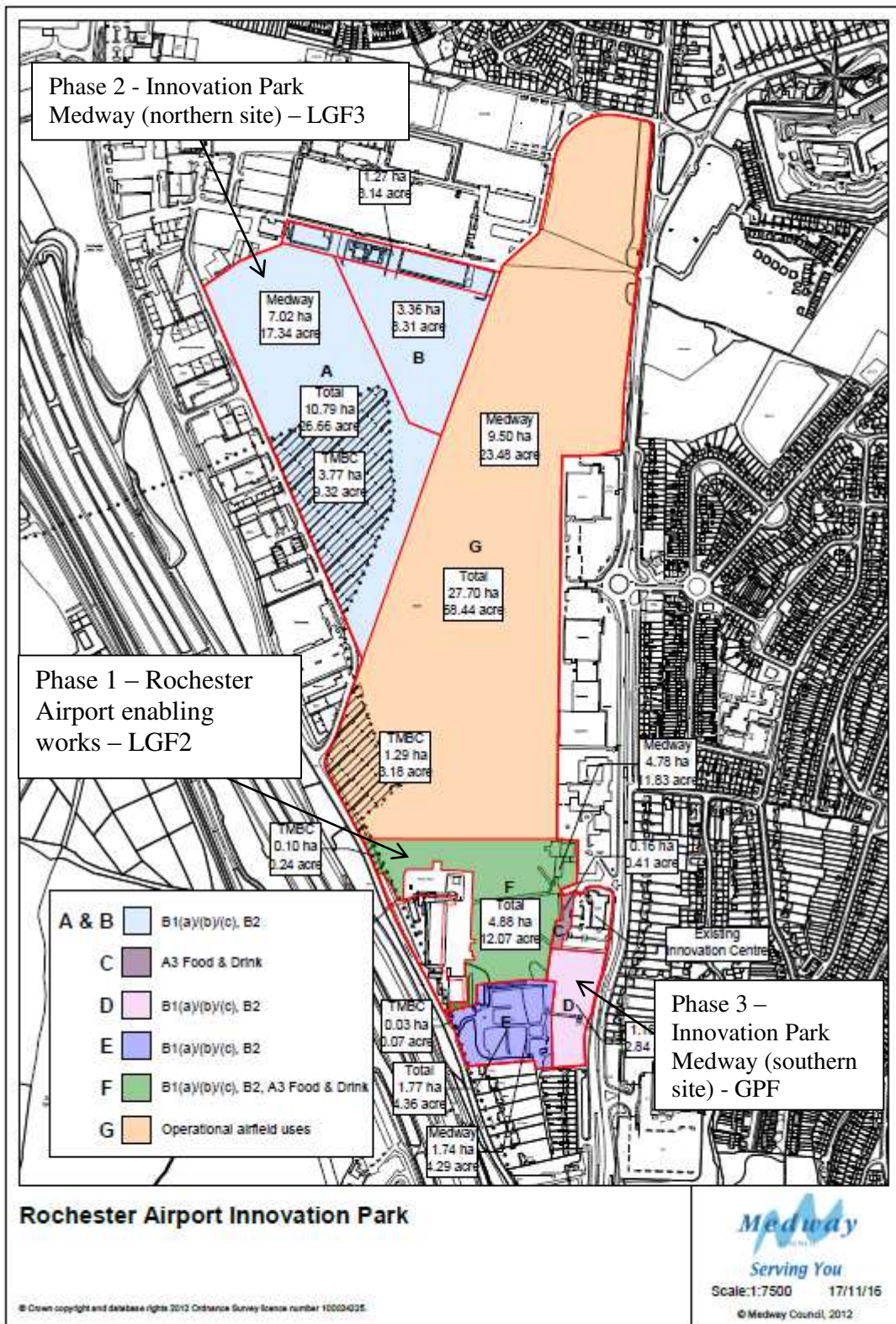
- 15.1 Appendix 1 – Rochester Airport site plan
- 15.2 Appendix 2 – Rochester Airport updated Business Case

16. List of Background Papers

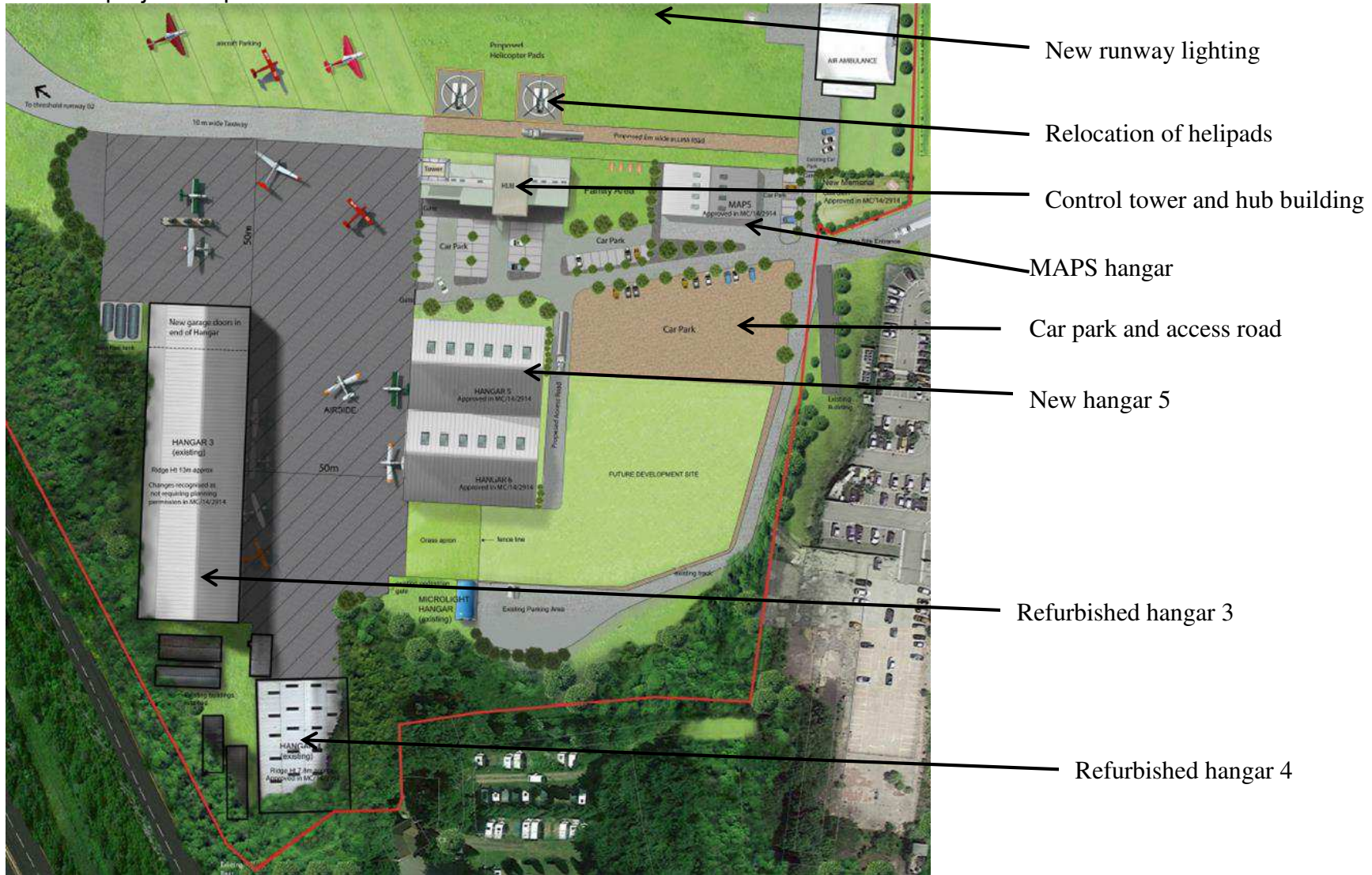
(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee)	 7/6/18

Appendix 1 – Rochester Airport site plan



Phase 1 project outputs



Report to Accountability Board	Forward Plan reference number: N/A
Date of Accountability Board Meeting:	15th June 2018
Date of report:	31st May 2018
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

3. Background

3.1 The Project will widen 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.

4. A13 Project Delivery Update

4.1 Since the last Board update, good progress has been made in delivery of the A13 Widening Project.

4.2 Apart from localised areas vegetation clearance and temporary fencing are complete.

4.3 Reptile fences have been installed and work is under way to relocate reptiles to safe habitat elsewhere along the route. We have engaged the services of an ecologist to advise about the protection of wildlife.

4.4 The ground investigation started in January, and has affected the timeline for detailed design and release of construction drawings. Main works are therefore due to start in September 2018.

- 4.5 A survey is being undertaken to confirm the vertical alignment of the existing carriageway and corroborate the design and detailed design is continuing and is expected to be completed in November. Approval in Principle documents for the four bridges and the first few design packages have been submitted to the Employer's representative for checking. Other design packages are still being prepared.
- 4.6 Advance payments for the diversion of Statutory Undertakers' apparatus have been made as follows:
- £1,190,400 to National Grid Gas for the diversion of Feeder 5, part of the national high pressure gas transmission system
 - £ 849,900 to Openreach for the construction of new chambers and the diversion of ducts and fibre optic cables
 - £86,540 to Verizon for the construction of new chambers and the diversion of ducts and fibre optic cables
- 4.7 Ownership of land required is currently being transferred to Thurrock Council from DP World London Gateway, who used its powers under the London Gateway Port Harbour Empowerment Order to acquire the land.

5. Update on Project expenditure

- 5.1 In accordance with the 17 November 2017 Board decision, we accelerated Local Growth Fund (LGF) spend from the Department for Transport retained scheme funding contribution in 2017/18 in advance of the SELEP LGF (unretained) contribution to the scheme. The Project achieved higher than expected spend in 2017/18 through the acceleration of payments to statutory undertakers, with the final outturn for 2017/18 totalling £13.408m.
- 5.2 An updated spend forecast that was produced in May 2018, is presented in Table 1 below.

Table 1 Project Funding Profile, May 2018

Funding (£m)	16/17	17/18	18/19	19/20	20/21	21/22	Total
As reported to Board in March 2018							
SELEP LGF	2.708		2.292				5.000
DfT Retained Scheme LGF		12.629	30.933	20.613	1.882		66.057
Third Party Funding						7.809	7.809
Total	2.708	12.629	33.225	20.613	1.882	7.809	78.866
May 2018 Update							
SELEP LGF	2.708		2.292				5.000
DfT Retained Scheme LGF		13.408	17.610	29.474	5.565		66.057
Third Party Funding						7.809	7.809
Total	2.708	13.408	19.902	29.474	5.565	7.809	78.866

- 5.3 The forecast total LGF spend in 2018/19 has reduced substantially to £19.9m, from the planned LGF spend of £33.2m that was agreed by the Board in March 2018, as set out in Table 1 above.
- 5.4 This revised expenditure profile has been accepted by the Department for Transport and the reduced grant allocation is reflected in their 2018/19 grant award letter dated 23 May 2018.
- 5.5 The slippage of LGF spend in 2018/19 is due mainly to a delay to the ground investigation. The ground investigation started three months later than programmed and was affected by access difficulties, the discovery of hard material, change of borehole locations and change of ground investigation rig to suit the conditions. This has had a knock on effect on the detailed design and the issue of construction drawings and affects both the start date for the main works and the rate of spend.
- 5.6 In the previous update report, the Board was informed that the Contractor, Kier had submitted a compensation event for Statutory Undertaker delays in the sum of £5.4m. This has been rigorously reviewed and challenged and has been accepted in the sum of £3.1m. This additional cost will be met from the £20m Project contingency fund. The £3.1m compensation claim as been taken into consideration in preparing the updated spend profile set out in Table 1 above.
- 5.7 At the time of drafting this report, the top risk to the Project involves a discrepancy between the topographical survey provided with the tender documents and survey's which have subsequently been undertaken by Kier. The impact of the discrepancies between the surveys may result in the re-design of certain aspects of the Project and/or additional thickness of surfacing material. To mitigate this risk, Kier are double checking the latest survey information, validating survey control, undertaking a series of checks on levels on A13 main line and reviewing the specification of the pre-tender topographical survey. The Board will be kept updated on the cost and programme implications of this risk through quarterly update reports to the Board on the delivery of the Project.

6. Financial Implications (Accountable Body comments)

- 6.1 Confirmation of the funding to meet the Project costs in 2018/19 has been received by the Accountable Body and will be transferred to Thurrock under the terms of the SLA. Future year allocations are subject to annual confirmation and receipt of the Grant from the respective Government department.
- 6.2 It is noted that since the last report to the board, the cost increase arising from the compensatory event has been agreed and will be funded from the contingency, meaning that no additional funding needed to be sought to ensure delivery of the Project.

6.3 It is also noted that whilst the reported spend in 2017/18 was higher than had previously been expected, this was due to pre-payments made to the statutory undertakers but this was not accompanied by an acceleration in delivery of the associated works.

6.4 It is recommended that the next Project update to the Board includes a summary of the key risks and mitigations for successful Project delivery, and an update on the Project delivery milestones, in light of the delays highlighted in this report.

6.5 In addition, the full implications of the potential risks arising in relation to the topographical survey should be included in the next update report, particularly with regard to the impact on the cost, delivery timescales and quality of output of the A13 widening project. This should include confirmation of whether any additional costs identified can be met from the outstanding Project contingency. Further, any impact on the value for money assessment should also be included.

7. Legal Implications (Accountable Body comments)

7.1 There are no legal implications arising from this report

8. Staffing and other resource implications (Accountable Body comments)

8.1 None at present.

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.

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

10. List of Appendices

10.1 None

11. List of Background Papers

- 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)	6/6/18

Forward Plan reference number: FP/AB/155

Report title: Capital Programme Management of the Local Growth Fund	
Report to Accountability Board	
Report author: Rhiannon Mort, SELEP Capital Programme Manager	
Meeting Date: 15 th June 2018	For: Decision
Date of report: 18 th May 2018	
Enquiries to: 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 sets out the provisional outturn report for LGF spend in 2017/18 and provides an update on the spend forecast for 2018/19. In addition, the report provides an update on the delivery of the LGF programme and the main programme risks.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Note** the provisional outturn position for LGF spend in 2017/18
- 2.1.2. **Note** the updated LGF spend forecast for 2018/19
- 2.1.3. **Note** deliverability and risk assessment
- 2.1.4. **Approve** the acceleration of LGF spend in 2018/19 for the following five projects:
- 2.1.4.1. A414 Pinch Point Package (£487,000)
 - 2.1.4.2. A131 Braintree to Sudbury (£630,000), subject to LGF award under Agenda Item 5
 - 2.1.4.3. M11 Junction 8 Improvements (£900,000)
 - 2.1.4.4. Kent and Medway Growth Hubs (£618,000)
 - 2.1.4.5. A226 London Road/ B255 St Clements Way (£535,000)
- 2.1.5. **Approve** the re-profiling of LGF spend from 2018/19 to future years of the growth deal programme for the following twelve projects:
- 2.1.5.1. A131 Chelmsford to Braintree (£750,000)
 - 2.1.5.2. A414 Harlow to Chelmsford (£630,000)
 - 2.1.5.3. Chelmsford City Growth Area (£1.500m)
 - 2.1.5.4. A28 Chart Road (£3.238m)
 - 2.1.5.5. Ashford International Rail Connectivity Project (£1.161m)
 - 2.1.5.6. A289 Four Elms Roundabout (£275,000)
 - 2.1.5.7. Rochester Airport Phase 1 (£2.903m)

- 2.1.5.8. Rochester Airport Phase 2 (£310,000)
- 2.1.5.9. Southend Airport Business Park Phases 1 and 2 (£3.627m)
- 2.1.5.10. London Gateway/Stanford le Hope (£2.705m)
- 2.1.5.11. A127 The Bell (£3.040m)
- 2.1.5.12. A13 Widening (£13.323m)

3. LGF Delivery Update

3.1. To date, the Board has approved a total of 75 LGF projects in full and the part approval to a further 9 projects, as set out in Appendix 3. The award of LGF funding by the Board now totals £458.806m, excluding the funding decisions sought at this Board meeting.

3.2. A total of 18 projects have been completed. In addition, there are a number of packages of measures included within the LGF programme, with many of the interventions within these packages having been delivered.

3.3. Recent LGF delivery highlights for each local partner include:

3.3.1. **East Sussex:** The delivery of the East Sussex Strategic Growth Package is progressing at pace to create 34,632sqm of new commercial space at three locations in East Sussex. Road infrastructure at the Eastbourne site has now been completed and a planning application has been submitted for Phase 2. Whilst at Bexhill Enterprise Zone, the steel structure at the phase 1 site is almost complete with work on the roofing and facades to begin in early July 2018.

3.3.2. **Essex:** Substantial progress has been made towards the delivery of the £50m Innovation Centre at the University of Essex Colchester Campus, which has been supported by SELEP through £2m LGF investment. The Innovation Centre framework has been erected and project is on track to complete in 2019. In total, the project is set to support 50 local businesses as part of the Knowledge Gateway Business Park at the University.

3.3.3. **Kent:** Following the completion of A20 Junction Improvements in Dover, which received £5m LGF award, work is now underway to deliver the Marina Pier. The accelerated delivery of the Marina Pier formed part of the commitment from the Port of Dover in receiving the £5m LGF award from SELEP.

The A20 Junction Improvements have enhanced access to the Port of Dover and Dover Town Centre, whilst the Marina Pier forms part of £250m Dover Western Docks Revival Package, which will include the transformation of Dover Waterfront.

3.3.4. **Medway:** Construction works are progressing on site in Chatham to improve the link between Chatham Railway Station, the Town Centre and the Waterfront. The regeneration of Chatham Town Centre, part

funded through £4m LGF investment is due to complete during 2018/19.

- 3.3.5. **Southend:** The £31m Southend Airport Business Park project, supported through £23m LGF investment has seen progress continue with the new rugby pitches having been completed. The completion of the new rugby pitches will enable the re-location of the Rugby Club which will unlock the site for development of 1million sqft of commercial development. The next stage of the project is for the procurement and completion of utility works for the Phase 1 site.
- 3.3.6. **Thurrock:** Work on the £78m A13 widening project is progressing with vegetation clearance nearing completion. In 2017, the project achieved higher than expected LGF spend towards the end of the financial year through advance payments to statutory undertakers. A full update on the project is provided under Agenda Item 11.
- 3.3.7. **Capital Skills Projects:** The £22m LGF skills capital funding is now fully invested in 29 projects across the SELEP area. Appendix 4 showcases some of the skills projects which have been supported through this investment. This includes the investment of £198,000 at the Engineering Skills Growth Hub, Medway and the £82,000 in the Transport and Logistics Skills Hub in Swale.

3.4. A progress update on all 97 projects can be found in Appendix 3.

4. 2017/18 Provisional Outturn Position

- 4.1. On the 16th March 2018, the Board was presented with the final planned spend position for 2017/18 amounting to £88.857m excluding Department for Transport (DfT) 'retained schemes' and £104.069m including retained schemes.
- 4.2. LGF updates have been provided by each local area during May 2018 which includes the provisional outturn for 2017/18, as summarised in Table 1 overleaf. This indicates a total LGF spend of £80.732m LGF excluding DfT retained schemes and £95.863m including retained schemes.

Table 1 Provisional outturn relative to planned spend in 2017/18

LGF (£m)					
	Planned spend in 2017/18 (as restated in September 2017)	Total forecast spend in 2017/18 (as reported in January 2018)	Total spend in 2017/18 (actuals - as reported in May 2018)	Variance*	Spend relative to planned spend in 2017/18 (%)
East Sussex	26.219	22.963	22.680	-3.538	86.51%
Essex	17.867	19.299	17.345	-0.522	97.08%
Kent	32.236	20.913	19.594	-12.642	60.78%
Medway	12.299	4.749	4.429	-7.870	36.01%
Southend	13.508	3.658	3.372	-10.136	24.96%
Thurrock	12.293	8.905	4.941	-7.352	40.20%
Skills	0.096	0.071	0.071	-0.025	73.58%
M20 Junction 10a	8.300	8.300	8.300	0.000	100.00%
LGF Sub-Total	122.817	88.857	80.732	-42.084	
Retained	31.126	15.211	15.130	-15.996	
Total Spend Forecast	153.943	104.069	95.863	-58.080	

- 4.3. The latest update reporting indicated that the LGF slippage from 2017/18 to 2018/19 totals £37.784m (excluding DfT retained schemes), as set out in Table 2 below. The LGF slippage takes account of the under-profiling of the LGF programme in 2017/18, as agreed by the Board in September 2017.

Table 2 LGF spend relative to LGF available in 2017/18 (excluding retained schemes)

	(£m)
LGF allocation in 2017/18 from Government	92.088
LGF carried forward from 2016/17	26.428
Total LGF available in 2017/18	118.516
Total LGF spent in 2017/18	80.732
Total slippage from 2017/18 to 2018/19	37.784

- 4.4. Though 2017/18, the Board were made aware of slippages to LGF spend across a number of LGF projects, as a result of delays to project delivery schedules. Projects which reported the highest levels of LGF slippage (above £3m) include:
- 4.4.1. STEM Innovation Centre – Colchester Institute (£4.550m LGF slippage)
 - 4.4.2. Thanet Parkway (£4m LGF slippage)
 - 4.4.3. Southend Airport Business Park (£9.198m LGF slippage)
 - 4.4.4. Purfleet Centre (£3.355m LGF slippage)
- 4.5. For a majority of LGF projects, the slippage which has been identified since the last Board meeting will be added to the respective project allocations in 2018/19, with the exception of the following five projects:
- 4.5.1. Basildon Integrated Transport Package;
 - 4.5.2. Beaulieu Park Railway Station;
 - 4.5.3. A28 Sturry Integrated Transport Package;
 - 4.5.4. A28 Chart Road; and
 - 4.5.5. Ashford International Rail Connectivity (Ashford Spurs)
- 4.6. For these projects, spend of the additional slippage will be deferred until future years of the programme owing to amendments to the project delivery schedule and spend profiles.
- 4.7. Statements of Grant Usage are currently being sought from each of the six upper tier authorities to confirm the amount of LGF spend in 2017/18 in accordance with the Grant Conditions from Government and the Service Level Agreements which are in place between the SELEP Accountable Body and each Upper Tier Authority. Following audit, the final LGF spend position for 2017/18 will be reported to the Board at the next meeting in September 2018.

5. 2018/19 and future years LGF spend profile

- 5.1. SELEP's Grant Offer Letter has now been received and is attached in Appendix 1 of this report. This letter confirms the grant allocation in 2018/19 as £91,738,956, as expected, and the future indicative LGF allocations, as set out in Table 3 below.

Table 3 LGF Allocation Indicative Profile from Government

Confirmed allocation LGF	Future Indicative LGF allocation	
	2019/20	2020/21
£91,738,956	£54,914,715	£77,873,075

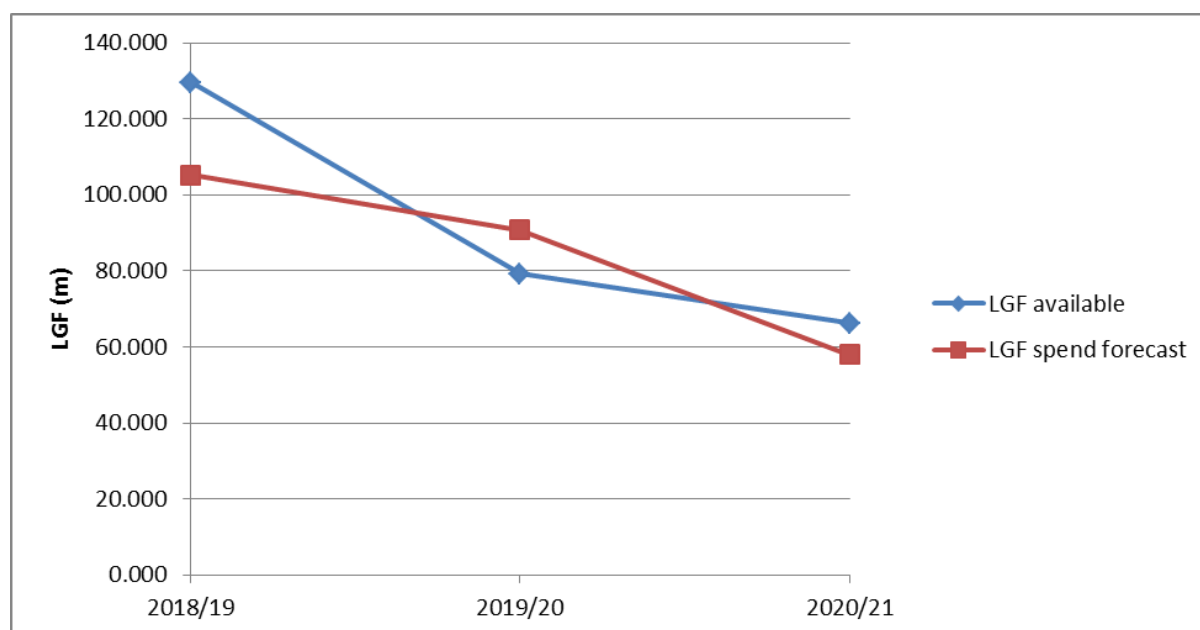
- 5.2. The LGF which has been received by SELEP for 2018/19 and the future year indicative profile is consistent with the indicative profile received from Government in Grant Offer Letters from previous years.
- 5.3. As reported to the Board previously, the spend forecast in 2019/20 currently exceeds the amount of LGF available by £11.609m, owing to the uneven spend profile of the LGF grant from Central Government. This over-profiling in

Capital Programme Management of the Local Growth Fund

2019/20 has reduced by £2.263m from £13.872m since the last update report due to the re-profiling of LGF spend from 2019/20 to 2020/21 by local partners.

- 5.4. As such, there is currently a planned slippage of LGF grant between 2018/19 to 2019/20 to help mitigate the cash flow risk in 2019/20.
- 5.5. The intentional carry forward of LGF from 2018/19 to 2019/20 will help reduce the over profiling of LGF spend in 2019/20 to £11.609m.

Figure 1 LGF spend forecast relative to LGF available



Current Forecast Position - Forecast spend v LGF available							
£m	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Actual spend or current forecast	55.562	69.730	80.732	105.239	90.808	57.900	459.971
LGF Allocation as per CLG	69.450	82.270	92.088	91.739	54.915	77.873	468.335
LGF Allocation b/fwd from earlier years		13.888	26.428	37.784	24.284	-11.609	
Total grant funding in year	69.450	96.158	118.516	129.523	79.199	66.264	
Over/ (under) allocation		26.428	37.784	24.284	-11.609	8.364	

- 5.6. The over-profiling in 2019/20 will be closely monitored through the quarterly LGF Capital Programme updates to the Board. However, based on the slippage to project spend through previous years of the LGF programme, it is expected that the £11.609m over-profiling will be mitigated through a slippage of LGF spend from 2018/19 and 2019/20 into 2020/21.

5.7. In addition, opportunities will be sought to further mitigate this risk through working with local partners to identify projects where local funding contributions can be spent in advance of LGF and through delaying LGF spend on specific projects, prioritising those where this does not adversely impact on the projects' delivery within the Growth Deal period.

6. 2018/19 spend forecast update

6.1. The LGF spend forecast of £105.239m for 2018/19, excluding retained schemes has been updated to take account of the additional slippage of LGF from 2017/18 to 2018/19 and changes to project spend profiles, detailed in Table 5 below.

6.2. The forecast LGF spend in 2018/19, as set out in Table 4, totals £105.239m excluding DfT retained schemes. This is relative to the £129.523m available in 2018/19, through the 2018/19 LGF allocation from Government of £91.739m and the £37.784m available through carry forward of LGF from previous years of the programme. As such, LGF spend in 2018/19 is currently under-profiled by £24.284m, as set out in Table 6 below.

6.3. The forecast slippage of £24.284m LGF will be used help offset the difference between the planned spend and LGF available in 2018/19. However, opportunities to accelerate LGF spend on existing LGF projects from 2019/20 to 2018/19 will be sought during the financial year where this does not adversely impact the over-profiling of the LGF programme in 2019/20.

Table 4 LGF spend forecast in 2018/19

LGF (£m)	Planned spend in 2018/19 (as stated in March 2018)	Total latest forecast spend in 2018/19 (as reported in May 2018)	Variance*	Reasons for Variance	
				Additional spend/slippage identified for 2017/18	Slippage/acceleration of LGF spend between 2018/19 and future years of the programme (explained in Table 5)
East Sussex	16.368	16.650	0.282	0.282	0.000
Essex	18.550	17.606	-0.944	0.104	-1.048
Kent	23.764	21.621	-2.142	1.103	-3.245
Medway	16.436	13.266	-3.169	0.319	-3.488
Southend	17.074	13.733	-3.341	0.286	-3.627
Thurrock	9.702	10.961	1.260	3.964	-2.705
Skills	0.000	0.000	0.000	0.000	0.000
M20 Junction 10a	11.400	11.400	0.000	0.000	0.000
LGF Sub-Total	113.293	105.239	-8.055	6.059	-14.113
Retained	35.373	19.010	-16.363		
Total Spend Forecast	148.666	124.248	-24.418		

*Variance between the total planned spend in 2018/19 as reported in March 2018 and the total forecast LGF spend in 2018/19 as it currently stands.

Table 5 Identified slippages or acceleration between 2018/19 and future years of the programme (£m)

Project	Planned spend in 2018/19 (as agreed in March 2018) and LGF carried forward from 2017/18 (£m)	Latest LGF spend forecast (£m)	Re-profiling from 2018/19 to 2019/20 (£m)	Reason for Change	Board Decision
Essex					
A414 Pinch Point Package	0.000	0.487	0.487	Increase in LGF spend in 2018/19 due to the increased LGF allocation to the Project agreed by the Board in March 2018	The Board is asked to approve the acceleration of £0.487m LGF in 2018/19
A131 Chelmsford to Braintree	1.854	1.104	-0.750	The amount of LGF spend in 2018/19 has been adjusted in light of the acceleration of £0.750m in 2017/18.	The Board is asked to approve the slippage of £0.750m LGF from 2018/19 to future years of the LGF programme
A414 Harlow to Chelmsford	1.830	1.200	-0.630	The amount of LGF spend in 2018/19 has been adjusted to realign the project spend profile with the design and build	The Board is asked to approve the slippage of £0.630m LGF from 2018/19 to future years of the LGF programme

Capital Programme Management of the Local Growth Fund

Project	Planned spend in 2018/19 (as agreed in March 2018) and LGF carried forward from 2017/18 (£m)	Latest LGF spend forecast (£m)	Re-profiling from 2018/19 to 2019/20 (£m)	Reason for Change	Board Decision
				phasing.	
A131 Braintree to Sudbury	0.000	0.445	0.445	The potential to accelerate project LGF spend has been identified, subject to approval of the project under agenda item 5	The Board is asked to approve the acceleration of £0.445m LGF spend in 2018/19, subject to the approval of the project under agenda item 5
Chelmsford City Growth Area	4.000	2.500	-1.500	The amount of LGF spend in 2018/19 has been adjusted in light of the acceleration of £1.500m in 2017/18.	The Board is asked to approve the slippage of £1.500m LGF from 2018/19 to future years of the LGF programme
M11 Junction 8 Improvements	0.000	0.900	0.900	The potential to accelerate LGF spend on the project has been identified.	The Board is asked to approve the acceleration of £0.900m LGF spend in 2018/19.
Kent					
Kent and Medway Growth Hub (13 project)	0.043	0.661	0.618	LGF spend to be accelerated owing to	The Board is asked to approve the acceleration

Capital Programme Management of the Local Growth Fund

Project	Planned spend in 2018/19 (as agreed in March 2018) and LGF carried forward from 2017/18 (£m)	Latest LGF spend forecast (£m)	Re-profiling from 2018/19 to 2019/20 (£m)	Reason for Change	Board Decision
				additional LGF spend having been achieved in 2017/18.	of £0.618m LGF spend in 2018/19
A28 Chart Road	3.238	0.000	-3.238	Project issues. See section 8 below.	The Board is asked to approve the slippage of £3.238m LGF from 2018/19 to future years of the LGF programme.
Ashford International Rail Connectivity (Ashford Spurs)	3.595	2.434	-1.161	Project underspend has been identified. Decision to be sought from the Board at a future meeting on the proposed use of the LGF underspend	The Board is asked to approve the re-profiling of 1.161m from 2018/19 to future years of the LGF programme.
A226 London Road/ B255 St Clements Way	2.104	2.638	0.535	Potential to accelerate LGF spend has been identified.	The Board is asked to approve the acceleration of £0.535m LGF on the project in 2018/19.

Capital Programme Management of the Local Growth Fund

Project	Planned spend in 2018/19 (as agreed in March 2018) and LGF carried forward from 2017/18 (£m)	Latest LGF spend forecast (£m)	Re-profiling from 2018/19 to 2019/20 (£m)	Reason for Change	Board Decision
Medway					
A289 Four Elms Roundabout	2.155	1.880	-0.275	Project delays have been experienced due to the change of project scope agreed by the Board in February 2018	The Board is asked to approve the slippage of £0.275m LGF from 2018/19 to future years of the LGF programme.
Rochester Airport Phase 1	3.648	0.745	-2.903	Project change of scope has been proposed, as detailed in Agenda Item 10.	The Board is asked to approve the slippage of £2.903m LGF from 2018/19 to future years of the LGF programme.
Rochester Airport Phase 2	0.520	0.210	-0.310	Project change of scope has been proposed, as detailed in Agenda Item 10.	The Board is asked to approve the slippage of £0.275m LGF from 2018/19 to future years of the LGF programme.
Southend					
Southend Airport Business Park (Phases	14.591	10.964	-3.627	Slippage of LGF spend in 2018/19 to due to	The Board is asked to approve the slippage of

Capital Programme Management of the Local Growth Fund

Project	Planned spend in 2018/19 (as agreed in March 2018) and LGF carried forward from 2017/18 (£m)	Latest LGF spend forecast (£m)	Re-profiling from 2018/19 to 2019/20 (£m)	Reason for Change	Board Decision
1 and 2)				the delayed tender of site utility works.	£3.627m LGF from 2018/19 to future years of the LGF programme.
Thurrock					
London Gateway/ Stanford le Hope	5.245	2.541	-2.705	Slippage of LGF spend in 2018/19 due to programme delays. See section 8 below.	The Board is asked to approve the slippage of £2.705m LGF from 2018/19 to future years of the LGF programme.

Table 6 LGF spend relative to LGF available in 2018/19 (excluding retained schemes)

	(£m)
LGF allocation in 2018/19 from CLG	91.739
LGF carried forward from 2017/18	37.784
Total LGF available in 2018/19	129.523
Total LGF forecast spent in 2018/19	105.239
Total forecast slippage from 2018/19 to 2019/20	24.284

7. Retained schemes 2018/19 spend forecast update

- 7.1. LGF spend on retained schemes in 2018/19 is forecast to total £19.010m, reduced from planned spend of £35.373m LGF in 2018/19 as reported to the Board in March 2018.
- 7.2. The reduced LGF spend forecast in 2018/19 is due to a substantial decrease in the planned spend for the A13 widening project, as detailed in the project update report (Agenda Item 11). In addition, the Business Case for A127 The Bell project is not due to be considered by the Board for approval until September 2018 and as such, the spend forecast in 2018/19 has been reduced accordingly.
- 7.3. The revised planned spend for the A13 widening and the A127 The Bell has been accepted by the Department for Transport (DfT) and the DfT will be releasing LGF for these two retained projects in line with the revised spend forecasts.

8. Deliverability and Risk

- 8.1. Appendix 3 sets out a delivery update and risk assessment for all projects included in the LGF programme, as summarised in Table 7 below. A score of 5 represents high risk whereas a score of 1 represents low risk.
- 8.2. The risk assessment has been conducted in accordance with the Ministry for Housing and Local Government (MHCLG) guidance for the assessment of LGF projects based on:
- 8.2.1. Delivery – considers project delays and any delays to the delivery of project outputs/outcomes
 - 8.2.2. Finances – considers changes to project spend profiles and project budget
 - 8.2.3. Reputation – considers the reputational risk for the delivery partner, local authority and LEP

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

Score	Delivery	Financials	Reputation	Overall
5	13	7	2	6
4	13	12	3	14
3	15	13	17	21
2	13	16	13	17
1	43	49	62	39
Total	97	97	97	97

8.3. Further detail is provided for the five projects which are identified as having a high overall project risk (overall risk score of 5)

- Beaulieu Park Railway Station

The project is currently categorised as high risk owing to the current substantial funding to deliver the project. The project has passed to the next stage of assessment to secure funding through MHCLG Housing Infrastructure Funding (HIF), but a Business Case and further assessment is required before the HIF can be secured. In addition, there is a risk that the full £12m LGF allocation will not be spent within the Growth Deal period.

SELEP and Essex County Council are working to seek confirmation from Central Government about the implications for the LGF spend extending beyond the Growth Deal period. In addition, confirmation is being sought from MHCLG about the timescales and process for the submission of the project Business Case in order to secure HIF.

- A28 Chart Road

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. Whilst LGF spend was due to be accelerated in 2017/18 to support the start of start of project construction in 2018/18, the vegetation clearance work has now been put on hold and the LGF spend forecast for the project has been reduced.

Kent County Council is currently reviewing alternative delivery options for the scheme. A further detailed updated on project will be provided to the Board in September 2018, to consider the potential options in relation to the Project.

- Maidstone Integrated Transport Package (ITP)

The first phase of the Maidstone ITP, for junction improvements at either end of Wilmington Street, was awarded £1.3m LGF funding in November 2015. There are also developer contributions which completes the funding package. However, the Phase 1 project is currently on hold pending further local consideration of the proposed scheme. A detailed updated on the delivery of Phase 1 is presented under agenda item 1, alongside the consideration of Phase 2 for the award of £2.7m LGF for M20 Junction 5 Coldharbour scheme.

- Thanet Parkway

In total, Thanet Parkway project is allocated £10m LGF. At the outset of 2018/19 financial year the LGF spend profile was adjusted to re-profile the LGF spend towards the end of the LGF programme. The project is rated as high risk owing to the substantial funding gap for the project. Discussions with potential third party investors are ongoing but have not been successful to date. As such, whilst the development of the project progresses towards Network Rail GRIP Stage 4, no LGF

has been approved by the Board to date until the funding package is in place to deliver the project.

- Rochester Airport

Following an increase in project cost having been identified, a change of project scope is sought. Under agenda item 10 a full update is provided on the delivery of Rochester Airport Phase 1 and Phase 2 project for consideration by the Board.

- Stanford le Hope/ London Gateway

An increase to the total cost of the project has been identified, which is expected to result in a project funding shortfall. The project will progress to the completion of detailed design work in order to confirm the revised project cost estimate. A full project update will be provided to the Board following the completion of the detailed design work.

9. LGF Programme Risks

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

Availability of LGF to align with project spend profiles

Risk: The availability of LGF during future years of the LGF programme does not match the forecast spend profile for LGF projects. As shown in Figure 1, the forecast LGF spend in 2019/20 exceeds the expected amount of LGF available in 2019/20 by £11.609m.

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

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

Risk: The provisional outturn position for 2017/18, detailed in section 4 above, identifies a slippage of £37.784m LGF from 2017/18 to future years of the growth deal programme. The slippage of LGF spend 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. The backloading of LGF spend will also create delivery pressures during the final years of the Growth Deal programme.

Capital Programme Management of the Local Growth Fund

Mitigation: There will be clear communication with Government about the successful delivery of LGF projects to date and the need for SELEP to retain LGF slippage to help manage the availability of LGF in 2019/20.

Recommendations are also being made to the SELEP Strategic Board for the reallocation of LGF where it is not possible to demonstrate the deliverability of LGF and spend of LGF projects within the Growth Deal period (to March 2021).

Governments funding commitment to future years of the LGF Programme

Risk: Currently Government has only given a provisional funding allocation for future years of the LGF programme and the level of LGF to be received by SELEP has yet to be confirmed.

Mitigation: SELEP continues to seek assurances and formal confirmation of SELEP's LGF allocation to future years of the programme. In addition, SELEP continues to demonstrate strong governance arrangements through compliance with the Mary Ney recommendations on Governance and Transparency, with compliance with the LEP National Assurance Framework and recommendations of the Mary Ney review is a condition for SELEP's LGF and core funding award.

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 housing delivery from 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: SELEP has commenced work, with the SELEP Independent Technical Evaluator (ITE), developing new templates for the completion of post scheme evaluation data to provide a consistent approach to the monitoring of project outputs and outcomes following scheme completion.

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.

Total project cost escalation

Risk: For certain LGF projects included in our Growth Deal, the total cost estimate has increased since the original bid submission and provisional LGF allocation was awarded. Increases in total project costs may impact on our ability to deliver the

projects and outcomes/outputs which SELEP committed to achieve through LGF investment. Escalations in project cost may also impact on the Value for Money case for projects included in our Growth Deal.

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

10. Financial Implications (Accountable Body comments)

- 10.1. The declared provisional outturn for 2017/18 (not including retained schemes) is £8.125m lower than declared at the March Accountability Board. The total slippage compared to available funds for the year is £37.784m or 32%. This large volume of slippage presents both a reputational and a delivery risk to the partnership. Continued slippage in delivery and spend may impact the future potential LGF grants from Government. However, the recently received grant determination for 2018/19 was in line with expectations and the indicative allocations for future years also are in line with previously provided figures.
- 10.2. 2019/20 continues to be over-programmed at a net level of approximately £11.6m. Accountability Board is reminded that the Accountable Body will not make payments to partners, if those payments would put the Partnership into a cash deficit position. This presents a delivery risk to partners who are currently programming spend in 2019/20. Considering past performance, it is likely that further slippage will occur through the year, but to offset the funding gap in 2019/20, it will be necessary for £11.6m of delivery to slip further into the final year of the programme. It is recommended that the Partnership and partners identify which projects will slip delivery into 2020/21 as soon as practicable so the implications of that can be considered.
- 10.3. There continues to be a high risk of spend and delivery continuing beyond the end of the planned programme at 31 March 2021. The further slippage of delivery outlined above would further increase that risk. It is now imperative that assurances are given by Central Government on extending the programme beyond the March 2021 date. It is recommended that in the next Capital Programme update, a list of projects that could potentially slip beyond the March 2021 date is provided to the Board.

11. Legal Implications (Accountable Body comments)

- 11.1. There are no legal implications in this report.

12. Equality and Diversity implication

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

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

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

12.3. In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and 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 – South East LEP Grant Offer Letter 2018/19
- 12.2 Appendix 2 – LGF financial update
- 12.3 Appendix 3 – Project deliverability and risk update
- 12.4 Appendix 4 – Skills Capital 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	
Stephanie Mitchener (On behalf of Margaret Lee)	7/6/18



Ministry of Housing,
Communities &
Local Government

Cities and Local Growth Unit
1st Floor, Fry Building,
2 Marsham Street,
London,
SW1P 4DF
11 April 2018

By email: adam.bryan@essex.gov.uk

Dear Adam,

Local Growth Fund 2018-19 payment

I am writing to confirm the arrangements for Local Growth Fund (LGF) grant payments to be made in 2018-19 by the Ministry of Housing, Communities and Local Government ('MHCLG') to Essex County Council ('the Council') as the Accountable Body for South East LEP.

A LGF capital grant payment of £91,738,956 will be made to the Council on or around 20 April 2018. This letter confirms that, following the successful conclusion of the annual conversation process, the LEP will receive its previously indicative 2018-19 allocation in full. A copy of the section 31 grant determination is attached to this letter.

April 2018 Payments	Future indicative	
2018-19	2019-20	2020-21
£91,738,956	£54,914,715	£77,873,075

The Annual Conversation

Thank you for your participation in this year's annual conversation process and the subsequent Deep Dive. This is important for assuring all concerned that the LEP's governance, delivery and strategy are meeting the required standards and that the Growth Deals are securing value for money. As a two way conversation we gathered useful feedback through each of the meetings and I hope you found it to be a helpful and constructive process. We will continue to reflect on how improvements can be made to the process for future years, working with the LEP Network. The performance review undertaken by government also sought to highlight any areas where there may be need for further development or where there is good practice to be shared.

In your annual conversation feedback we identified a number of areas of improvement and agreed some actions. I would like to acknowledge the actions you

have taken or agreed to take following the annual conversation, in particular those agreed by your Strategic Board on 15 March:

- to review the processes surrounding recruitment to and operation of the strategic and federated boards and make any necessary changes e.g. to fixed term tenures for business representatives;
- reaffirming the intention to create a new Investment Panel to act as a sub-committee of the Strategic Board;
- to develop a standard approach to calls for projects and to develop a project pipeline which maximises the use of any underspends on projects of the highest quality and priority.

At the same time I must remind you that future awards will remain subject to the outcome of future annual conversations and compliance with the LEP National Assurance Framework.

Funding Requirements

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

1. It will be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal. Within that we expect you and your Accountable Body to use the freedom and flexibilities that you have to manage your capital budgets between programmes.
2. It will be deployed solely in accordance with decisions made through the Local Assurance Framework agreed between the LEP and the Accountable Body. This must be compliant with the standards outlined in the LEP National Assurance Framework.
3. That you will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
4. That the LEP and Accountable Body follow the branding guidance and communicate the on-going outcomes and outputs of their growth deal.

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

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

As set out in your original Growth Deal, we expect that the LEP and the Accountable Body will communicate the on-going outcomes and outputs of their Growth Deals, using appropriate branding and ensuring that local people understand how Government money is being spent. The LEP should also continue to discuss publicity opportunities for Growth Deal projects with your Government Area Lead and through the LEP Communications Leads Group.

Growth Hubs Funding 2018-19

In addition to the LGF grant detailed above, your LEP will also receive an allocation of £656,000 for 2018-2019 Growth Hub funding. This money will be managed via local authority Accountable Bodies and grants are issued under Section 11 of the Industrial Development Act, payable quarterly in advance. Funding will be subject to the terms and conditions detailed in the 2018-2019 Growth Hub grant offer letters issued by the Department for Business, Energy and Industrial Strategy (BEIS). Following acceptance by the Accountable Body of their grant offer letter the first quarterly payment can be claimed from 16 April 2018.

LEP Assurance Framework

Thank you for your work in implementing the recommendations of the Ney Review set out in the best practice guidance. As you are aware there is an expectation within Government that LEPs adopt a continuous improvement approach to transparency and accountability, and I ask that you commit to working with us to continue to strengthen our approach. In some cases, this will involve us approaching you with an indication of where further improvements are required. The LEP Network will also continue to support you with the sharing of best practice and learning amongst LEPs on assurance and transparency.

In her review, Mary Ney also recommended that a risk based approach should be used to identify LEPs where a deep dive on governance and transparency would be of assistance.

The South East LEP deep dive assessed whether the LEP was operating as described in its Local Assurance Framework and whether it met the requirements of both the National Assurance Framework and the Mary Ney recommendations.

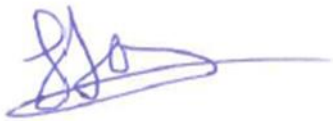
I would like to personally thank you, the SELEP board members and staff for being helpful, open and transparent throughout the Deep Dive. I am pleased to see in the draft report, which you have already seen, and further correspondence with my team that you have already taken forward many of the actions raised as part of our annual assurance process.

LEP Core Funding

In line with last year you will be paid £500,000 LEP core funding for 2018-19. This is revenue funding and will be paid alongside 2018-19 Growth Deal funding on 20 April 2018.

I am copying this letter to the Section 151/73 officer for your Accountable Body and to your Cities and Local Growth Unit Area Lead.

Yours,

A handwritten signature in blue ink, appearing to read 'S. Jones', with a long horizontal line extending to the right.

STEPHEN JONES

Director, Cities and Local Growth Unit

Capital Programme Report Appendix 2 - LGF financial update

May-18

SELEP Number	Project Name	Promoter	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	All Years
			Total (2015/16)	Total (2016/17)	Total (2017/18)	2018/19 (Total)	2019/20	2020/21	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 scheme	East Sussex	0.000	0.000	0.254	0.588	1.258		2.100
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	0.600	0.370	1.630	0.735	1.765	1.500	6.600
LGF00036	Queensway Gateway Road	East Sussex	1.419	1.121	5.000	2.460			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			18.600
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	0.000	0.000	0.345	2.012	3.195	3.448	9.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex							0.000
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	0.000	0.550	0.245	4.205	1.000	2.000	8.000
LGF00073	A22/A27 junction improvement package	East Sussex	0.000	0.000		0.000		1.000	1.000
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.000	0.000	0.667	0.000			0.667
LGF00097	East Sussex Strategic Growth Project	East Sussex	0.000	0.000	3.550	4.650			8.200
LGF00099	Devonshire Park	East Sussex	0.000	0.000	5.000	0.000			5.000
Essex									
LGF00004	Colchester Broadband Infrastructure	Essex	0.200	0.000	0.000				0.200
LGF00025	Colchester LSTF	Essex	0.911	1.489	0.000				2.400
LGF00026	Colchester Integrated Transport Package	Essex	1.527	0.673	1.400	1.400			5.000
LGF00027	Colchester Town Centre	Essex	0.955	2.849	0.796				4.600
LGF00028	TGSE LSTF - Essex	Essex	2.131	0.869	0.000				3.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	5.870	2.130	2.000	0.487			10.487
LGF00032	A414 Maldon to Chelmsford RBS	Essex	1.000	1.000	0.000				2.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	0.409	0.605	1.986				3.000
LGF00034	Basildon Integrated Transport Package	Essex	1.633	0.000	0.000	2.800	3.100	1.467	9.000
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	6.800	-1.000	0.000				5.800
LGF00048	A131 Chelmsford to Braintree	Essex	0.000	0.000	1.396	1.104	1.160		3.660
LGF00049	A414 Harlow to Chelmsford	Essex	0.000	0.000	0.000	1.200	0.973		2.173
LGF00050	A133 Colchester to Clacton	Essex	0.000	0.000	0.000	1.370	1.370		2.740
LGF00051	A131 Braintree to Sudbury	Essex	0.000	0.000	0.000	0.445	1.355	0.000	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	0.000	0.000	0.000	0.800		0.800
LGF00070	Beaulieu Park Railway Station	Essex	0.000	0.000	0.000		7.000	5.000	12.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.000	0.000	0.667				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			3.500
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	0.000	0.000	1.000	1.000			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			3.200	3.035	6.235
LGF00103	M11 Junction 8 Improvements	Essex	0.000	0.000		0.900	1.300	0.500	2.700
LGF00105	Mercury Rising Theatre	Essex				1.000			1.000
Kent									
LGF00003	Kent and Medway Growth Hub	Kent	0.000	0.389	2.951	0.661	1.000	1.000	6.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	1.833	0.799	0.000	0.000			2.631
LGF00007	Sittingbourne Town Centre Regeneration	Kent	0.345	2.155	0.001	0.000			2.500
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	0.488	1.712	0.000	0.000			2.200
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/)	Kent	0.603	0.189	0.049	0.959			1.800
LGF00010	Kent Thameside LSTF	Kent	2.051	0.480	0.720	0.348	0.500	0.400	4.500
LGF00011	Maidstone Gyrotory Bypass	Kent	0.704	3.724	0.171	0.000			4.600
LGF00012	Kent Strategic Congestion Management programme	Kent	0.863	0.687	0.604	0.766	0.940	0.940	4.800
LGF00013	Middle Deal transport improvements	Kent	0.000	0.800	0.000	0.000			0.800
LGF00014	Kent Rights of Way improvement plan	Kent	0.193	0.056	0.137	0.213	0.200	0.200	1.000
LGF00015	Kent Sustainable Interventions Programme	Kent	0.143	0.406	0.529	0.563	0.500	0.586	2.728
LGF00016	West Kent LSTF	Kent	0.800	1.308	0.333	1.159	0.700	0.600	4.900
LGF00017	Folkestone Seafont : onsite infrastructure and engineering works	Kent	0.533	0.008	0.000	0.000			0.541
LGF00038	A28 Chart Road	Kent	0.885	0.984	2.093	0.000	3.119	3.119	10.200
LGF00039	Maidstone Integrated Transport	Kent	0.000	0.265	1.114	2.371	3.285	1.865	8.900
LGF00040	A28 Sturry Link Road	Kent	0.000	0.401	0.385	1.047	2.064	2.003	5.900
LGF00053	Rathmore Road	Kent	1.562	2.638	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			2.000
LGF00059	Ashford Spurs	Kent	0.000	0.167	4.173	2.434	2.000		8.774
LGF00041	Thanet Parkway	Kent	0.000	0.000	0.000	1.000	7.355	1.645	10.000
LGF00058	Dover Western Dock Revival	Kent	0.000	4.915	0.085	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			5.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	0.000	0.715	0.846385	2.638			4.200

Capital Programme Report Appendix 2 - LGF financial update **May-18**

SELEP Number	Project Name	Promoter	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	All Years
			Total (2015/16)	Total (2016/17)	Total (2017/18)	2018/19 (Total)	2019/20	2020/21	All Years
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.000	0.000	0.063	0.604			0.667
LGF00086	Dartford Town Centre Transformation	Kent	0.000	0.000	0.000	2.250	1.604	0.446	4.300
LGF00088	Fort Halsted	Kent	0.000	0.000	0.000	0.200	0.200	1.130	1.530
LGF00092	A2500 Lower Road	Kent	0.000	0.000	0.299	0.869	0.054	0.044	1.265
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	0.000	0.000	1.953	2.167	2.000		6.120
LGF00096	A2 off-slip at Wincheap, Canterbury	Kent	0.000	0.000	0.000	0.354	1.388	2.658	4.400
LGF00094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	0.000	0.000	0.000	0.000	1.740	2.896	4.636
LGF00106	Sandwich Rail Infrastructure	Kent	0.000	0.000	0.000	1.016		0.010	1.026
Medway									
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvement	Medway	0.298	0.402	0.347	1.880	4.275	3.899	11.100
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	0.200	1.772	0.944	6.085			9.000
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	0.870	0.945	0.881	1.303			4.000
LGF00021	Medway Cycling Action Plan	Medway	0.228	1.150	0.919	0.203			2.500
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	0.300	0.181	0.035	0.462	1.022		2.000
LGF00061	Rochester Airport - phase 1	Medway	0.000	0.179	0.182	0.745	3.293		4.400
LGF00089	Rochester Airport - phase 2	Medway	0.000	0.000	0.000	0.210	1.820	1.670	3.700
LGF00091	Strood Civic Centre - flood mitigation	Medway	0.000	0.000	1.122	2.378			3.500
Southend									
LGF00005	Southend Growth Hub	Southend	0.018	0.702	0.000				0.720
LGF00107	Sothend Forum 2	Southend	0.000	0.000	0.000	0.500	1.000	4.500	6.000
LGF00029	TGSE LSTF - Southend	Southend	0.800	0.200	0.000				1.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	0.000	0.767	1.296	2.269	2.668		7.000
LGF00057	London Southend Airport Business Park Phase 1 and 2 (including Southend and Rochford)	Southend	0.000	2.366	2.076	10.964	7.684	0.000	23.090
Thurrock									
LGF00030	TGSE LSTF - Thurrock	Thurrock	0.569	0.162	0.015	0.254			1.000
LGF00046	Thurrock Cycle Network	Thurrock	-	0.096	2.384	2.520			5.000
LGF00047	London Gateway/Stanford le Hope	Thurrock	-	0.663	1.592	2.541	2.705		7.500
LGF00052	A13 Widening - development	Thurrock	-	2.708	-	2.292			5.000
LGF00056	Purfleet Centre	Thurrock	-	0.695	0.950	3.355	-	-	5.000
LGF00104	Grays South	Thurrock	-	-	-	-	3.000	7.840	10.840
Managed Centrally									
LGF00001	Skills	Skills	9.923	11.980	0.071				21.975
LGF00071	M20 Junction 10a	Kent			8.300	11.400			19.700
			55.562	69.730	80.732	105.239	90.808	57.900	459.971

Provisional LGF Funding allocation (excluding retained schemes)	69.450	82.270	92.088	91.739	54.915	77.873	468.335
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LGF carried forward	13.888	26.428	37.784	24.284	-11.609
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LGF Option 4 and 5 mitigation 2015/16	13.888				
LGF Option 4 and 5 mitigation 2016/17		26.428			
Forecast LGF slippage 2017/18			37.784		
Forecast LGF slippage 2018/19				24.284	
Forecast LGF slippage 2019/20					-11.609

DfT Retained schemes									
LGF00079	A127 Fairglen Junction Improvements	Essex (retaine	0.000	0.000	0.000			4.750	15.000
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex (retaine	0.513	3.487	0.000	0.000	0.000		4.000
LGF00081	A127 Kent Elms Corner	Southend (ret	0.500	2.389	1.411	0.000			4.300
LGF00082	A127 The Bell	Southend (ret	0.000	0.000	0.000	0.400	1.100	2.800	4.300
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend (ret	0.400	0.289	0.311	1.000	3.000	3.000	8.000
LGF00084	A13 Widening	Thurrock (reta	-	-	13.408	17.610	29.474	5.565	66.058

Appendix 3 Deliverability and Risk Update

SELEP number	Project Title	Promoter	LGF allocation	Accountability Board Decision	Project Update	project completion	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
East Sussex												
LGF00002	Newhaven Flood Defences	East Sussex	1.500	Approval for spend of full LGF allocation	Construction started Nov 2016 and is scheduled to be completed by autumn 2019. Construction constraints in the port area have required the EA to review the final design proposals and they are consulting with ESCC on flood risk. ESCC financial contributions are now finished but monitoring of the project continues. Construction in areas 3 and 4 on the western bank are now substantively complete, with work looking to progress onto the eastern bank and the port area.	Feb-20	1	Being implemented	1	On track	1	
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	2.100	Approval for spend of full LGF allocation	Business case to unlock LGF allocation approved by SELEP Accountability Board in 16/17 Q4. Consultation on Phase 1 proposals in September 17. 17/18 allocation of £2.1m; anticipated spend in the 17/18 capital programme of local transport improvements is £0.140m. Anticipated slippage of spend as whilst all schemes to be funded were assumed to have some level of construction during 2017-18, due to design complexities on all schemes construction is now not envisaged until 2018-19 at the earliest.	Mar-19	5	To be implemented 17/18	2	To be implemented 17/18	1	
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	6.600	Approval for £2m allocation. Approval to be sought from the Board for the remaining allocation	The programme has now been agreed for the 2017/18 year and there is strong confidence in the spend ability for this scheme including slippage from previous years. Potential for acceleration of spend in this financial year up to the approved value. Construction of the Horsey Cycle Path phase 3 is now well under way and spend in this financial year is secure.	Mar-21	1	Technical delivery issues from previous years have been overcome.	1	Project on course for delivery following delays in previous years. Looking to accelerate delivery this financial year	1	
LGF00036	Queensway Gateway Road	East Sussex	10.000	Approval for spend of full LGF allocation	Construction of the embankment has slowed due to adverse weather conditions however the overall delivery programme remains unaffected as additional works will now be incorporated into future phases. Agreement reached on the relocation of Bartletts SEAT and remaining construction phase contracts agreed with Breheny Civil Engineering. Additional funding sought through reallocation of other LGF monies	Jan-19	4	Higher than expected tender returns for phase 2 of the construction as well as issues surrounding connection to the A21 have created the need for a redesign which could have significant planning implications	4	LGF spend in this financial year is secure but project overspend is likely with more funding required in 2018/19	5	
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	1.400	Approval for spend of full LGF allocation	The LGF portion of the project is now complete and the site is already home to a single occupancy unit of 3000sqm. Development of the phase 2 starter units has now begun with land clearance taking place and piling plans being drawn up.	Mar-17	1	Project Complete	1	Project Complete	1	
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	1.700	Approval for spend of full LGF allocation	This project is now complete with all three sites fully access enabled with substial improvements to the utility provision. There have been a number of enquiries about development on the sites with Heads of terms agreed for 1 company and planning permission in progress.	Mar-17	1	Project Complete	1	Project Complete	1	
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	18.600	Approval for spend of full LGF allocation	Phase 1 of the development now complete (with the exception of the crossing over the Combe Haven which was granted planning permission in Aug 2017). Installation of the Combe Haven culvert complete. Piling under the northern embankment complete. Construction of the northern embankment underway. Progress in construction has slowed due to prolonged poor weather in December meaning that completion is now expected in April/May rather than March. Additional funding sought through reallocation of other LGF monies. This will be confirmed by the SE LEP Accountability Board in Feb 2018	May-18	3	Amended planning application is required and increase in the total cost of the Project	4	Delayed LGF spend in 2016/17 resulting in substantial project spend in 2017/18.	3	
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	9.000	Approval for spend of full LGF allocation	£12m package which now combines the former Walking and Cycling package and Junction Improvement package. Business case to unlock £12m LGF allocation submitted to SELEP ITE and will be considered by Accountability Board in 17/18 Q4. £1.5m allocated for 17/18. Forecast spend at Q3 is 0.6m. Anticipated slippage in spend as a result of design work in a number of areas has not yet commenced and construction delayed.	Mar-21	1		1		1	
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex	0.000		Merged with LGF00042 and removed from the programme	Mar-21						
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	8.000	Approval for Phase 1. Approval to be sought from the Board for the remaining LGF allocation.	The project has experienced delays due to an extended consultation process regarding the placement and access to bus stops - informal consultation on bus stop locations undertaken Spring 2017 and TROs to be advertised late 2017. Detailed design completed with tenders to go out Oct 2017 and works now programmed to start March 2018 (but will need to tie into the timescales which Arndale are working to regarding the extension to the shopping centre) therefore anticipated slippage in spend compared to budget.	Mar-21	4	Delay to scheme and increase in total project cost.	4	Delayed LGF spend in 2016/17 and 2017/18.	5	

Appendix 3 Deliverability and Risk Update

SELEP number	Project Title	Promoter	LGF allocation	Accountability Board Decision	Project Update	project completion	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
LGF00073	A22/A27 junction improvement package	East Sussex	1.000	Approval to be sought at a future meeting of the Board	LGF funding reduced from £4 to £1m. The funding will be used towards the A22 GJW/A27 roundabout and A22 GJW/Dittons Road roundabout improvements as identified in the Wealden Local Plan IDP and Wealden Local Plan Transport Study. Design work to commence in 2018/19. Other junction improvements at A2270/Wannock Road/Polegate HS to be funded through HPE MAC LGF allocation and A27/A2270 signals through HE's A27 smaller scale intervention package. Scheme at Cophall dependent on outcome of A27 East of Lewes study considering more comprehensive solutions between Lewes and Polegate.	Mar-21	1	Project currently at feasibility stage	1	No LGF spend until future years of the programme.	1	
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.667	Approval for spend of full LGF allocation	Grant agreement between ESCC and HBC has been signed. Property has been identified and purchased. All LGF funds have been defrayed to project partner. The housing association Optivo who have taken possession of the property are now developing a plan for full refurbishment of the property to create 16 social housing units as part of the Coastal Space programme.	Apr-19	2	Property approved and purchased however	2		1	
LGF00097	East Sussex Strategic Growth Project	East Sussex	8.200	Approval for spend of full LGF allocation	Reserved matters application for High Weald House in Bexhill has been approved. Groundworks at the site have been substantively completed and negotiations with a preferred contractor for the completion of the project are now underway. Delays in the planning process and the appointment of a main contractor have meant that there is likely to be substantial slippage of spend from this financial year in to the early months of 2018/19.	Mar-21	5	Due to delays in the appointment of a main contractor this project has been delayed by approximately 4 months.	1		1	
LGF00099	Devonshire Park	East Sussex	5.000	Approval for spend of full LGF allocation	The grant agreement between ESCC and EBD has been signed and the first claim of £3.4m for works undertaken in this financial year has been settled. Accelerated spend for this project has been agreed by the SE LEP and an additional claim for £1.6m will be expected in Q4. Ground works and piling for the welcome building have now been completed. The building is scheduled for completion Dec 2018.	Dec-19	1		1		1	
Essex												
LGF00004	Colchester Broadband Infrastructure	Essex	0.200	Approval for spend of full LGF allocation	Completed in 15/16.	Mar-16	1	Complete	1	Complete	1	
LGF00025	Colchester LSTF	Essex	2.400	Approval for spend of full LGF allocation	Completed	Dec-16	1	Complete	1	Complete	1	
LGF00026	Colchester Integrated Transport Package	Essex	5.000	Approval for spend of full LGF allocation	Mainly design for future packages	Mar-21	4	Being implemented some procurement issues on one package.	2	One package has seen increased costs.	1	No current reputational risk.
LGF00027	Colchester Town Centre	Essex	4.600	Approval for spend of full LGF allocation	Lexden Rd remaining	Jan-18	2	Delay to programme due to revise design for Lexton Bus Lane.	2	Slippage of LGF spend to 2017/18	2	Elements of the scheme have proved unpopular.
LGF00028	TGSE LSTF - Essex	Essex	3.000	Approval for spend of full LGF allocation	Completed.	Mar-17	1	Complete	1	Complete	1	
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	10.487	Approval for spend of full LGF allocation	Final packages in design/ on site	Mar-19	3	Some large variances from original programmes.	3	Slippage of LGF spend to 2017/18	1	Unlikely to be a reputational issue given the high level of outputs associated with the programme.
LGF00032	A414 Maldon to Chelmsford RBS	Essex	2.000	Approval for spend of full LGF allocation	Completed Dec 16.	Dec-16	1	Complete	1	Complete	1	
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	3.000	Approval for spend of full LGF allocation	On Site	Mar-18	1	Complex project and project delays previously experienced	1		1	
LGF00034	Basildon Integrated Transport Package	Essex	9.000	Approval for phases 1 and 2. Approval for Phase 3 to be sought from a future Board meeting.	Design work for tranche 2 progressing.	Mar-21	3	Major issues with land owner threaten to undermine the business case.	2	Issues with landowner has the potential to add cost.	2	Potential for escalation to formal legal proceedings.
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	5.800	Approval for spend of full LGF allocation	Completed.	Apr-15	1	Complete	1	Complete	1	
LGF00079	A127 Fairglens Junction Improvements	Essex	15.000	Approval to be sought at a future meeting of the Board	In PCF Stage 1	Apr-22	3	Risk of delivery extending beyond Growth Deal period and DfT / HE processes and planning (tbc) present programme risks.	2	Cost plan being worked up.	1	
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex	4.000	Approval for spend of full LGF allocation	Mixture of site works and design activity.	Mar-20	1	Being implemented	1	LGF fully spent	1	
LGF00048	A131 Chelmsford to Braintree	Essex	3.660	Approval for spend of full LGF allocation	Initial packages now on site	Mar-20	1		1		1	
LGF00049	A414 Harlow to Chelmsford	Essex	2.173	Approval for spend of full LGF allocation	All packages in detailed design	Mar-20	1		1	No LGF spend forecast until 18/19	1	
LGF00050	A133 Colchester to Clacton	Essex	2.740	Approval for spend of full LGF allocation	All packages in detailed design	Mar-20	1		1	No LGF spend forecast until 18/19	1	
LGF00051	A131 Braintree to Sudbury	Essex	1.800	Approval to be sought during Board meeting Jun 2018	Yet to develop full programme.	Mar-21	2		2	No LGF spend forecast until 19/20	1	

Appendix 3 Deliverability and Risk Update

SELEP number	Project Title	Promoter	LGF allocation	Accountability Board Decision	Project Update	project completion	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
LGF00063	Chelmsford City Growth Area Scheme	Essex	10.000	Approval for spend of full LGF allocation	Business case due to go to Feb 18 Board	Mar-21	2		1	No LGF spend forecast until 17/18. Consultation > possible delay risk	2	
LGF00064	Chelmsford Flood Alleviation Scheme	Essex	0.800	Approval to be sought at a future meeting of the Board	Stalled due to legal issues.	TBC	1	Risk with Environment Agency	1	Risk with Environment Agency	1	Risk with Environment Agency
LGF00070	Beaulieu Park Railway Station	Essex	12.000	Approval to be sought at a future meeting of the Board	About to enter GRIP Stage 3.	TBC	4	Complex. Delay could also mean implementation post-LGF programme period.	5	Complex rail project and total project cost is currently uncertain	4	
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.667	Approval for spend of full LGF allocation	Discussing with legal transfer of capital to districts.	Jun-19	1		1		1	
LGF00095	Gilden Way Upgrading, Harlow	Essex	5.000	Approval for spend of full LGF allocation	In design stages.	Q4 2021	2	Links in with junction 7a construction..	1		1	
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	3.500	Approval for spend of full LGF allocation	Contractor Procurement	Sep-18	1		1		1	
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	2.000	Approval for spend of full LGF allocation	Developing business case	Jan-19	1		1		1	
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	5.000	Approval for spend of full LGF allocation	Two campus sites being progressed.	Jan-19	1		1		1	
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	6.235	Approval to be sought at a future meeting of the Board	Initial design stages.	Apr-22	3	Risk of delivery extending beyond Growth Deal period and DfT / HE processes and planning (tbc) present programme risks.	2	Cost plan being worked up.	1	
LGF00103	M11 Junction 8 Improvements	Essex	2.700	Approval for spend of full LGF allocation	Currently trying to plug funding gap.	Mar-21	1		3	Concern on £1m	2	
LGF00105	Mercury Rising Theatre	Essex	1.000	Approval for spend of full LGF allocation	Match funding all now in place.	Mar-20	1		1		1	
Kent												
LGF00003	Kent and Medway Growth Hub	Kent	6.000	Approval for spend of full LGF allocation	Phases 1 - 5 complete. Phase 6 has now closed to applicants with three companies being taken forward with a total loan value of £0.95m. Jupiter Diagnostics cannot complete until they have concluded their funding round (which will be in May 2018). Task Masters (£0.1m) and Bulgaro (£0.35m) have both had loans agreed and defrayed in full.	Mar-21	2	Alternative Security and the requirement to return to panel has delayed the drawdown of some loans by applicants.	1	Large underspend in 2016/17, however this has been recovered in 2017/18 with a realistic profile of spend now in place for later years.	1	Annual Project of Loans available to SMEs. Strict criteria means that companies are not always successful in their applications.
LGF00006	Tonbridge Town Centre Regeneration	Kent	2.631	Approval for spend of full LGF allocation	Main works complete (June 2016) - Main Works completed on High Street (Phase 1), River Walk improvements and Hadlow Road/Cannon lane junction improvements (Phase 2) but some supplementary High Street footway improvements are planned with £50K 3rd party funding.	Scheme Delivered (Phase 1 completed - High Street improvements June 2016 Phase 2 completed - River Walk improvements April 2017 / Hadlow Road/Cannon Lane junction improvements completed September 2016)	1	Phase 1 completed - High Street improvements June 2016 Phase 2 completed - River Walk improvements April 2017 / Hadlow Road/Cannon Lane junction improvements completed September 2016.	1	Complete	1	
LGF00007	Sittingbourne Town Centre Regeneration	Kent	2.500	Approval for spend of full LGF allocation	The first phase of the S278 works are complete (including West Street, St Michaels Road) except for the final surfacing, lining and completion of lighting columns in West Street. It is envisaged that these elements will be completed as part of phase 3 following completion of the diversion to enable phase 2. Phase 2 highway works are now planned for the end of May 2018 subject to agreement from KCC Street Works team. The Milton Road crossing point to connect Morrisons with the Big Box Retail is also now complete, but the high friction surfacing needs to be applied to the road surface. The Swale BC and NR land swap completions are still ongoing and scheduled for completion at the end of May 2018 at the same time as the finalised S278 agreement with KCC. The remaining phases are scheduled for completion by September 2018. Once complete, the works will release the multi-storey car park and leisure areas, taking the Spirit of Sittingbourne regeneration project forward significantly.	Sep-18	4	Delivery of outputs (cinema and retail still on target) but delayed significantly	1	LGF allocation spent in full in 2016/17 and is underwritten by Swale BC, further breakdown of match fund spend requested from 3rd party	3	Public perception of scheme may be poor due to long term nature of project and signing about upcoming scheme. Works now on site so need to progress to revised schedule
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	2.200	Approval for spend of full LGF allocation	Main works complete (Feb 2017)	Feb-17		Main works complete (Feb 2017)				

Appendix 3 Deliverability and Risk Update

SELEP number	Project Title	Promoter	LGF allocation	Accountability Board Decision	Project Update	project completion	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
LGFO0009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells)	Kent	1.800	Approval for spend of full LGF allocation	Following consideration of the consultation responses on the A26 Cycle Route, feedback from Tunbridge Wells Joint Transport Board and further engagement with key stakeholders, the decision has been taken to proceed with phases one and three only at this stage as the road widths are too narrow for a cycle lane through phase 2.	Scheme Delivered (Phase 1 - May 2016) Phase 2 - 31/03/2019	4	Business case approved in Sept 17 but overall works delayed while decision on final scheme is taken.	4	Amended spend profile for 2018/19 to reflect updated project programme and current scheme.	2	Phase 1 delivered on time, current delivery still on programme with consultation material and Tunbridge Wells and T&M being kept updated with final scheme options
LGFO0010	Kent Thameside LSTF	Kent	4.500	Approval for spend of full LGF allocation	Barrack Row Bus Hub - Land Purchase completed on 29th March 2018 with meetings being held with the current tenants. Consultation documents are being prepared for a full consultation to take place in Autumn 2018. Princes Rd cycle route - Consultation will take place from 30th April - 10th June and all documents are complete apart from the updated plan. Construction is now planned for late summer/autumn 2018. Burnham Rd Toucan - The consultation has now closed, and a meeting was held with DBC to review comments. Gravesend Station to Cyclopark cycle route - the consultation has now closed, and a draft report has been produced. A large number of comments were received on the original route and therefore a further feasibility study will be carried out to explore alternatives. A further low-key consultation may be required should a new route be agreed.	Mar-21	5	Barrack Row scheme has been delayed by more than 12 months due to long term nature of land purchase from NR	2	Reprofiling of allocation into 2018/19, as Land purchase was not achieved before end of March 2017. A realistic profile of spend is now in place for later years.	1	On target with programme set out in consultation of Princes Road and Burnham Road schemes.
LGFO0011	Maidstone Gyratory Bypass	Kent	4.600	Approval for spend of full LGF allocation	Main works complete (Dec 2016)	Dec-16		Main works complete (Dec 2016)				
LGFO0012	Kent Strategic Congestion Management programme	Kent	4.800	Approval for spend of full LGF allocation	Update report provided - Agenda Item 8	Mar-21	2	Annual programme of works which are difficult to deliver in timescales - EU Connected Corridor scheme reliant on other partners	3	Re-profiling into 2018/19 as per most recent business case	2	Some issues with Barton Hill Drive scheme over delivery not timescales, schemes are normally complimentary to larger works packages.
LGFO0013	Middle Deal transport improvements	Kent	0.800	Approval for spend of full LGF allocation	KCC have ongoing discussions with Quinn Estates and a progress meeting will be held in May 2018 where progress with the three main issues will be discussed.	Target Autumn 2018	5	Works on site have paused as require further agreements with Southern Water and EA.	1	LGF Allocation spent and evidenced, clawback to be enforced by KCC if S38 and remaining issues are not dealt with.	3	Works have been on site for some time with limited visible progress
LGFO0014	Kent Rights of Way improvement plan	Kent	1.000	Approval for spend of full LGF allocation	2015/16 schemes completed (Loose Greenway) 2016/17 schemes in progress Finberry to Ashford scheme - Path improvement scheme completed on 12th March 2018 in line with expected completion date.	Finberry to Ashford Completed on 12th March 2018 Powder Mills likely to be completed in Summer 2018	3	Being implemented, but delay to project delivery in 2016/17 (Power Mills 17/18 scheme accelerated to help with spend)	3	Recorded a reduced spend in 2017/18, which is now included in profile for later years.	1	Small packages of work, which are tied into the timescales of local developments.
LGFO0015	Kent Sustainable Interventions Programme	Kent	2.728	Approval for 2015/16 - 2018/19. Approval required for 2019/20 - 2020/21 allocations	Update report provided - Agenda Item 7	Mar-21	3	Being implemented	1	Small reprofiling of allocation into later years, given short delays to individual scheme and requirement for 18/19 scheme approval through SELEP BC.	1	Small packages of work, which are tied into the timescales of larger schemes.
LGFO0016	West Kent LSTF	Kent	4.900	Approval for spend of full LGF allocation	Tunbridge Wells Public Realm Phase 2 An outline design has been agreed by TWBC and which is being reviewed so that a revised delivery programme and final scheme costs can be calculated. Maidstone East Station and Swanley Station - progressing.	Mar-21	4	Maidstone East and Tunbridge Wells likely to be 12 months behind original programme, issues with NR acceptance and funding and DC over scheme to deliver.	3	Requirement to confirm programme for T Wells Public Realm Phase 2 and associated spend profile.	3	Public perception of Maidstone East Scheme may be poor because hoardings have been up for some time with limited work to date.
LGFO0017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.541	Approval for spend of full LGF allocation	Main works complete (2015/16)	2015/16	1	Complete	1	Complete	1	
LGFO0038	A28 Chart Road	Kent	10.200	Approval for spend of full LGF allocation	Developers have failed to provide the required bond or agree to the alternative solution proposed by ABC/KCC consequently a decision has been made that the scheme will be deferred until such time that Developers can provide the funding security KCC require.	01/12/2019 (TBC)	5	Originally being implemented and accelerated against original programme, however failure of Hodsons to obtain bond has caused scheme to be put on hold.	5	Accelerated LEP spend to help with underpend on programme, however all costs currently on hold.	3	Public perception of scheme is now poor given negative press regarding the scheme not progressing, particularly given the vegetation clearance works that were carried out being the scheme was put on hold.

Appendix 3 Deliverability and Risk Update

SELEP number	Project Title	Promoter	LGF allocation	Accountability Board Decision	Project Update	project completion	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
LGF00039	Maidstone Integrated Transport	Kent	8.900	Approval for Phase 1 only. Approval for Phase 2 to be sought during the meeting.	1) M20 J5/Coldharbour R/bout - Business Case not yet approved - further work to be carried out for June decision. Commission to be raised to undertake outline design work and provide additional support for the business case submission. 2) A274 Sutton Road j/w Willington Street – Scheme on hold - redesign being undertaken following a meeting with the Cabinet Member which is now being Safety Audited. 3) A20 London Road j/w Willington Street – Work has begun on feasibility design. 4) M20 Junction 5 – Scheme on hold. 5) Hermitage Lane j/w St Andrews Road - Commission raised with works to commence shortly on outline design. 6) Wheatsheaf/Cripple Street/Boughton Lane - Commission raised with works to commence on outline design works. 7) Armstrong Road/Sheals Crescent – As above.	Mar-21	5	Amendment to project scope and project programme is required.	4	Slippage of LGF spend from 2016/17 to 2017/18 and then to 2018/19.	4	The public has not seen any scheme start to be constructed as part of this package due to agreements required over final scheme delivery.
LGF00040	A28 Sturry Link Road	Kent	5.900	Approval for spend of full LGF allocation	Limited progress has been completed on the design due to resource issues following the end of TESC. KCC awaiting confirmation of local plan details and traffic modelling data to complete the EIA. Level Crossing Risk Assessment has now been sent to NR.	Oct-20	5	Complex project with local funding from 3 developers.	4	Slippage of LGF spend against original business case	1	Project is in very early stages and work is ongoing, public engagement only recently undertaken
LGF00053	Rathmore Road	Kent	4.200	Approval for spend of full LGF allocation	Main works complete (December 2017) with official opening held on 19th January 2018.	Oct-17	1	Main works complete (Dec 2016)	1	Complete	1	
LGF00054	A28 Sturry Rd Integrated Transport Package	Kent	0.300	Approval for spend of full LGF allocation	No progress this period as scheme placed on hold pending further investigations into build period and diversion routes	Spring/Summer 2018	5	Scheme delayed by 12 months to 2017/18	3	LGF spend delayed to 18/19.	3	Public consultation only recently undertaken and locally the scheme is not popular with businesses and residents affected by works.
LGF00055	Maidstone Sustainable Access to Employment	Kent	2.000	Approval for spend of full LGF allocation	Main works complete (May 2017) with official opening held on 6th October 2017 and attended by Tracey Crouch and Mike Hill.	Jun-17	1	Main works complete (May 2017)	1	Complete	1	
LGF00059	Ashford Spurs	Kent	8.774	Approval for spend of full LGF allocation	Main works complete (April 2018) with official opening held on 3rd April 2018. Following the launch, technical problems have arisen which have caused Eurostar to temporarily suspend the operation of their new e320 trains at Ashford International. Eurostar and NR are working together to diagnose the problem and determine its resolution.	Mar-18	1	Main works complete (March 2018)	1	Most recent cost estimate has predicted a possible overall underspend once delivered. Large underspend will be re-profiled into later years to be used elsewhere in the programme	2	Main works completed on target to meet new timetable of 1st April 2018, however, technical issues may affect future service in short term
LGF00041	Thanet Parkway	Kent	10.000	Approval for spend of full LGF allocation	Planning application reviewed in draft. A few amendments yet to be made given constantly changing situation with the former Manston Airport site. GRIP 4 discussions have been ongoing with Network Rail and an alternative delivery model for GRIP 4 is being considered. Discussion with further 3rd party investors have not been successful. Planning application should be ready for submission in late May.	TBC	5	Current funding gap leading to delayed project delivery.	5	Project funding gap is impacting project delivery.	5	Consultation carried out but project is in early stages
LGF00058	Dover Western Dock Revival	Kent	5.000	Approval for spend of full LGF allocation	A20 works are complete and work continues on the marina pier. KCC have received from DHB a breakdown of the overall A20 scheme costs and the final invoice for the remaining LGF allocation was set up as a creditor for 2017/18 and will be paid in early 2018.	Apr-17	1	Main works complete (April 2017)	1	Complete	1	
LGF00060	Westenhanger Lorry Park (removed from Programme)		0.000		N/A			Removed from programme. Approval given to reallocate funds to Ashford Spurs		Removed from programme. Approval given to reallocate funds to Ashford Spurs		
LGF00062	Folkestone Seafront (non-transport)	Kent	5.000	Approval for spend of full LGF allocation	Main works complete (April 2018).	Mar-18	1	Main works complete (April 2018)	1		1	
LGF00072	A226 London Road/B255 St Clements Way	Kent	4.200	Approval for spend of full LGF allocation	Construction works are progressing to programme. Utility diversion works are continuing and Jackson have advanced the Ivy Villas retaining wall construction ahead of programme. The detailed landscape design is now complete.	May-19	1	Accelerated delivery	1	Accelerated LEP spend to help with underspend on programme	1	Good perception of scheme, some negative feedback regarding loss of vegetation, mitigated by further landscape design works.
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.667	Approval for spend of full LGF allocation	A final draft of the funding agreement is being worked on by Invicta Law with a view to it being signed by both parties in May 2018. Thanet DC have supplies evidence of spend in 2017/18 which was set up as a creditor to allow an invoice to be paid in 2018/19.	Mar-21	3	Issues with planning requirements	3	Ethelbert Crescent works to begin in summer 2018 but Warwick Road unlikely to begin until later in 2018 so some risk to LGF spend unless front loaded.	2	

Appendix 3 Deliverability and Risk Update

SELEP number	Project Title	Promoter	LGF allocation	Accountability Board Decision	Project Update	project completion	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
LGFO0086	Dartford Town Centre Transformation	Kent	4.300	Approval for spend of full LGF allocation	DBC commissioned Project Centre to work up the design, costs and provide information to support the Business Case. The business case was originally submitted on 9th February 2018 and was reviewed by the ITE as part of the Gate process and a decision was taken by the SELEP Accountability Board on 27th April 2018.	Mar-21	4	Project to be delivered by Dartford BC	3	HCA and LGF contributions confirmed but programme and spend profile need to be confirmed to maximise spend in 18/19.	3	Early engagement carried out but full scheme details and transport improvements require consultation
LGFO0088	Fort Halsted	Kent	1.530	Approval to be sought from the Board at a future meeting	SDC have confirmed that the MoD will not be relocating from the site until December 2020, which make a scheme at Fort Halstead unfeasible in the LGF timescales.	Dec-21	5	Project to be delivered by Sevenoaks DC	4	Spend risk in 18/19 if business case not approved this financial year	3	
LGFO0092	A2500 Lower Road	Kent	1.265	Approval for spend of full LGF allocation	The detailed design for the phase 2 element is progressing and the tender documents for the Barton Hill Junction and the A2500 Lower Road widening (NPIF) have been returned and assessed. The land agreements and s106 agreements for match funding are also progressing.	Mar-19	2	Delivery will be needed outside of summer months when route is busy with summer trade.	1		1	
LGFO0093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	6.120	Approval for spend of full LGF allocation	The LGF funding agreement has now been sealed by both KCC and CCCU which enabled the accelerated drawdown of the project allocation in 2017/18. In addition, the building 2 detailed design phase is now in progress, curriculum development is proceeding and employer engagement work has started in earnest. The University is also refining the approach to project governance through a number of Steering Group sub-groups accountable for delivering specific outputs and milestones. This includes the Building 2 Board.	Sep-19	1	Project to be delivered by CCCU	1	Funding agreement finalised and LGF released	1	
LGFO0096	A2 off-slip at Wincheap, Canterbury	Kent	4.400	Approval to be sought from the Board at a future meeting	Highways England has accepted the revised modelling, but there are several departures from standards in the design which will require approval from Highways England. The Growth and Housing bid has moved forward to the value management stage and a workshop was held on Thursday 22nd February in Canterbury with Highways England. If successful, this scheme will be awarded £4.4m GHF and therefore the £4.4m LEP funding will be surplus and can be used on another scheme e.g. the adjacent Wincheap Gyratory, subject to SELEP approval. The LEP business case is currently being worked up to mirror the GHF bid in case it is not successful, but the strategic case also describes the wider scheme and Wincheap Relief Strategy.	Oct-20	5		3		3	
LGFO0094	Leigh Flood Storage Area and East Peckham - unlocking growth	Kent	4.636	Approval to be sought from the Board at a future meeting	Funding Agreement between KCC, EA and Tonbridge & Malling progressed and the business case (Based on the EA Outline BC) has been drafted for the Leigh Flood Storage scheme. The timescales for delivery and spend are a risk given that the EA have suggested that construction is likely to be in 2020/21. The East Peckham element is currently being revisited and a new timetable will follow, because of the most recent funding gap that has been identified.		3	East Peckham element of overall package of works requires further funding	3	Spend of LGF contribution is at risk given delivery of Leigh scheme will mainly be after 31st March 2021.	3	
LGFO0106	Sandwich Rail Infrastructure	Kent	1.026	Approval for spend of full LGF allocation	SELEP have stated that they will not release the LGF allocation until the overall funding is committed from DfT and R&A, so KCC cannot enter into the Implementation Agreement (IA) for Grip 3b to 8 (Grip 3a is the enabling work currently being progressed). A discussion with the R&A on funding was held on 10/05/2018 and a further meeting is planned with the SoS in May 2018.	Jul-19	3	Confirmation of funding contribution and 3 event deal is required.	4	Funding package including DfT contributions is outstanding	2	
Medway												
LGFO0018	A289 Four Elms Roundabout to Medway Tunnel journey time and network improvements	Medway	11.100	Approval in part.	Following the review of estimated costs, which identified a significant budget shortfall based on the original proposal, a number of alternative options which can be delivered to budget have been considered. Following an options appraisal process a preferred option has been identified. This option forms the basis of the revised Outline Business Case which was approved at February 2018 Accountability Board. A consultant has been appointed to progress the design for this scheme and work commenced on the outline design during Q1 of 2018/19.	Dec-20	2	Revised Outline Business Case now approved by Accountability Board and work has commenced on the outline design	5	Uncertainty regarding spend on the project until the revised designs have been fully designed and costed.	2	Concern regarding negative public response to scheme proposals due to reduction in scope.
LGFO0019	Strood town centre journey time and accessibility enhancements	Medway	9.000	Approval for spend of full LGF allocation	Work has commenced onsite and phase 1 of the works is nearing completion. The detailed design for later phases of the project is being finalised.	Mar-19	1	Work is continuing onsite and completion is still expected by end of March 2019	1	Spend accelerated in 2017/18 to offset slippage on other projects	1	Positive response received to public consultation exercise. No significant changes made to scheme following this process.

Appendix 3 Deliverability and Risk Update

SELEP number	Project Title	Promoter	LGF allocation	Accountability Board Decision	Project Update	project completion	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
LGFO0020	Chatham Town Centre Place-making and Public Realm Package	Medway	4.000	Approval for spend of full LGF allocation	Work is progressing well onsite, with completion of the LGF works expected by mid 2018/19. Network Rail has been granted planning permission for the proposed train station forecourt improvement works and are in the process of procuring a contractor to deliver the works.	Council led town centre works: September 2018. Network Rail led station improvements: December 2018	2	Work is in progress with completion still expected at the end of quarter 2 2018/19 (in terms of LGF spend)	2	Slight slippage from 2017/18 into 2018/19	1	Positive response received to public consultation exercise. No significant changes made to scheme following this process.
LGFO0021	Medway Cycling Action Plan	Medway	2.500	Approval for spend of full LGF allocation	Work has continued to construct new cycle routes as per the Cycling Action Plan document. Completion of the project has been delayed due to a combination of an extended consultation period being required for the final route to be constructed and unavailability of the traffic signal contractor due to the volume of signal repair work required following the recent snow.	Cycle route improvements: September 2018 (all LGF funds will be spent). Pump track: October 2018	2	In progress- slight delay to construction of the final route.	2	Slight slippage from 2017/18 into 2018/19.	1	Some local concern regarding funding being spent on cycle improvements.
LGFO0022	Medway City Estate Connectivity Improvement Measures	Medway	2.000	Approval for spend of full LGF allocation	Phase 1 of the project is complete. The new traffic signals (at the entrance to the westbound tunnel bore) are now operational and testing has identified the most effective signal timing to offer the most benefit to users of Medway City Estate whilst causing minimal disruption on the remainder of the road network. Options for the use of the funding assigned to the phase 2 works are currently being assessed.	Mar-20	4	Phase 1 implementation complete. Delivery of phase 2 delayed, although options for phase 2 are currently being considered.	2	Slight acceleration of spend in 2017/18.	1	
LGFO0061	Rochester Airport - phase 1	Medway	4.400	Approval for spend of full LGF allocation	Rochester Airport Ltd have split the planning application into two parts. An amendment to the original planning application (which now only covers the hangars, car parking and fuel tank enclosure) was submitted in December 2016. The application was determined in March 2017, with planning consent being granted. Rochester Airport Ltd have now submitted their planning application and the EIA required for the paved runway and the control tower/hub. Determination of this planning application is pending. Due to increasing construction costs a proposal has been submitted to change the outputs delivered by the project. This request will be considered by Accountability Board on 15th June. If the change is agreed Rochester Airport Ltd. will need to amend their planning application to remove the paved runway.	Mar-20	5	Issues with the planning application and increasing project costs have caused delays to project delivery.	5	Substantial LGF slippage from 2016/17 to 2017/18 and 2017/18 to 2018/19	3	Opposition to the proposals from a small number of local objectors.
LGFO0089	Rochester Airport - phase 2	Medway	3.700	Approval to be sought from the Board at a future meeting	Business Case approval required.	Mar-21	5	Risk of delay to project delivery, as per and as a result of delays to phase 1	5	Significant risk of LGF slippage.	2	It is possible that there will be opposition to the project from a number of local residents.
LGFO0091	Strood Civic Centre - flood mitigation	Medway	3.500	Approval for spend of full LGF allocation	Business Case approved at Accountability Board in February 2018. Planning consent has been granted, detailed design completed and a contractor appointed to deliver the works.	Mar-19	1	Mobilisation works are due to start in April with completion expected within the stated project programme.	2	Slight slippage from 2017/18 into 2018/19	1	
Southend												
LGFO0005	Southend Growth Hub	Southend	0.720	Approval for spend of full LGF allocation	Completed March 2017.	Mar-17	1	Phase 1 complete. BC for Phase 2 to be brought forward.	1	Phase 1 complete.	1	
LGFO0107	Southend Forum 2	Southend	6.000	Approval for spend of full LGF allocation	The LGF investment in the Phase 2 Project will deliver a 3,535m2 Net Internal Area (NIA) College-focused teaching and learning space to include a commercial/public restaurant, community gallery/exhibition space and commercial creative/digital enterprise space. Project is currently expected to be delivered as planned and we are aware that slippage is not possible as 20/21 is last year for LGF.	Sep-21	1		1		1	
LGFO0029	TGSE LSTF - Southend	Southend	1.000	Approval for spend of full LGF allocation	On track. Project due to complete by March 2017.	Mar-17	1	Being implemented	1	LGF spend in full	1	
LGFO0081	A127 Kent Elms Corner	Southend	4.300	Approval for spend of full LGF allocation	Some delay to scheme due to gas works which has had a knock-on effect to other utility diversions. 85% of highways works complete with East bound works complete. Utility diversions still on going. BT Openreach have incurred delays and completion of their works expected end February 2018. New westbound lane will be constructed once all utility works are complete. it is now expected this will be June 2018. Footbridge is programmed to be installed June 18.	Highway summer 18 autum 18	3	Being implemented Completion works programmed for Autum 2018. Project will still deliver outputs	3	E1.4m LGF reprofiled from 2016/17 to 2017/18.	1	Public Liason Officer used for the works and kept residents informed. All member briefings held and Ward Cllrs advised of the reason for the delays.

Appendix 3 Deliverability and Risk Update


SELEP number	Project Title	Promoter	LGF allocation	Accountability Board Decision	Project Update	project completion	Project Risk					
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LGF00082	A127 The Bell	Southend	4.300	Approval to be sought from the Board at a future meeting	Junction Improvement Options being considered including minimum impact on utilities and impact on airquality. Some Options include for a replacement footbridge	Mar-21	1	Extensive number of Options being considered and will be subject to public consultation. Following the outcome of the consultation the option to be constructed will be selected.	2	programmed for substantial completion at March 2021	1	Kent Elms works have been delayed. Reputation would be poor if we had both the Kent Elms works and nearby Bell works under construction at the same time. There have been no outcry from public for works to be completed sooner.
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	8.000	Approval for the first two phases. Approval to be sought from the Board for future phases of the project.	Business Case was approved at the last Accountability Board meeting. Spend in 2016/17 to support A127 Kent Elms Corner.	Mar-21	2		2	scheme programmed for completion 20/21.	1	
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	7.000	Approval for the first two phases. Approval to be sought from the Board for future phases of the project.	Improvements to Carnarvon Road / Victoria Avenue junction, Great Eastern Avenue / Victoria Avenue junction, East Street/ Victoria Avenue junction and part of the decluttering along Victoria Avenue completed March 2017. £150,000 carried over to complete improvements to public realm and cycling facilities along Victoria Avenue service road in 2017/18. Business case for Phase 2 submitted 2017 and include improvements to layout and public realm along London Road between London Road/ Queensway roundabout and London Road/Collegeway roundabout, Phase 2 also includes streetscape works on the College Way / Queens Road / Elmer Avenue route between London Road and The Forum / South Essex College	Phase 1 March 2017 (Service Road carried over to Novemebr)Phase 2 Civil works July 2018, Completion of works March 2020	3	Delay in start of works on site due to political reasons, drainage issues: unchattered pipes found on site that couldn't be identified through GPR surveys, consultation with main stakeholder extended and resulted in changes to original proposed layout.	3	No overall change in budget but needs to be redistributed over upcoming quarters.	2	
LGF00057	London Southend Airport Business Park (Phase 1 & 2)	Southend	23.090	Approval for spend of full LGF allocation	Roads and Rugby Club house under construction. The new pitches have been completed. Next steps include procuring and completing works to install utilities in the Phase 1 area. The new clubhouse and pitches will be handed over to WRFC and they will relocate.	Marhc 2020	4		4	Substantial LGF slippage has been agreed by the Board	2	
Thurrock												
LGF00030	TGSE LSTF - Thurrock	Thurrock	1.000	Approval for spend of full LGF allocation	Phase 1 complete, amendments required from S3 safety audit	Mar-18	4	Stage 2 being designed	2	Ongoing	3	Traffic modelling requested to provide reassurance about traffic impacts
LGF00046	Thurrock Cycle Network	Thurrock	5.000	Approval for spend of full LGF allocation	Construction of Tranche 1a schemes started on 31 May. Currently procuring designs for Tranches 1b and 2. Cycle schemes to be constructed by the new highways Term Maintenance contractor, Henderson & Taylor.	Mar-19	3	Some schemes at design stage and others under construction. Start of construction of schemes due to start in April was delayed by the local elections.	3	LGF slippage 2016/17 to 2017/18	3	Adverse comments received about proposed schemes at Stonehouse Road and Daiglen Drive
LGF00047	London Gateway/Stanford le Hope	Thurrock	7.500	Approval for spend of full LGF allocation	Preparing a collaboration agreement and Asset protection agreement. Morgan Sindall's target price submission exceeds the available budget. Looking at ways of reducing the target price. If agreement cannot be reached, we will have to consider re-tendering Stage 2.	Mar-19	4	Legal agreement with c2c has now been sealed	5	LGF slippage from 2016/17 to 2017/18 and 2017/18 to 2018/19	3	Met residents of Chantry Crescent to mitigate objections to planning application
LGF00052	A13 Widening - development	Thurrock	5.000	Approval for spend of full LGF allocation	DfT announced funding for the scheme on 12 April 2017. Land procured using powers embodied in the London Gateway Port Harbour Empowerment Order	Mar-20	3	Advance works started 18/12/2017	4	Further advance payments for Statutory Undertakers' diversions to be made in Q4	3	Compulsory purchase of plot 113a referred to Lands Tribunal
LGF00056	Purfleet Centre	Thurrock	5.000	Approval for spend of full LGF allocation	Land acquisition continues. The Council is aiming to purchase via negotiation wherever possible so timescales are hard to define. In Feb 2018 Cabinet approved in principle resolution to support a CPO if required. Outline planning application was submitted in December 2017 and reserved matters application for Phase 1a submitted in Feb 2018.	2027	2	Planning application submitted in accordance with the Development Agreement. Outputs expected to be achieved as presented in the business case. Slight delay to the programme but minimal given the overall timeframe for the scheme.	4	Substantial re-profiling of LGF required between into 2018/19 due to ongoing negotiations with freeholders. A number of sites are in advanced negotiations which we expect to complete in 2018/19. It is intended that CPO powers will be used if land cannot be acquired by private treaty.	1	Whilst the project is slightly delayed this is a long term scheme and progress is being made.
LGF00104	Grays South	Thurrock	10.840	Approval to be sought from the Board at a future meeting	Two interlinked elements - (i) Underpass [design and build ~ Network Rail] and (ii) Public Realm Works [design and build ~ designer and contractor TBA]. (i) NR GRIP Stage 2 (Feasibility) complete. GRIP Stage 3 (Option Selection) underway. Currently editing a suite of NR documents re-affirming Project requirements. Potential conflict on funding for GRIP stage 3 and a joined up approach on a LX closure date. (ii) ITT docs procuring external consultants for public realm aspects is being finalised and due to be issued w/c 23rd October 2017. Land acquisition process has begun with Monatgue Evans.	May-22	4	Timeframe largely determined by Network Rail processes	1		3	

Appendix 3 Deliverability and Risk Update

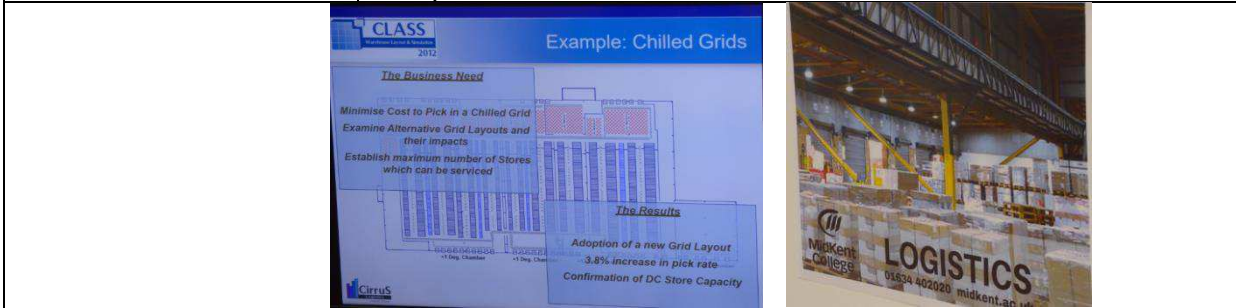
SELEP number	Project Title	Promoter	LGF allocation	Accountability Board Decision	Project Update	project completion	Project Risk					
							Financial	Comment	Delivery	Comment	Reputation	Comment
LGF00084	A13 Widening	Thurrock	66.058	Approval for spend of full LGF allocation	Awarded two separate contracts for detailed design and construction. Entered into a licence with DP World to access the land for construction. Issued licences to occupiers of adjacent land to enable them to continue using it for operations and events until needed by the contractor.	Mar-20	3	Advance works started 18/12/2017	4	Further advance payments for Statutory Undertakers' diversions to be made in Q4	3	Compulsory purchase of plot 113a referred to Lands Tribunal

Appendix 3 – Skills Capital Programme Update (Showcase of projects)

This appendix provides an example of some of the projects which have been delivered through the Skills Capital Programme to date.

Original project description	Progress update June 2018
Mid Kent College Projects	
<p>Health Science Laboratory, Maidstone</p> <p>SELEP's investment enabled the creation of a new health and science laboratory with equipment, including an environmental chamber. This will deliver training for the health and life sciences sector and will support an additional 280 learners per year including apprenticeships.</p>	<p>All equipment has been in place since last year. The environment chamber can replicate any climate in the world which has extensive application for research of products, health and design.</p> <p>Health, sports and social care students are already using the facilities as part of their learning as top up modules to enhance the curriculum.</p> <p>The college has invested an additional £100k to install a laboratory, changing rooms and test room, greatly enhancing the overall facility. New posts are being advertised over the summer for medical grade specialists to work in this facility.</p> <p>The college is planning community out-reach programmes to offer health screening and healthy living plans. SELEP will facilitate conversations with ESF project leads to explore joint working.</p> <p>Collaborations are also planned with Kent's University Medical Campus, KIMs Hospital, Canterbury Christchurch University Medical School and Cygnet Health (providing mental health care).</p> <p>The college has advised that the outputs may change as a result of these collaborations which they will advise SELEP of in due course. Areas such as community programmes will clearly be of added benefit.</p> <p>Photos below show the environment chamber, plunge pools and specialist fitness equipment.</p>
	
<p>Transport and Logistics Skills Hub,</p>	<p>The project and equipment includes leading edge software to simulate the logistics sector. This is currently located at the</p>

<p>Swale Skills Centre, £82,000</p> <p>SELEP's funding has enabled the creation of a dedicated training hub for the transport and logistics sector, with equipment such as simulation software.</p> <p>It will deliver training for the transport and logistics sector and support an additional 15 learners per year, including apprenticeships.</p>	<p>Swale Skills Centre, owned by Kent County Council.</p> <p>Mainstream Training are located opposite the Swale Skills Centre and offer logistics and driving training to large numbers of people. A collaboration has commenced between Mainstream and Mid-Kent College whereby Mainstream are able to utilise the simulation equipment for their learners. This positively has included large numbers of adults.</p> <p>SELEP has advised Mid-Kent College of work underway by the Essex Employment and Skills Board to create a virtual reality package for logistics to showcase the sector to young people, adults and parents. SELEP will facilitate discussions to explore joint learning and to see if it would be possible to showcase this software at a Mid-Kent open day.</p> <p>Outputs are on track.</p> <p>The photos below show the software.</p>
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<p>Engineering Skills Growth Hub, Medway, £198,500</p> <p>SELEP's funding supports the expansion of engineering workshops with testing and analysis equipment. This is delivering training for the manufacturing, motor trades, transport and storage sector and will support an additional 410 learners every year.</p>	<p>Engineering, testing and analysis equipment is in place and being utilised with employers feeding back on how relevant and useful this is. The equipment enabled Mid-Kent college to expand and build capacity for growing demand in engineering.</p> <p>Mid-Kent College have relocated their motor vehicle and some welding provision to Maidstone, to locate all motor vehicle in one site and build on the existing Maidstone offer.</p> <p>Mid-Kent College are also doing increasing engineering outreach work with schools (aged 14 onwards).</p> <p>Outputs are on track.</p> <p>Photos below show the specialist equipment and motor vehicle facilities.</p>
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Report to Accountability Board	Forward Plan reference number: FP/AB/156
Date of Accountability Board Meeting:	15 th June 2018
Date of report:	25 th May 2018
Title of report:	Growing Places Fund update
Report by	Rhiannon Mort, SELEP Capital Programme Manager Amy Beckett, Programme Manager, SELEP
Enquiries to	Rhiannon.mort@southeastlep.com

1. Purpose of report

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

2. Recommendations

- 2.1. The Board is asked to:

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

3. SELEP Growing Places Fund investments

- 3.1. In total, £49.210m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or is allocated for investment in a total of 20 capital infrastructure projects, as detailed in Appendix 1. In addition, a small proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and the remaining proportion has been ring-fenced to support the activities of SELEP's Sector Groups (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 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 £7,405,033 having been repaid to date. The payments in 2017/18 were in line with the expected repayments, except for the re-profiling which was agreed with the Board in February 2018 and some minor slippages in payments from Q4 2017/18 to Q1 2018/19 due to administrative issues in the payments being made.

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.

5.2. Based on the expected repayment of £3.283m GPF during 2018/19, there is expected to be sufficient GPF available to fund all GPF Round 1 and 2 projects in 2019/20, subject to GPF repayments being made as set out in Appendix 1.

5.3. At the end of 2019/20, GPF repayments are expected to total £12.061m. This will create the opportunity for further investment in infrastructure projects from 2020/21 onwards.

Table 1 GPF Cash Flow Position

£	2018/19	2019/20
GPF available at the outset of year	6,747,602	4,970,602
GPF Round 1 planned investments	363,000	1,200,000
GPF Round 2 planned investments	4,697,000	3,247,000
Position before GPF repayments are made	1,687,602	523,602
GPF repayments expected	3,283,000	11,538,250
Carry Forward	4,970,602	12,061,852

6. Growing Places Fund Project Delivery to Date – GPF Round 1 Projects

6.1. Eight GPF Round 1 projects have now been completed, with the benefits of this infrastructure investment starting to be realised. It is reported that 1,693 jobs have been delivered through investment in commercial space and new business premises, as set out in Table 2 below.

Table 2 Monitoring of GPF Round 1 project outputs

Name of Project	Outputs defined in Business Case		Outputs delivered to date	
	Jobs	Houses	Jobs	Houses
Priory Quarter Phase 3	440	0	74	0
North Queensway	865	0	0	0
Rochester Riverside	402	450	402	489
Chatham Waterfront	211	115	211	115
Bexhill Business Mall	125	0	150	0
Parkside Office Village	169	0	135	0
Chelmsford Urban Expansion	2,105	0	365	0
Grays Magistrates Court	200	0	89	0
Sovereign Harbour	299	0	180	0
Workspace Kent	198	0	87	0
Harlow West Essex	4,000	1,200	0	0
Discovery Park	130	250	0	0
Live Margate	0	66	0	3
Totals	9,144	2,081	1,693	607

- 6.2. To date, the expected benefits of GPF investment in enabling the delivery of new jobs and houses have not fully materialised or have not been reported through the update reporting to SELEP on Round 1 projects. However, for specific projects, such as the Rochester Riverside Project, Chatham Waterfront and Workspace Kent the number of jobs reported to SELEP as delivered as a result of GPF investment has increased during the last quarter.
- 6.3. Furthermore, for projects such as Rochester Riverside, it is now expected that the scale of planned developed enabled through the GPF loan will exceed the original benefits stated in the Business Case, with the project set to deliver 1,400 new homes, 1,200sqm of commercial space, a new school, hotel and new open space.
- 6.4. Through the update reporting to SELEP, delivery risks to some specific projects have been identified. The Eastbourne Fisherman project has been awarded £2m GPF through Round 2. However, Carillion were sole owners of the Sovereign Harbour Ltd. This has now been sold to Premier Marina's Ltd and discussions are now being held in relation to the lease. The outcome of these local discussions will be reported to the Board at the next meeting.
- 6.5. In addition, for the North Queensway project, the construction of a new junction and preliminary site infrastructure works, has been completed. However, there has been a slow uptake on the lease of the industrial space. This creates a risk to the GPF repayment of an outstanding £0.5m GPF, although the board has previously agreed to defer the GPF repayment to

2019/20. In addition, it creates a delay and risk to the realisation of benefits through the project. Efforts will now be made to remarket the site to seek business interest in the site.

- 6.6. Appendix 1 provides a project delivery update and risk assessment for each GPF Round 1 project. As GPF Round 2 projects come forward for approval by the Board and credit agreements are established for these projects, update reports will also be sought for GPF Round 2 projects.

7. Financial Implications (Accountable Body Comments)

- 7.1 The current forecast position for the GPF loan scheme indicates that there is low risk of insufficient funding being available to meet the agreed investments as at present repayments are largely being made in line with the agreed profile.
- 7.2 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.
- 7.3 It is noted that actual delivery of jobs and homes is not in line with the expected levels identified in the business cases for many projects; where this has occurred, it is recommended that evaluation of why this is the case should form part of the on-going monitoring and, where appropriate, be used to inform future business case estimations of growth.

8. Legal Implications (Accountable Body Comments)

- 8.1 The Accountable Body has loan agreements in place with each County or Unitary Council for their respective GPF projects; each agreement includes a repayment profile that is required to be adhered to. Any changes to the Project or the repayment schedule will require further approval by the Board.

9. Staffing and other resource implications (Accountable Body Comments)

- 9.1 None

10. Equality and Diversity implications (Accountable Body Comments)

Role	Date
Accountable Body sign off Stephanie Mitchener On behalf of Margaret Lee	 6/6/18

11. List of Appendices

11.1 Appendix 1 – Growing Places Fund Project Summary

11.2 Appendix 2 – Growing Places Fund Repayment Schedule

12. 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)

Growing Places Fund Update Appendix 1 - Summary Position GPF Round 1 Projects

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 now complete and has delivered 2247sqm of high quality office space. This is currently 16% let with over 20 enquiries received since opening. However a single occupier has now been found for the remainder of the building and terms have been agreed. Once fully let the building is still forecast to host the 440 jobs in the business case.	The Priory Quarter (Havelock House) project is now complete and has delivered 2247sqm of high quality office space. This is currently 16% let with over 20 enquiries received since opening. However a single occupier has now been found for the remainder of the building and terms have been agreed. Once fully let the building is still forecast to host the 440 jobs in the business case.	Project Complete	Project Complete	Tenancy agreement for full occupation of the building has now been agreed. Occupancy is expected to begin in April 2018. This should allow for sufficient refinancing to ensure repayments are made. There is a 1 year rent free period as part of the deal and therefore risk of insufficient income to meet full 18/19 repayment.	Tenancy agreement for full occupation of the building has now been agreed.	N/A	
North Queensway	East Sussex	Construction of a new junction and preliminary site infrastructure to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000 sqm (gross) of high quality industrial and office premises	GPF invested, project complete and repayments are being made	Project Complete	Project Complete	Further delays anticipated in repayment of these funds due to slow take up in land sales. 1 new business to begin development in March 2018 which it is anticipated will catalyse interest in the other plots.	1 of the identified tenants now requires a larger facility than can be provided on this site. Although good news for the local economy and job creation this plot will now require further marketing.	Planning applications that are brought forward for this site could be impacted by the blanket development objection in place by Wealden District Council due to environmental concerns regarding the Ashdown Forest.	
Rochester Riverside	Medway	The project will deliver key infrastructure investment including the construction of the next phase on the principle access road, public space and site gateways.	Project is progressing well. Countryside were chosen as the developer in March 2016 and the Development Agreement was given in March 2017. Permission to grant planning was given at Committee in October 2017. There was a groundbreaking event on the 22nd February 2018. The first phase of the development transferred to Countryside and Hyde on the 30th April 2018.	This project is already on site and the planning and S106 will be completed by the end of the month. The first phase transfer completed on the 30th April 2018	The GPF Funding has already been spent	Medway Council is happy with the current repayment programme and has completed the first repayment.	The original Business Case was to bring forward one phase of the development. Through the procurement process it was decided to bring forward all phases of the site, so it is the whole of Rochester Riverside that is now planned to be delivered. As we have advised the contractor is on site and they will be delivering 1400 homes, 1200sqm of commercial space, a new school, hotel and various new open spaces. The scheme is now actually delivering more than what was originally intended and therefore there are no delivery risks.	No	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 Chatham Waterfront Development.	Work complete on the River Walk, Sun Pier Pontoon and the Big Screen. Land acquisition for Chatham Waterfront Development Site is progressing well with all interests now acquired, excluding one small unclaimed strip of land which is subject to the CPO process. This can be progressed with an extremely low likelihood of challenge once a developer is in place. An outline planning application has been submitted for the site, approval of which would demonstrate viability for future development. De-risking works will be completed on the site with the aim of being in detailed planning by Summer 2018, with a possible start on site in October 2018.	The disposal of this site has been agreed and is due to take place in Spring 2018.	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.	Chatham Waterfront has already reduced the number of homes to be delivered, we are working with the developer to see if we can get these increased through the detailed planning process.	No	Overall the project is on track to deliver outputs and outcomes.
Bexhill Business Mall	East Sussex	The delivery of 2,490 sqm managed workspace facility.	The Bexhill Business Mall (Glover's House) project is now complete and has delivered 2345sqm of high quality office space. The building is 100% let to a single occupier and has currently provided space for 125 jobs.	Project Complete	Project Complete	Building 100% let with secure income to repay loan.	Building 100% let and currently housing 129 jobs, which is less than originally anticipated, however this does provide space for the occupant to grow over time.		
Parkside Office Village	Essex	Initial phase of business space targeting SMEs as part of a 42 acre business and R&D park on the University of Essex campus in Colchester	Both Phase 1 and 1a are both open and fully let. As well as 135 employees there are also 14 student intern placements within those businesses. The funding has now been repaid in full.						
Chelmsford Urban Expansion	Essex	The early phase development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The funding will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1350, improving cash flow and the simultaneous commencement of two major housing schemes	GPF invested, project complete and GPF has been repaid in full.						

Growing Places Fund Update Appendix 1 - Summary Position GPF Round 1 Projects

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
Grays Magistrates Court	Thurrock	The project to convert the Magistrates Court to business space was part of a wider Grays South regeneration project which aimed 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.					The only significant risk to the project now is a significant economic down turn which impacted 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 2345sqm 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 2345sqm of high quality office space. This is currently 77% let with over 171 enquiries received since opening.	Project Complete	Project Complete	Strong occupancy rates should facilitate repayment at the scheduled intervals.	180 jobs from 77% occupancy is still short of the anticipated 299 jobs		
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 4 projects within this programme, of which 3 have been new builds and repayments are being received. The 4th projects has just been approved locally and refit will commence in April 2018.	There is a risk to defrayment of funds as we await applications from potential customers.	Awaiting applications for remaining funds	There is a slight delay on repayment from one of our loan applicants. Loan agreement being renegotiated in line with income received from business.	Some job numbers are delayed due to new project build not completed on time, approximately 1 year delay.		
Harlow West Essex	Essex/Harlow	To provide new and improved access to the two sites designated within the Harlow Enterprise Zone	Delivery package 1 is well into deliver with the majority of risks closed out. Procurement for the send package is about to start with a view to getting on site early next financial year.	N/A	N/A	N/A	N/A	N/A	N/A
Discovery Park	Kent	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	Project approved by Accountability Board and project delivery underway	Initial planning permission received and work is commencing on the application outcome for final planning permission.	Funds defrayed to Kent Invicta Law by 31st March 2018 in anticipation for imminent completion. All subject to final legal requirements being met.	The business case will provide a reprofile of repayment yet to be finalised as part of the legal documentation. Current profile for repayment will be Q1 2021/22.	The project outputs and outcomes will be updated and brought forward on completion of the legal documentation. Delay in finalising the legal due diligence process KCC still awaiting documentation from borrower - rescheduled to end of June 2018.	Meeting all requirements as specified in the final legal documentation and final planning permission.	
Live Margate Revenue admin cost drawn down	Kent	Live Margate is a programme of intervention 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.	"Phase 1" has been completed. "Phase 2" is underway. An offer to purchase a building has been made, with due diligence processes underway and the exchange of contracts due shortly. This former school site contains several derelict homes that require refurbishment and alteration before being placed on the market for purchase by the public. This will enable the repayment in accordance with the loan agreement. As well as this strand of the Live Margate programme, other poorly managed multiple occupancy dwellings and other poor quality building stock properties are being evaluated for purchase and development that accord with the loan agreement criteria.	An offer has been accepted on a former school site with several empty derelict houses. A programme of works will occur, which should bring the non-habitable houses back into use through the Live Margate scheme. In the hands of solicitors and due to exchange this summer. 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.	Subject to exchanging successfully, the repayment profile should be met.	As with any development project, there is a planning risk, although this is very small for the site, as the houses are already constructed and the majority of changes will relate to altering the internal layouts to maximise the houses' attractiveness to the public property market.	
Harlow EZ Revenue	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 spaces 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.	Building works are underway and main contractor has been appointed (following an OJEU process). Roofing works are now completed and works are underway to create the central core alongside partitioning works to separate tenant spaces. Project is on track for completion as expected with no increases in budget.	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.	Project is progressing according to programme, therefore spend of GPF funding will be in accordance with the Business Case.	Low risk - any shortfall in income received from tenants to be offset by charitable reserves.		No.	Project is progressing well.

Growing Places Fund Update Appendix 1 - Summary Position GPF Round 1 Projects

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
Centre for Advanced Engineering	Essex	Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on the 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.							
Colchester Northern Gateway	Essex	February 2018, Full planning application submitted including 111 documents and a detailed environmental impact assessment. The project is due to be heard at the June/July Planning committee. In July/August it is anticipated planning consent. In June 2018 a tender for works using a framework agreement will be undertaken. With a view to commencing work on site in December 2018.	February 2018, Full planning application submitted including 111 documents and a detailed environmental impact assessment. The project is due to be heard at the June/July Planning committee. In July/August it is anticipated planning consent. In June 2018 a tender for works using a framework agreement will be undertaken. With a view to commencing work on site in December 2018.						
Charleston Centenary	East Sussex	The Charleston Trust requires GPF investment to create 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.		Work included as part of a wider works contract		Strong business plan in place with clear revenue increases.		Charleston are facing further financial pressures following increases in costs to earlier phases of the project and are looking for funding from various sources to plug these gaps.	
Eastbourne Fishery	East Sussex	The proposed project will allow the creation of a processing, ice and storage facility to enable the fleet to become compliant with landing obligation and Common Fisheries Policy (CFP), via cold storage capacity. The project has secured a European Maritime Fisheries Fund (EMFF) grant, but GPF is required to forward fund the grant, to enable land purchase to progress whilst the land is available. If the project does not go ahead, the land which the fishermen want to purchase may no longer be for sale and Eastbourne will cease to have a fishing fleet in Sovereign Harbour, meaning a loss of the majority of the 72 fishing jobs and over £2,000,000 revenue per year as well as the resulting impacts on the local economy.		Resolving issues regarding land ownership following the collapse of Carrillion who were the sole owners of Sovereign Harbour Ltd. This has now been sold to Premier Marina's Ltd who are in discussions with the Fishermen regarding a long leasehold.	Assuming land issues are resolved the money will be spent.	EMFF money has been secured to ensure repayment of the loan		Based on the land ownership issue above.	
No Use Empty	Kent	The NUE C 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.	Project approved by Accountability Board and project delivery underway	KCC's solicitors are in the process of sealing the document. Delays in draft agreement could impact the ability of NUE C project to achieve the original outputs in the original timescale, as draw down was not possible on the intended draw down date of 1st April 2018.	Delays in agreeing the legal agreement has resulted in draw down being deferred.	Delays in agreeing the legal agreement could increase the repayment risk	See delivery risk		See delivery risk

South East LEP
Growing Places Fund Repayment Schedule

£000's

Name of Project	Upper Tier	Total Allocation	Total Invested to Date	Total Repaid by 31st March 2017	2018/19	Total	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
					Q1	expected in 2018/19	total	total	total	total	total		
Revenue admin cost drawn down	n/a	2	2						-				-
Harlow EZ Revenue Grant	n/a	1,244	717			-	-	-	-				-
Round 1 Projects													
Priory Quarter Phase 3	East Sussex	7,000	7,000	65	65	800	735	5,400	-				7,000
North Queensway	East Sussex	1,500	1,500	1,000	-	-	500	-	-				1,500
Rochester Riverside	Medway	4,410	4,410	110	-	130	1,650	2,520	-				4,410
Chatham Waterfront	Medway	2,999	2,999	-	-	-	1,000	1,000	999				2,999
Bexhill Business Mall	East Sussex	6,000	6,000	225	300	800	4,975	-	-				6,000
Parkside Office Village	Essex	3,250	3,250	3,250	-	-	-	-	-				3,250
Chelmsford Urban Expansion	Essex	1,000	1,000	1,000	-	-	-	-	-				1,000
Grays Magistrates Court	Thurrock	1,400	1,400	800	-	300	300	-	-				1,400
Sovereign Harbour	East Sussex	4,600	4,600	25	200	500	475	400	3,200				4,600
Workspace Kent	Kent	1,500	1,437	365		748	324						1,437
Harlow West Essex	Essex/Harlow	3,500	-	-	-	-	500	2,000	-				2,500
Discovery Park	Kent	5,300	-	-	-	-	408	1,624	1,738	1,530			5,300
Live Margate	Kent	5,000	-	-	-	-		1,000	1,000	1,000	1,000	1,000	5,000
Sub Total		48,705	34,315	6,840	565	3,278	10,867	13,944	6,937	2,530	1,000	1,000	46,396
Round 2 Projects													
Colchester Northern Gateway	Essex	2,000	-	-					2,000				2,000
Charleston Centenary	East Sussex	120	-	-		5	48	36	31				120
Eastbourne Fisherman	East Sussex	1,150	-	-			900	250					1,150
Centre for Advances Automotive an	South Essex	2,000	-	-					2,000				2,000
Fitting Rigging House	Medway	800	-	-			200	300	300				800
Javelin Way Development	Kent	1,597	-	-					1,597				1,597
Innovation Park Medway	Medway	650	-	-				50	600				650
No Use Empty Commercial	Kent	1,000	-	-				500	500				1,000
Total		58,022	34,315	6,840	565	3,283	12,015	15,080	13,965	2,530	1,000	1,000	55,713

Report to Accountability Board	Forward Plan reference number: N/A
Date of Accountability Board Meeting:	15th June 2018
Date of report:	22nd May 2018
Title of report: Assurance Framework Implementation Update	
Report by:	Adam Bryan, Managing Director Amy Beckett, Programme Manager
Enquiries to:	amy.beckett@southeastlep.com

1. Purpose of report

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

1.1.1 The progress which has been made by the South East Local Enterprise Partnership (SELEP) team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework. *The Board is reminded that it is accountable for assuring that all requirements are implemented; it is a condition of the funding that the Assurance Framework is being implemented.*

1.1.2 The progress made against the Governance and Transparency Performance Indicators.

2. Recommendations

2.1 The Board is asked to:

2.1.1 **Note** the progress to date in implementing the SELEP 2018/19 Assurance Framework.

2.1.2 **Note** the SELEP team and federated area progress to implement the:

2.1.2.1 Mary Ney recommendations; and

2.1.2.2 Ministry of Housing, Communities and Local Government (MHCLG) Deep Dive recommendations.

2.1.3 **Note** the progress made against the Governance and Transparency Performance Indicators.

3. MHCLG Deep Dive Review and Implementation Process

- 3.1 Further to the initial Deep Dive key findings letter, SELEP received the final report, 2nd May 2018. The key areas identified for improvement, as stated in the Deep Dive report include:
 - 3.1.1 Ensuring open funding calls in all federated areas. It was noted by the deep dive assessors that federated areas use existing networks to disseminate information and promote funding opportunities. Alongside this approach, however, efforts should be made to advertise funding including on local authority websites, social media and through press notices. Open advertisement of funding opportunities is a requirement of the National Assurance Framework.
 - 3.1.2 Recruitment to Federated Boards and decisions on representation at Strategic Board level must operate to an open, transparent and consistent process. There should be a much stronger requirement than currently is in place for the Federated Boards to follow such a process, and this should be actively enforced by SELEP.
 - 3.1.3 SELEP should take steps to satisfy themselves that any underspend is reallocated to the most promising and best value for money projects. This should be based on the strongest projects, regardless of the area they are in. As outlined in the Annual Conversation letter, the 'Investment Panel' should prioritise pipeline projects to ensure that underspends are redistributed in the most effective way possible.
 - 3.1.4 A formal process of induction for new board members needs to be introduced.
 - 3.1.5 Declarations of interest of board members should be reviewed every six months.
- 3.2 In addition to the key areas for improvement, a list of actions was identified in the Deep Dive Report. These actions have been included in the Assurance Framework and Deep Dive recommendations implementation plan.
- 3.3 A summary of the outstanding actions for the Assurance Framework and Deep Dive recommendations implementation plan is set out in Appendix 1. Completed actions have been removed from the table.
- 3.4 Following receipt of the Deep Dive report, many of the actions detailed in the report have been completed. This includes the completion of actions, such as:
 - 3.4.1 Identification of SME representative from the Strategic Board on SELEP website
 - 3.4.2 The provision of an updated diversity statement on the SELEP website, covering all boards and working groups for SELEP
 - 3.4.3 Inclusion of complaints policy on the policy page of the SELEP website.
- 3.5 In addition, SELEP has an agreed Register of Interest Policy, which has been agreed by the Strategic Board, which states that members review and update

their interests in advance of each meeting. Outside of this, board members have 28 days to update their form and return to the Secretariat should any changes be identified.

- 3.6 The Cities and Local Growth Unit expect that the timescales for delivery of the recommendations from the Deep Dive are agreed with the SELEP Cities and Local Growth Area Lead; this discussion is due to take place on the 19th June 2018.
- 3.7 Agreement to implement the improvements required to be fully compliant with the National Assurance Framework was given at the meeting of the Strategic Board on the 16th March 2018. Next steps following this are being brought forward for consideration at the Strategic Board Meeting on the 29th June 2018. The implementation plan, presented in Appendix 1 sets out how these recommendations will be put in place.
- 3.8 It is necessary to ensure that all requirements are being fully implemented to ensure receipt of future years core funding and Local Growth Fund (LGF) allocations.

4. Assurance Framework requirements

- 4.1 In addition to the Deep Dive recommendations, SELEP continues to monitor its delivery of the SELEP Assurance Framework, which was agreed by the Strategic Board in February 2018.
- 4.2 Further to the progress being made by the SELEP Secretariat to implement the requirements of the SELEP Assurance Framework, implementation plans are required for each Federated Area to ensure full compliance.
- 4.3 A full list of the outstanding actions for the SELEP Secretariat and Federated Boards to implement is set out in Appendix 1.
- 4.4 Both the secretariat team and federated boards are monitored against their ongoing Key Performance Indicators. These are reported back at each Accountability Board; progress made on these can be found in Appendix 2.
- 4.5 Outstanding actions from Federated areas include:
 - 4.5.1 All Federated Board members to complete a Declaration of Interest and for these to be published on their and the SELEP website respective.
 - 4.5.2 Once agreement on process has been made by Strategic Board, Federated Boards will have responsibility for starting the process of a prioritised single pipeline of projects. Information on the requirements of this will follow the Strategic Board meeting on 28th June 2018.
 - 4.5.3 Federated Boards will ensure their Terms of Reference have been updated to include updates from the National Assurance Framework, Mary Ney Recommendations and improvements from

the Deep Dive report. These should be shared with secretariat team and published online.

- 4.5.4 Federated Boards will agree to implement SELEP's policies on: Code of Conduct, Complaints Policy, Register of Interest Policy, Subsistence and Hospitality Policy, Whistleblowing Policy and Gift and Hospitality Policy. Alternatively a Federated Board is able to implement its own policies, provided they sit in line with SELEP's and MHCLG requirements.
- 4.5.5 A Forward Plan of Decisions is to be available on the Federated Boards and SELEP's website at least 28 days in advance of the meeting.
- 4.5.6 All meeting papers to be published on SELEP's website 5 clear working days in advance of a meeting.
- 4.5.7 All draft minutes are to be published on SELEP's website 10 clear working days following a meeting.
- 4.5.8 All final minutes are to be published on SELEP's website 10 clear working days following approval.

5. Governance and Transparency Performance Indicators

- 5.1 As agreed at the March 2018 Board Meeting, Appendix 2, outlines progress made to date on the Governance and Transparency Indicators.
- 5.2 These performance measures focus on ensuring that the specific requirements as set out by Government in their LEP Governance and Transparency Best Practice Guidance continue to be met.
- 5.3 For those indicators that are currently not met, mitigations are to be put in place to ensure that they are met in the future and a further update will be provided on these at the next board meeting.

6 Accountable Body comments

- 6.1 It is a requirement of Government that the SELEP agrees and implements an assurance framework that meets the revised standards set out in the LEP National Assurance Framework.
- 6.2 The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 6.3 The SELEP Secretariat has been advised by the Accountable Body to identify and prioritise the key actions listed in paragraph 3.1 and to identify mitigations in respect of the key performance indicators which are currently not being met as these are requirements of the Assurance Framework.
- 6.4 It is noted that in order to assist in meeting the identified improvements, SELEP are seeking to recruit additional resource, including a Governance Officer; any delays in progressing this recruitment may increase the risk of

ensuring all requirements can be met in a timely manner.

- 6.5 An additional requirement of funding from Government is ensuring that the delivery of the Growth Deal is being actively monitored and evaluated by the Strategic Board and other key stakeholders, including the public, through the provision of regular updates to the Board and on the SELEP website. It is noted that arrangements are being addressed by the SELEP Secretariat to progress meeting this requirement.
- 6.6 CIPFA consultation on the role of LEP Accountable Body section 151 officers
- 6.6.1 A recommendation of the Mary Ney review was for guidance to be issued to Accountable Body section 151 officers to clarify their role in support of LEPs. The Chartered Institute of Public Finance & Accountancy (CIPFA) were requested to develop this guidance by the Cities and Local Growth Unit and this has been subject to consultation during May 2018.
- 6.6.2 The Accountable Body submitted a response to the consultation with support from SELEP which generally welcomed the proposed guidance, but indicated where additional clarity with regard to the expectations would be helpful.
- 6.6.3 The final guidance is due to be issued during summer 2018; it is anticipated that this may incorporate additional requirements for the SELEP Assurance framework that will need to be addressed. Once issued, an update on the implications of the guidance will be provided to the Board.

7 Financial Implications (Accountable Body Comments)

- 7.1 Following the Annual Conversation and Deep Dive processes required by the Government, SELEP received its full LGF allocation for 2018/19 of £91.7m. In the Grant Offer Letter, the Government reiterated that the use of all LGF must fulfil the following requirements:
- It must be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal. Within that the Government expects SELEP and the Accountable Body to use the freedoms and flexibilities that are in place to manage the capital budgets between programmes.
 - It must be deployed solely in accordance with decisions made through the Local Assurance Framework agreed between the LEP and the Accountable Body. This must be compliant with the standards outlined in the LEP National Assurance Framework.
 - That progress is tracked against the agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
 - That the LEP and Accountable Body follow the branding guidance and communicate the on-going outcomes and outputs of the growth deal.
- 7.2 The implementation plan set out in Appendix 1 is intended to demonstrate that the requirements of the SELEP Assurance Framework are being implemented as

certified by the S151 Officer of the Accountable Body to the MHCLG in February 2018. The 2018/19 LGF grant payment has been made on this basis and it is therefore essential that efforts continue to be made to ensure appropriate consideration and prioritisation is given to implementing the Assurance Framework in full – this will support the certification that is required by the S151 Officer of the Accountable Body to the MHCLG for 2019/20.

8 Legal Implications (Accountable Body Comments)

8.1 There are no legal implications arising from this report

9 Staffing and other resource implications

9.1 The SELEP Managing Director is seeking to recruit a Governance Officer to oversee the full implementation of the Assurance Framework; it is currently anticipated that this post will be advertised in June 2018.

10 Equality and Diversity implications

10.1 None at present.

11 List of Appendices

- 11.1 Appendix 1 – SELEP Assurance Framework Implementation Plan progress update
- 11.2 Appendix 2 – Governance and Transparency Performance Indicators

12 List of Background Papers

12.1 SELEP Assurance Framework

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

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee)	 6/6/18

Appendix 1 SELEP Assurance Framework and Deep Dive Recommendations Implementation Plan progress update

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Prioritisation of projects and development of a single pipeline							
Prioritisation Process	<p>Each Federal Board shall ensure that they apply the prioritisation process as approved by Strategic Board</p> <p>SELEP to ensure all its federated areas operate open calls for funding. This should include on local authority websites, social media and through press notices.</p>	SELEP and Federated Areas	H	<p>Each Federated Area has followed the prioritisation process agreed by Strategic Board for the prioritisation of GPF Projects, during July and August 2017. An approach needs to be developed for the prioritisation of LGF.</p>	<p>An approach to the development of a SELEP LGF single pipeline will be taken to the June 2018 Strategic Board with the intention of Federated Areas then applying the approach to the development of a project pipeline over the Summer to enable a SELEP single pipeline to be agreed by the Strategic Board/ Investment Panel in December 2018.</p> <p>This will include a requirement for all open calls for projects through, local authority websites, social media and press releases.</p>	Dec-18	A

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Single list	A single LEP project list will be published on the SELEP website as part of the Infrastructure and Investment Plan	SELEP	H	Planned	<p>A single list of priorities was identified as part of the GPF bidding process. This is now published on the SELEP website.</p> <p>The SELEP Strategic Board have agreed to develop a single list of prioritised LGF projects, following a common assessment approach.</p> <p>Following the approval of a single prioritised list of LGF projects, this will be published on the SELEP website.</p>	Dec-18	A
SELEP collateral							
Comms strategy	Communications Strategy to be refreshed and taken to Strategic Board for approval and implementation	SELEP	M	Planned in line with SEP launch	An interim role (to cover maternity leave) has been appointed to in order to lead work on the SELEP website and develop a SELEP Communication Strategy, in partnership with Federated Areas.	Sept-18	A
Transparency and Declarations of Interest							
Registers of Interest	All members of Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interest form	SELEP/Board members	H	Completed and Ongoing	Following on from the Mary Ney recommendations the declaration of interest template has been sent to all board members for completion. Feedback from the Deep Dive suggests Registers of Interests should be recompleted by Board members as Government feels they are not adequately completed.	Jun-18	A

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Register of Interests	LEPs should ensure senior members of staff or those staff involved in advising on decisions should also complete this form and report interests. Unless there is a relevant or new interest that pertains to a meeting or decision, LEP staff should review their interests every six months.	Officers	H	SELEP Secretariat Register of Interests's have been completed. The Senior Officer group will be sought following the next Senior Officer Group meeting on the 8 th June 2018.	Senior Officer Group to complete a Register of Interests forms.	Jun-18	R
Register of Interests	Policies on conflict of interest to be recirculated amongst board and staff members from time to time, to ensure knowledge is regularly refreshed	SELEP	H	The Register of Interest Policy was agreed in the Board in February 2018 by electronic procedure.	An updated version of the Register of Interest Policy will be considered by the Strategic Board on the 29 th June 2018.	June 2018	A
Registers of Interests	All Registers of Interests to include a member, Chief Executive and Section 151 Officer signature.	SELEP	H	S151 sign off of Registers of Interests considered inappropriate	All registers of interests to be signed off by SELEP Secretariat to confirm receipt.	Quarterly	H

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Project information on websites	We recommend that where projects have been completed, or significant milestones have been met, that SELEP makes efforts to update this on individual project pages.	SELEP	M	A summary of project progress is currently provided on the website.	This action will be completed as part of the new website refresh, which is due to be completed by July 2018, to provide updated on individual project pages.	July 2018	
Specific to local areas							
Recruitment	Federated Boards to determine and evidence own recruitment process for membership. The process needs to meet the requirements of the SELEP Assurance Framework.	Federated Areas	M	This is to be agreed at the June 2018 Strategic Board Meeting and implemented with immediate effect.	This is to be agreed at the June 2018 Strategic Board Meeting and implemented with immediate effect.	Jun-18	A
	Succession planning for board members	Federated Areas / Secretariat	H	This is to be agreed at the June 2018 Strategic Board Meeting and implemented with immediate effect.	Recruitment process to be specified from the LEP secretariat, identifying an appropriate recruitment process for all board members with an agreed limitation of terms for: board members, vice-chairs and federated board members. The process for this will be brought forward to the June Board meeting, following initial approval of the proposal at March's Board meeting	Jun-18	A

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Monitoring local implementation of the AF	SELEP secretariat to work with Federated Boards to set out their plans to implement and monitor the Assurance Framework.	SELEP	H	Meetings to be scheduled	SELEP Secretariat and the Accountable Body are currently planning to attend Federated Board Meetings in the coming months to discuss compliance with the Assurance Framework and Mary Ney report.	Jul-18	A
Declaration of Interest		Federated Areas / SELEP	H	June Board Meeting	All federated board members to complete the updated declaration of interest form and to be uploaded to the SELEP website for full transparency.	Jun-18	R
Working Groups	Working Groups will publish their Terms of Reference, calendar of dates and papers produced on SELEP's website	Working Groups / SELEP	M	Ongoing	A member of the SELEP team will be attending each of the Working Groups to help identify any gaps in the publication of information on the website. Terms of Reference are currently being approved by the following groups, once approval has been given they will be uploaded to the SELEP website: § U9 (University 9) Working Group	Jun-18	R
Secretariat							

Summary	Requirement	Responsibility	Priority	Status	Action Required	Deadline for Completion	RAG
Recruitment of Governance Officer		SELEP	H	Within next quarter	Recruiting a governance officer will enable SELEP to better govern the information made available on the website and working with the federated areas to ensure full compliance of the Assurance Framework	Advert live in May 2018	A
Implementation of Investment Panel	SELEP should take steps to satisfy themselves that any underspend at a federated level is reallocated to the most promising and best value for money projects. This should be based on the strongest projects, regardless of the area they are in. As outlined in the Annual Conversation letter, the 'Investment Panel' should prioritise pipeline projects to ensure that underspends are redistributed in the most effective way possible.	SELEP / Strategic Board	H	Within next quarter	Further to Boards approval to re-affirm the Investment Panel at the March 2018 board, the SELEP secretariat will bring the Terms of Reference to the June 2018 for approval. Once agreed this will satisfy requirements from the Mary Ney review to include a higher level business voice in confirmation of funding prioritisation.	Jun-18	A
S151 attendance at SELEP meetings.	The Government recommend the S151 considers occasional attendance at key meetings throughout the year. This could include an open invitation to attend Strategic or Accountability Board meetings, or attendance at the Annual Conversation.	SELEP	M	Ongoing	S151 to consider attendance at SELEP Strategic / Accountability Board meetings as considered appropriate		

Appendix 2 – Governance and Transparency Performance Measures

Indicator	Target	Met (Y/N)	Comments
Is the Forward Plan of Decisions, including any associated business cases, published at least 28 days in advance of the meeting?	28 days		
Accountability Board - this is needed to ensure appropriate publication of funding decisions		Y	
Strategic Board		N	Forwards plan being populated and to be in place for September 2018
Federated Boards		N	All Federated boards will need to ensure
Are all papers published on the SELEP website 5 clear working days in advance of the meeting	5 days		
Accountability Board		N	Papers were published, these were on the website 1 day later
Strategic Board		N	Papers were published, these were on the website 1 day later
Federated Boards		N	All papers are published on the SELEP website, however no Federated area sent these to SELEP within the required timeframe. These are to be sent to SELEP on

			hello@southeastlep.com
Are all draft minutes published withing 10 clear working days, following the meeting?	10 days		
Accountability Board		Y	
Strategic Board		Y	
Federated Boards		N	All draft minutes are published on the SELEP website, however no Federated area sent these to SELEP within the required timeframe. These are to be sent to SELEP on hello@southeastlep.com
Are final minutes published within 10 clear working days following approval?	10 days		
Accountability Board		Y	
Strategic Board		N/A	Minutes have not yet been approved to be uploaded as final minutes
Federated Boards		N/A	Minutes have not yet been approved to be uploaded as final minutes. All approved minutes are to be sent to hello@southeastlep.com
Are declarations of interest in place for all board members?	100%		

Accountability Board		N	A new board member, representing Higher Education, has joined the Accountability Board and a DOI is not yet complete.
Strategic Board		Y	
Federated Boards		N	Federated Board members have until Friday 22nd June to complete their DOI's
Are declarations of interest in place for relevant staff?	100%	N	SELEP Secretariat have completed their DOI's. The Senior Officer Group will be asked to complete DOI's by Friday 8th June.
Are all interests declared and recorded in the meeting minutes with a note of actions taken?	100%	Y	Spot checks are completed on the Federated Board minutes to ensure these are completed and noted.
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?	100%	Y	The project changes which have come forward to the March 2018 have received Federated Board endorsement prior to consideration by the Accountability Board.
Publication of Business Cases 1 month in advance of funding decision	100%	Y	This has been achieved for projects seeking a

			funding award.
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Forward Plan reference numbers: FP/AB/153 and FP/AB/158

Report title: <i>First Quarter Update on SELEP Revenue Budget 2018/19</i>	
Report to Accountability Board	
Report author: <i>Suzanne Bennett</i>	
Date: 6 th June	For: Decision
Enquiries to: <i>Suzanne Bennett:</i> Suzanne.bennett@essex.gov.uk	
SELEP Partner Authority affected: <i>Pan SELEP</i>	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the first quarter forecast of revenue outturn for 2018/19; including the establishment of budgets for specific revenue grants and the withdrawal from the general reserve of monies earmarked to support the Growth Hub programme.

2. Recommendations

- 2.1 The Board is asked to:
- 2.1.1 Approve the revenue budgets for specific grants (detail can be seen at Tables 1,2,3,4,5,6 and 7);
- 2.1.2 Approve a withdrawal of **£85,000** from the general reserve to support the Growth Hub programme in 2018/19; and
- 2.1.3 Note the current forecast **over spend** of **£14,000** against total revenue budget for 2018/19, which would become an **under spend** of **£71,000** if the withdrawal from reserves above is agreed.

3. Background

- 3.1. The 2018/19 revenue budget for the SELEP Secretariat was set by Accountability Board at its December 2017 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. This detail has now been received and details on each grant can be found below.
- 3.3. A summary of the Grants and impact of the recommendations is set out in Table 1 overleaf:

Table 1 – Summary Specific Grants 2018/19

Name of grant	GPF Revenue £000	Growth Hub Revenue £000	Enterprise Zone: Commercial Support £000	Transport: Delivery Excellence £000	CEC Revenue £000	Energy Strategy £000	Total £000
Amount c/fwd from previous years	2,564	-	23	10	-	92	2,689
2018/19							
Income to be received in year	-	(656)			(88)	-	(744)
Expenditure	949	656	23	10	88	92	1,818
Net utilised in year	949	-	23	10	-	92	1,074
Amount to b/fwd to future years	1,615	-	-	-	-	-	1,615

Growing Places Fund Revenue Grant

3.4. The Growing Places Fund (GPF) grant was received from Government in financial year 2011/12. The vast majority of the £49.210m 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 2018, there was £2.6m of revenue grant remaining on the balance sheet for application in this and future years.

3.5. The Board is requested to approve a drawdown of the grant of £949,000 in 2018/19 and the setting of the equivalent budget. The detail can be seen in Table 1 below:

Table 2 – Proposed GPF Revenue Grant Budget for 2018/19

	18/19 Budget £000	17/18 Budget £000	Movement £000	Movement %
Recharges (incl. Accountable Body)	50	0	50	100.0%
Grants to third parties	899	739	160	17.8%
Total Expenditure	949	739	210	22.1%
Grant Income	(949)	(739)	(210)	22.1%
Total income	(949)	(739)	(210)	22.1%
Net position	-	-	-	0.0%

3.6. £50,000 of Secretariat and Accountable Body costs are able to be recharged to the grant in this financial year. The recharge to the grant ensures that funding from partners and the Core Grant is maximised by reducing the costs that are to be funded from those funding streams.

3.7. £78,000 of grant remains from the £1m revenue grant that the SELEP Board awarded to support the Harlow Enterprise Zone in 15 March 2013. The final claim for that grant has now been received for those remaining funds.

3.8. £321,000 of Sector Support Fund allocations were approved by Strategic Board in June 2017, but further work was needed on the applications to ensure that the process met all Assurance Framework requirements. As these applications have not yet been finalised, no drawdowns were made in

First Quarter Update on SELEP Revenue Budget

2017/18 and it is now expected that these payments will be made in early 2018/19.

- 3.9. As also agreed by Strategic Board in June 2017, a maximum of £500,000 would be available in each financial year for the financial years 2017/18, 2018/19 and 2020/21, the three years of the Sector Support Fund programme, so a further drawdown of this amount is planned for 2018/19.
- 3.10. Following the total drawdown of £949,000 for the year, the grant remaining would total £1.6 million. This is more than sufficient to cover the final year of the Sector Support Funding in 2019/20.
- 3.11. The Board is asked to approve the budget for the GPF Revenue Grant for 2018/19

Growth Hub Revenue Grant

- 3.12. After a period of much uncertainty, in March of this year the Department of Business, Energy and the Industrial Strategy (BEIS) confirmed that they would continue to support Growth Hubs and revenue grants would be provided. BEIS have advised that funding for 2018/19 will be at the same level as 2017/18; which totals £656,000 for SELEP.
- 3.13. In response to a Freedom of Information request BEIS has recently published the grant values awarded to each LEP for Growth Hubs in 2017/18. This information is available at Appendix 1 and demonstrates that the South East LEP receives the highest Growth Hub grant in the country.
- 3.14. The grant conditions and principles of funding for 2018/19 are significantly more stringent than last financial year and the Growth Hub programme will need to be adapted to ensure that it fits with the new requirements. An application for the £656,000 with a revised plan for the Growth Hubs was recently submitted to BEIS and has been approved.
- 3.15. The current proposed budget for the Growth Hub grant funded expenditure can be found at Table 2 below:

Table 3 – Proposed Growth Hub Revenue Grant Budget 2018/19

	18/19 Budget £000	17/18 Budget £000	Movement £000	Movement %
Staff recharges	31	-	31	100.0%
Office expenses	20	-	20	100.0%
Consultancy and projects	14	56	(42)	-300.0%
Grants to third parties	591	600	(9)	-1.5%
Total Expenditure	656	656	-	0.0%
Grant Income	(656)	(656)	-	0.0%
Total income	(656)	(656)	-	0.0%
Net position	-	-	-	0.0%

- 3.16. Currently the University of Essex employs an Intern that SELEP partially funds as that post provides support to the Growth Hub programme as the lead and co-ordinator of data to be reported back to BEIS.
- 3.17. Given the increased requirements of Central Government, a full time post is being established within the Secretariat to support the sub-hubs, the part year costs of this post can be found in the staff recharges line in the table above. These costs are currently estimated as the post is still being evaluated by the HR Department of the Accountable Body. The full year effect of the post may require additional support from the SELEP Secretariat staffing budget but reductions in other posts that are planned for this year mean that the costs should be able to be covered. The cost of the post will be met entirely through the grant in this year.
- 3.18. The Board is asked to approve the budget for the Growth Hub Revenue Grant for 2018/19.

Enterprise Zone: Commercial Support Revenue Grant

- 3.19. In 2016/17, the then Government Department for Communities and Local Government (DCLG), made available some funding to the latest round of Enterprise Zones to enable purchase of commercial consultancy support. This was awarded as a result of feedback from earlier rounds of Enterprise Zones, highlighting that this support was needed but often difficult to resource internally or fund.
- 3.20. The funding was released on a challenge basis and the North Kent Enterprise Zone (NKEZ) was successful in securing £27,000 of funding that was utilised in financial year 2017/18. A further round of funding was released in the summer of 2017 and the NKEZ again bid, this time for £23,000.
- 3.21. This bid was also successful and funding was paid to the SELEP Accountable Body very late in 2017/18. This funding will now transfer to Maidstone Borough Council who submitted the successful bid.

Table 4 – Proposed Enterprise Zone Commercial Support Revenue Grant Budget 2018/19

	18/19 Budget £000	17/18 Budget £000	Movement £000	Movement %
Consultancy and projects	23	27	(4)	-17.4%
Total Expenditure	23	27	-4	-17.4%
Grant Income	(23)	(27)	4	-17.4%
Total income	(23)	(27)	4	-17.4%
Net position	-	-	-	0.0%

- 3.22. The Board is asked to approve the budget for the Enterprise Zone Commercial Support Revenue Grant 2018/19.

Transport: Delivery Excellence (TDE) Revenue Grant

3.23. The TDE grant was originally awarded by the Department for Transport in 2015/16. The grant was made to all LEPs to support them in building programme delivery for the transport projects within the Local Growth Deal.

3.24. The grant has been drawn down incrementally over the last three financial years and just over £10,000 remains. The Capital Programme Manager will use the remaining funding in this financial year to support additional pieces of work that will improve the delivery and monitoring of the Local Growth Fund (LGF) programme.

Table 5 – Proposed Transport: Delivery Excellence Revenue Grant Budget 2018/19

	18/19 Budget £000	17/18 Budget £000	Movement £000	Movement %
Consultancy and projects	10	26	(16)	-160.0%
Total Expenditure	10	26	(16)	-160.0%
Grant Income	(10)	(26)	16	-160.0%
Total income	(10)	(26)	16	-160.0%
Net position	-	-	-	0.0%

3.25. The Board is asked to approve the budget for the Transport: Delivery Excellence Revenue Grant for 2018/19.

Careers Enterprise Company Enterprise Co-ordinator Revenue Grant

3.26. 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.

3.27. 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.

3.28. 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.

Table 6 Proposed CEC Enterprise Co-ordinator Revenue Grant 2018/19

	18/19 Budget £000	17/18 Budget £000	Movement £000	Movement %
Grants to third parties	88	236	(148)	-168.2%
Total Expenditure	88	236	(148)	-168.2%
Grant Income	(88)	(236)	148	-168.2%
Total income	(88)	(236)	148	-168.2%
Net position	-	-	-	0.0%

3.29. As the grant is claimed retrospectively, the total value of the grant for 2018/19 is not known at this time. It has been assumed that values will be similar as for 2017/18. In total £131,000 was received in 2017/18. £25,000 of that was for a one-off incentive payment that won't be received again in 2018/19. In addition, due to delays in agreeing the process, four terms' worth of claims were made in financial year 2017/18; it has been assumed that only three termly claims will be made in 2018/19 and this equates to £88,000.

3.30. The Board is asked to approve the budget for the CEC Enterprise Co-ordinator Revenue Grant 2018/19.

Energy Strategy Revenue Grant 2018/19

3.31. 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 receives the funding.

3.32. A small amount of funding (£28,000) was spent in 2017/18 and the remaining funds will be spent on the consultancy delivery partner and project management costs in this year.

Table 7 – Proposed Energy Strategy Revenue Grant 2018/19

	18/19 Budget £000	17/18 Budget £000	Movement £000	Movement %
Consultancy and projects	81	-	81	100.0%
Grants to third parties	11	-	11	100.0%
Total Expenditure	92	-	92	100.0%
Grant Income	(92)	-	(92)	100.0%
Total income	(92)	-	(92)	100.0%
Net position	-	-	-	0.0%

3.33. The Board is asked to approve the budget for the Energy Strategy Revenue Grant 2018/19.

SELEP Secretariat Revenue Budget

3.34. The SELEP Secretariat revenue budget was agreed by Accountability Board at its meeting in December 2017. The first forecast of spend for the financial year can be seen at Table 7 below. The spend is forecast to be £14,000 higher than the agreed budget.

Table 8 – Forecast Secretariat Revenue Spend

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Staff salaries and associated costs	703	761	(57)	-7.56%
Staff non salaries	32	32	-	0.00%
Recharges (incl. Accountable Body)	64	64	-	0.00%
Total staffing	799	856	(57)	-6.71%
Meetings and admin	51	51	-	0.00%
Chairman's allowance	20	20	-	0.00%
Consultancy and projects	484	397	87	21.91%
Local area support	150	150	-	0.00%
Total other expenditure	705	618	87	14.08%
Total expenditure	1,504	1,474	30	2.00%
Grant income	(500)	(500)	-	0.00%
Contributions from partners	(200)	(200)	-	0.00%
External interest received	(490)	(474)	(16)	3.38%
Total income	(1,190)	(1,174)	(16)	1.36%
Net expenditure	314	300	14	4.51%
Contributions to/from reserves	(300)	(300)	-	0.00%
Final net position	14	0	14	0.00%

3.35. Currently there is a forecast under spend on staffing budgets. This is due to staffing vacancies. A number of new job profiles are in the process of being evaluated by the Accountable Body's HR function; after which recruitment will commence.

3.36. At the April 2018 meeting of Accountability Board, the 2017/18 provisional outturn position was presented. This included an under spend in year of £85,000 on funding held for Growth Hubs that was outside of the specific grant. The Board elected not to create a specific reserve for this funding and indicated that it should form part of the Managing Director's 2018/19 revenue budget. To do this £85,000 will need to be drawn down from the general reserve to the SELEP Secretariat Consultancy and Projects budget. This withdrawal will leave a residual general reserve total of £126,000, some £26,000 higher than the previously agreed minimum level of reserve of £100,000.

Table 9 – SELEP General Reserve

	£000
Opening balance 1st April 2018	511
Planned Utilisation	
Planned withdrawal 18/19	300
Growth Hub reserve	85
Total	385
Balance remaining	126
Minimum value of reserve	100

- 3.37. Should the withdrawal be approved, the SELEP Secretariat underlying forecast position is £71,000 under spend against budget.
- 3.38. 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. The budget for interest receipts for 2018/19 was calculated in November 2017 and was based on the forecast cash flow at that time and it was assumed that there would be two further bank base rate rises over the financial year.
- 3.39. In May 2018, the Bank of England declined to make a further rate rise and the assumptions for the potential interest receipt was revisited, along with an update of potential cash flow. The forecast cash flow now reflects the latest spend position as reported by partners through the Programme Consideration Meeting. The current forecast of interest receipts for the year is £490,000. This is based upon one further rate rise in December of this year.
- 3.40. The increase in interest earned is due to increased balances being held throughout the year, this will more than offset the impact of only one rate rise. If rates do not increase at all this year, it is forecast that the interest receipt would reduce to £450,000 for the year. The Accountable Body Treasury Management function will continue to support the SELEP to ensure interest receipts are maximised within an acceptable risk envelope.
- 3.41. The Board is asked to approve the withdrawal of £85,000 from the general reserve and note the latest forecast outturn position of £14,000 over spent, moving to £71,000 under spend should the contribution from reserves be approved.

4. Financial Implications (Accountable Body comments)

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

5. Legal Implications (Accountable Body comments)

None

6. Equality and Diversity implication

6.1 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.

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

6.3 In the course of the development of the budget, the delivery of the service and their ongoing commitment to equality and diversity, the accountable body will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

7. List of Appendices

12.1 Appendix 1 – BEIS FOI Response

8. List of Background Papers

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

Role	Date
Accountable Body sign off	
Stephanie Mitchener (On behalf of Margaret Lee)	6/6/18



FUNDING AWARDS TO LEPS FOR GROWTH HUBS (2015-2016; 2016-2017 AND 2017-2018)

Note that funding was originally awarded to LEPS via a formal competitive process; reflecting level of Growth Hub maturity; level of local ambition and sense checked against number of registered businesses in the LEP area, therefore a range of funding levels currently exist.

LEP	% share VAT/PAYE registered businesses in England 2016 (including SMEs)	2015-2016	2016-2017	2017-2018
Black Country	1.4%	£400,000	£328,000	£328,000
Buckinghamshire Thames Valley	1.1%	£350,000	£287,000	£287,000
Cheshire & Warrington	1.5%	£350,000	£287,000	£287,000
Coast 2 Capital	3.7%	£450,000	£369,000	£369,000
Cornwall & Isles of Scilly	1.1%	£250,000	£205,000	£205,000
Coventry & Warwickshire	1.3%	£400,000	£328,000	£328,000
Cumbria	0.8%	£300,000	£246,000	£246,000
D2N2	2.7%	£525,000	£430,500	£430,500
Dorset	1.1%	£250,000	£205,000	£205,000
Enterprise M3	3.6%	£350,000	£287,000	£287,000
Gloucester & Gloucestershire	1.0%	£250,000	£205,000	£205,000
Greater Birmingham & Solihull	3.0%	£625,000	£512,500	£512,500
Greater Cambridge & Peterborough	2.5%	£300,000	£246,000	£246,000
Greater Lincoln & Lincolnshire	1.4%	£300,000	£246,000	£246,000

Greater Manchester	4.2%	£625,000	£512,500	£512,500
Heart of the South West	2.7%	£400,000	£328,000	£328,000
Hertfordshire	2.3%	£350,000	£287,000	£287,000
Humber	1.1%	£250,000	£205,000	£205,000
Lancashire	2.0%	£400,000	£328,000	£328,000
Leeds City Region	4.7%	£625,000	£512,500	£512,500
Leicester & Leicestershire	1.5%	£250,000	£205,000	£205,000
Liverpool City Region	1.8%	£550,000	£451,000	£451,000
London	20.7%	£0	£520,000	£520,000
New Anglia	2.5%	£350,000	£287,000	£287,000
North East	2.3%	£500,000	£410,000	£410,000
Northamptonshire (merged SEMLEP 2016)	1.1%	£250,000	£0	£0
Oxford & Oxfordshire	1.1%	£250,000	£205,000	£205,000
Sheffield City Region	2.2%	£500,000	£410,000	£410,000
Solent	2.4%	£250,000	£205,000	£205,000
South East	7.0%	£800,000	£656,000	£656,000
South East Midlands	3.2%	£300,000	£451,000	£451,000
Stoke & Staffordshire	1.4%	£250,000	£205,000	£205,000
Swindon & Wiltshire	1.0%	£250,000	£205,000	£205,000
Tees Valley	1.0%	£300,000	£246,000	£246,000
Thames Valley Berkshire	1.6%	£250,000	£205,000	£205,000
The Marches	1.1%	£250,000	£205,000	£205,000
West of England	1.7%	£400,000	£328,000	£328,000
Worcestershire	0.8%	£250,000	£205,000	£205,000
York, North Yorkshire & East Riding	2.4%	£300,000	£246,000	£246,000
Total	100.0%	£14m	£12m	£12m