

# ACCOUNTABILITY BOARD

<b>10:00</b>	<b>Friday, 16 February 2024</b>	<b>MidKent College, Maidstone Campus, Oakwood Park, Tonbridge Road, Maidstone Kent ME16 8AQ</b>
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The meeting will be open to the public either in person, online or by telephone. Details about this are on the next page.

**Quorum: 6 (to include 4 voting members)**

## Membership

Simon Cook	Chair
Cllr Kevin Bentley	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Lauren Edwards	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Andrew Jefferies	Thurrock Council
Cllr Tony Cox	Southend-on-Sea City Council
Vacant	Further Education/ Skills representative
Abbie Kemp/Thomas Wolfenden	Higher Education representative

**For information about the meeting please ask for:**

Lisa Siggins, Secretary to the Board

**Telephone:** 033301 34594

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## Essex County Council and Committees Information

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

Members of the public will be able to view and listen to any items on the agenda unless the Committee has resolved to exclude the press and public from the meeting as a result of the likely disclosure of exempt information as defined by Schedule 12A to the Local Government Act 1972.

### **How to take part in/watch the meeting:**

**Board members:** should be attending in person at Midkent College Oakwood Park, Tonbridge Road Maidstone ME16 8AQ. Members that have arranged in advance to attend virtually as a non-voting participant will have received a personal email with their login details for the meeting. Contact Keri Lawrence -Governance Officer SELEP if you have not received your login.

### **Officers and members of the public:**

#### **Online:**

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#### **In person:**

Midkent College Oakwood Park, Tonbridge Road Maidstone ME16 8AQ .You will be asked to sign in and to not speak during the meeting without the express permission of the Chair. Late arrivals will not be guaranteed entry to the meeting.

### **Accessing Documents**

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The agenda is also available on the Essex County Council website, [www.essex.gov.uk](http://www.essex.gov.uk) From the Home Page, click on 'Running the council', then on 'How decisions are made', then 'council meetings calendar'. Finally, select the relevant committee from the calendar of meetings.

Please note that an audio recording may be made of the meeting – at the start of the meeting the Chair will confirm if all or part of the meeting is being recorded.

<b>1</b>	<b>Welcome and Apologies for Absence</b>	
<b>2</b>	<b>Minutes of the previous meeting</b>	<b>6 - 19</b>
	To approve the minutes of the meeting held on 12th January 2024.	
<b>3</b>	<b>Declarations of Interest</b>	
	To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
<b>4</b>	<b>Questions from the public</b>	
	In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the SELEP Secretariat ( <a href="mailto:hello@southeastlep.com">hello@southeastlep.com</a> ) by no later than 10am on the Wednesday morning before the meeting. This is an extended deadline due to the later circulation of the Agenda Pack. 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 Governance Officer for an in-person meeting, or the host of the meeting if it is being held virtually. A copy of the Policy for Public Questions is made available on the SELEP website.	
<b>5</b>	<b>SELEP Operations Update</b>	<b>20 - 40</b>
<b>6</b>	<b>Growing Places Fund Programme Update</b>	<b>41 - 85</b>
<b>7</b>	<b>Getting Building Fund Programme Update</b>	<b>86 - 107</b>

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|-----------|--|------------------|
| <b>8</b>  | <b>Local Growth Fund Programme Update</b>  | <b>108 - 138</b> |
| <b>9</b>  | <b>Stanford le Hope - London Gateway and Grays South LGF project update</b>  | <b>139 - 168</b> |
| <b>10</b> | <b>LGF High Risk Project Update</b>  | <b>167 - 203</b> |
| <b>11</b> | <b>A13 Widening LGF Project Update</b>   | <b>204 - 212</b> |
| <b>12</b> | <b>Monitoring and Evaluation Update - This report will be presented to the Strategic Board in March</b>  |                  |
| <b>13</b> | <b>Legal and Finance Update</b>  | <b>213 - 226</b> |
| <b>14</b> | <b>Date of Next Meeting</b>  |                  |
|           | To note that no further meetings are scheduled.  |                  |
| <b>15</b> | <b>Urgent Business</b>   |                  |
|           | To consider any matter which in the opinion of the Chair should be considered in public by reason of special circumstances (to be specified) as a matter of urgency. |                  |

### **Exempt Items**

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

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

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

**16 Urgent Exempt Business**

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

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**Minutes of the meeting of the SELEP Accountability Board, held at Mid Kent College, Oakwood Park, Tonbridge Road, Maidstone ME16 8AQ on Friday, 12 January 2024**

**Present:**

Simon Cook	Chair
Cllr Lee Scott	Essex County Council
Cllr Roger Gough	Kent County Council (from item 6)
Cllr Keith Glazier	East Sussex County Council
Cllr Lauren Edwards	Medway Council
Cllr John Lamb	Southend-on-Sea City Council (from item 7)
Cllr Andrew Jefferies	Thurrock Council
Abbie Kempe	Higher Education Representative

**Also Present:**

Chris Broome	Sea Change Sussex
Bernard Brown	Member of the public
Paul Chapman	Essex County Council
Alex Colbran	East Sussex County Council
Howard Davies	SELEP
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Sunny Ee	Medway Council
Stephanie Ennis	Essex County Council
Amy Ferraro	SELEP
Jill Fisher	East Sussex County Council
Jessica Jagpal	Medway Council
Tariq Khwaja	TK Associates
Keri Lawrence	SELEP
George McCullough	Thurrock Council
Gary MacDonnell	Essex County Council
Steve Mannix	Mercury Theatre
Stephanie Mitchener	Essex County Council
Michael Neumann	Essex County Council (as delegated S151 Officer for the Accountable Body)
Rebecca Newby	East Sussex County Council

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Lorna Norris	Essex County Council
Huw Oxburgh	Member of the public
Vivien Prigg	Essex County Council
Alan Richards	Southend-on-Sea City Council
Tim Rignall	Southend-on-Sea City Council
Helen Russell	SELEP
Steve Samson	Kent County Council
Jo Simmons	SELEP
Lisa Siggins	Essex County Council
Tristian Smith	Essex County Council
Gemma Webb	Southend-on-Sea City Council
Gregory Wilkinson	DLUHC
Andrew Willet	Southend-on-Sea City Council

## **1 Welcome and Apologies for Absence**

- Cllr Tony Cox substituted by Cllr John Lamb
- Cllr Kevin Bentley substituted by Cllr Lee Scott

## **2 Minutes of the previous meeting**

The minutes of the meeting held on Friday 22 September 2023 were agreed as an accurate record.

## **3 Declarations of Interest**

None

## **4 Questions from the public**

Helen Russell Chief Executive Officer SELEP advised the Board that four public questions had been received. She read the questions and the responses to questions 1 and 3. Responses to questions 2 and 4 were presented by Cllr Keith Glazier from East Sussex County Council.

### **Question 1 – Mr Alan Seymour**

It says on the Good Governance/Meetings & Minutes/Agendas & Papers Pages of the SELEP website that the Agenda and Papers are published on the SELEP website 5 clear working days before the meeting. For the Agenda 12 January 2024 no papers were published for Agenda Items 7 to 13 in this timescale. One of these items, that on the Queensway Gateway Road, was due to be reported on at the postponed November 2023 Accountability Board Meeting. At the December Strategic Board it was said a paper on the Repayment Schedule of the loan on Sovereign Harbour/Pacific House would be published for the 12

January 2024 meeting. Neither have been published within the required time frame of 5 clear days before the Accountability Board meeting.

Why, has the Accountability Board failed to publish the papers in the correct time frame for this meeting, thereby negating the public's ability to review the papers and ask appropriate Public Questions based on the published papers?

**Response:**

We work extremely hard to meet all required deadlines, but we are facing resource challenges across SELEP, the Accountable Body and some partner authorities. It is a lengthy process, for all the right reasons, to get papers finalised and from a SELEP perspective, given that we are working towards closure, we are operating on a reduced capacity so despite every effort, this is having some impact.

In light of the late publication of the agenda pack, the deadline for submitting Public Questions was extended to ensure that the opportunity to submit questions was not lost.

**Question 2 – Bernard Brown**

Pacific House was developed using a loan from SELEP with additional loans from East Sussex County Council and Eastbourne Borough Council. The Development was undertaken in 2015. Of the £4.6m loaned through SELEP £3.575m is outstanding and has been subject to previous repayment rescheduling. In 2023 Sea Change Sussex defaulted on the repayment and through an administrative error ESCC technically defaulted. This was addressed by a retrospective rescheduling. It was stated the building would be sold during the course of 2023. It has been marketed at £5m and there has been no sale. Sea Change Sussex and ESCC have said this is due to adverse market conditions in the Investment Commercial Property Market yet in the same period Sea Change Sussex upwardly revalued its Investment Commercial Property at £16.82 per sqft. This would have generated £806,460 over the last two years yet Sea Change Sussex have made no further part-repayments on the loan making no attempt to honour their loan obligations. It is legitimate to ask why no payments have been made. The reasons maybe the Company is using the money for other projects contrary to the terms of the loan under SELEP Governance rules or the Company does not have the financial resources to meet its loan obligations. Papers were not published in this matter in the timescale required for the Accountability Board Meeting.

In the absence of information are loan repayments wilfully being withheld or is Sea Change Sussex unable to meet its financial obligations? What has happened to the £800+K taken in rents on this project.

**Response:**

As a point of clarification, a revised repayment schedule for the Sovereign Harbour project was due to be considered by the Accountability Board at their



meeting on 10 March 2023 – prior to the repayment becoming due. However, this Board meeting was subsequently postponed to 13 April 2023 and therefore it wasn't possible for the decision on the revised schedule to be taken prior to the repayment becoming due.

The information required to respond to this question is held by East Sussex County Council and, as such, they provided the following response:

The extension of the repayment period of the loan into 2023/24 was to enable Sea Change Sussex to undertake the necessary marketing required to secure a sale of the building and consequently repay the outstanding Growing Places Fund loan in full. As such there were no other part repayments agreed upon or expected from Sea Change Sussex throughout the year and there is no mechanism in the loan agreement to request this outside the agreed repayment schedule.

### **Question 3 – Mr Neville Jones**

The following are fully verifiable extracts from reports submitted to the Accountability Board on the Queensway Gateway Project by East Sussex County Council since October 2020: “ A contractor has been appointed with work due to commence on site on 23/11/21...it is anticipated the works on the temporary connection will take 4 weeks” ...”The expected programme for delivery of the signalised connection is 6 weeks with an additional 2 weeks contingency...It is currently estimated that the signalised connection will be constructed and complete by late November 2021 with the full route open to traffic at this point” ... “This report sets out further delays to the signalised connection with this now not being expected until early 2022” .... At the 16/6/23 meeting the report said “..it has not been possible to provide a full update on this project.”

Despite the best efforts of the SELEP Capital Programme Manager to present an accurate picture to the Board, there is absolutely no doubt reports on this project submitted by East Sussex County Council since 2020 have proven to be incomplete and inaccurate and by default misleading. The reports from East Sussex County Council on this and other projects have not only been used as a basis of decision making by the Board, they have been the basis for answering Questions from the Public resulting in inaccurate and misleading answers being provided.

Despite the efforts of SELEP Officers, since 2019 ESCC have provided inadequate, inaccurate and misleading reports. As SELEP comes to a close will this Board honourably apologise to the Public for responses provided, which being based on these reports, were inaccurate.

### **Response:**

It is the Upper Tier Local Authorities responsibility to provide information to the Board. Where inaccuracies are raised, these are discussed with the relevant Upper Tier Local Authority.

The responsibility of the Upper Tier Local Authorities includes providing the most up-to-date position in respect of their projects. As these are live projects, we understand there may be some changes to the updates over time and these changes are subsequently reported to the Board at future meetings.

#### **Question 4 – Sea Change Sussex**

It is reported at points 4.13 and 4.14 of Item 8 - Growing Places Fund – Sovereign Harbour proposed revised repayment schedule that decisions have not been made in respect to repayment by ESCC as they need a valuation which Sea Change Sussex have not provided the required 'detailed lease schedule' to allow the production of, it was also reported in April 2023 and within the item 8 paper at point 4.11 that ESCC have been in receipt of this valuation since February 2023. Having provided the requested detailed lease schedule and copies of our lease templates to ESCC in November 2022, we would ask do ESCC have the valuation as reported, and why it is being reported that a detailed tenancy schedule has not been provided by Sea Change Sussex?

#### **Response:**

The information required to respond to this question is held by East Sussex County Council and, as such, they provided the following response:

East Sussex County Council have requested up to date lease information from Sea Change Sussex as the valuation undertaken in early 2023, and the information supplied in November 2022 by Sea Change Sussex, is considered to be out of date following the agreed repayment plan approved by the Board in April 2023. The property market has changed in the past year and we cannot assume that all lease information remains the same. We have asked for but not been provided with a recent tenancy schedule, copies of all current leases, nor service charge information. This is information that commonly has a bearing on the accuracy of a valuation.

## **5 Operations Update**

The Accountability Board (the Board) received a report from Keri Lawrence, SELEP Governance Officer, which was presented by Helen Russell, the purpose of which was for the Board to be updated on the operational activities carried out by the Secretariat to support both this Board and the Strategic Board. The report included an update on the SELEP transition arrangements, risk management, compliance with the Assurance Framework and performance against governance KPIs.

Cllr Edwards asked Cllr Scott to clarify why Essex County Council had decided that it was not possible for existing SELEP Secretariat employees to be seconded to the new roles being created within the Upper Tier Local Authorities. Helen Russell indicated that the decision had been taken as secondments present ongoing liabilities to Essex County Council, which the Council felt that

they could not undertake. Cllr Scott committed to providing further clarity in writing following the meeting.

Cllr Edwards also asked whether there had been any update from Government in relation to future Growth Hub funding and indicated that delays in receiving confirmation of future funding are increasing the risk of a break in service from April 2024. Helen Russell indicated that no further update had been received.

Abbie Kempe asked whether a communications and engagement plan around the closure of SELEP was being established for key stakeholders and other interested parties to engage with. Abbie noted that it is important for all parties to have clear points of contact moving forward. Helen Russell confirmed that a communications and engagement plan is currently being developed.

**Resolved:**

1. **To Note** the update on decisions taken by the Strategic Board for the transition of the LEP and the integration of its activities into Local Authorities at Section 4 of the report.
2. **To Note** the Risk Register at Section 6 and Appendix B of the report.
3. **To Note** the update on Assurance Framework compliance monitoring at Section 7 and Appendix C of the report.
4. **To Note** the update on Governance KPIs at Appendix D of the report.

**6 SELEP Finance Update**

The Board received a report from Lorna Norris, Senior Finance Business Partner, the purpose of which was for the Board to consider the update to the 2023/24 revenue outturn forecast and the impact for the funding position to support SELEP integration costs into 2024/25. Additionally, the report recommended an approach for the distribution of the anticipated residual SELEP funds to the six upper tier SELEP Partner Authorities, to support delivery of LEP functions from April 2024.

Cllr Edwards indicated that she did not support the proposal that the residual SELEP revenue reserves should be disaggregated on a per capita basis. Instead she proposed that a more holistic approach should be adopted, with a focus on achieving parity across all Local Authorities and all SELEP funding sources.

Cllrs Scott and Glazier gave their support to the recommendations as set out in the report.

**Resolved:**

1. **To Note** the update on the forecast revenue outturn and reserves for 2023/24.
2. **To Agree** the approach for allocating any residual balances in the Operational Reserve to the SELEP Upper Tier Local Authority partners as set out in section 3.9.3 of the report.
3. **To Agree** the approach for allocating the Redundancy Reserve as set out in section 3.9.7 of the report.
4. **To Agree** that any uncommitted earmarked reserves at the end of 2023/24 will be appropriated to the Operational Reserve to be allocated as agreed in section 2.1.2 of the report (second resolution detailed above).

## 7 Growing Places Fund Programme Update

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

The report also set out details of the Change Request submitted in relation to the Barnhorn Green Commercial and Health Development project and provided an update on the risks associated with the agreed repayment schedule for the Centre for Advanced Engineering project.

Cllr Glazier indicated that he agreed with the recommendation set out in the report with regard to the Barnhorn Green project and acknowledged that the project was not currently in the position required to remain within the GPF programme. Cllr Glazier confirmed that East Sussex County Council will continue to work with Rother District Council to investigate other funding options moving forward.

Cllr Scott and Cllr Lamb also stated their support for the recommendations set out in the report.

### Resolved:

1. **To Note** the updated position on the GPF programme.
2. **To Agree** that the Barnhorn Green Commercial and Health Development project should be removed from the GPF programme.
3. **To Note** the update on the Centre for Advanced Engineering project and the risk to the agreed repayment schedule.

## 8 Sovereign Harbour Repayment Schedule Change

The Board received a report from Helen Dyer, the purpose of which was for the Board to consider a request from East Sussex County Council for a revision to

the Growing Places Fund (GPF) repayment schedule for the Sovereign Harbour project.

Helen Dyer clarified that following the decision by the Board to remove the Barnhorn Green project from the GPF programme, there were now only two options for the Board to consider in respect of the Sovereign Harbour project – Options 1 and 3 (as set out in the report).

Cllr Glazier identified Option 1 (approval of the proposed revised repayment schedule) as East Sussex County Council's preferred option. Cllr Glazier indicated that had the challenges associated with disposal of the building been foreseen, a longer extension to the repayment schedule would have been requested previously but confirmed that East Sussex County Council remain committed to repaying the GPF loan. He also noted that, following the removal of the Barnhorn Green project, the level of parity achieved if Option 1 is agreed has improved.

Cllr Scott and Cllr Jefferies both indicated that they were unwilling to approve the requested extension to the repayment schedule. Cllr Lamb confirmed that he was also not prepared to agree the extension to the repayment schedule as SELEP is in the process of being dissolved and therefore all SELEP activities need to be wound up.

Cllr Edwards confirmed that Medway Council were in a similar position and were concerned about the impact on the level of parity achieved if the revised repayment schedule was approved.

Cllr Glazier indicated that he was unhappy with the reference to retention of revenue funds due to be disaggregated to East Sussex County Council under Option 3 (refusal of the proposed revised repayment schedule) if full repayment is not made in accordance with the current repayment schedule. He also indicated that it was unrealistic to expect East Sussex County Council to repay £3.575m by 31 March 2024.

Michael Neumann indicated that, given the upcoming closure of SELEP, finances were being considered holistically and therefore revenue funding was being factored into the decisions being taken by the Board.

Cllr Edwards indicated that it appeared that the local authorities who had repaid their GPF loans were being penalised through this process if steps were not taken to achieve a better level of parity.

Cllr Scott and Cllr Gough suggested that further work be undertaken outside the meeting to explore other options with a view to achieving a better level of parity. Noting the need for a decision to be taken at the next Board meeting.

Following the discussion, Helen Dyer summarised the position and highlighted that any approach adopted to achieve a better level of parity will require agreements/work which extend beyond 31 March 2024 and is likely to involve

additional work by the Accountable Body therefore potentially reducing the level of revenue funding available for disaggregation between local authority partners.

Simon Cook urged the Board and officers to work proactively to ensure all the necessary information is provided in a timely manner to ensure that a decision can be taken at the February Board meeting.

The Board subsequently agreed on the recommendation below.

**Resolved:**

1. **To Agree** not to agree any of the options set out in the Board report and for officers to undertake further option development work with a view to achieving the best level of parity possible for the disaggregation of the SELEP GPF funds, in the context of the remaining Sovereign Harbour repayment.

## **9 Better Queensway GBF Project Update**

The Board received a report from Glyn Hawksworth, Director of Regeneration & Housing, Southend-on-Sea City Council and Helen Dyer, which was presented by Alan Richards and Tim Rignall, Southend-on-Sea City Council, the purpose of which was for the Board to receive an update on the Better Queensway Getting Building Fund (GBF) project (the Project), which had been identified as High risk.

Alan Richards gave the Board brief background information on the project including the progress to date.

He confirmed that the £4.2m GBF funding allocation has been spent in full supporting delivery of required enabling works and completion of early acquisitions but that the funding had not yet been transferred to the LLP.

The Board were also reminded of the various difficulties in the delivery of the project, including the challenges around Swan Housing and the subsequent withdrawal of Sanctuary Housing Association.

Since the Autumn the focus of the Better Queensway team has been on preparing the documentation for the exit of Sanctuary Housing Association from the LLP. The formal exit agreement was completed on 28 November 2023 meaning that Southend-on-Sea City Council are now the sole owners of the LLP.

Alan Richards stressed that there is cross party support for the project at Southend-on-Sea City Council and there is full commitment to completion of the project. The Board were reminded that HIF funding has been secured and were advised that additional capacity funding has been allocated from Homes England in the short term.

Southend-on-Sea City Council are now working hard to reconfigure the early stages of the project, to ensure delivery is carried out in deliverable chunks.

Helen Dyer provided an update on risks from a SELEP perspective.

Cllr Lamb spoke in support of the project confirming that the Council remain fully committed to the project and have support from Homes England. Cllr Lamb indicated that if Southend-on-Sea City Council are unable to secure an appropriate delivery partner, that the Council will deliver the project themselves. Cllr Lamb urged the Board to agree Option 1 as set out in the report.

**Resolved:**

1. **To Note** the update on delivery of the Project.
2. **To Agree** that, given the importance of the Project to the local area, it should be retained within the GBF programme. Noting that further work is required to confirm the delivery route for all phases of the Project and acknowledging the intention to agree with the Department for Levelling Up, Housing and Communities that ongoing oversight of the Project will sit with them following the closure of SELEP.

**10 GBF Funding Decisions**

The Board received a report from Leslie Rickerby, SELEP Capital Programme Officer, which was presented by Howard Davies, SELEP Capital Programme Officer, the purpose of which was for the Board to consider the award of Getting Building Fund (GBF) funding to the following projects:

1. Tech Hub Flexible Workspace, Gravesend
2. Mercury Rising 2, Colchester.
3. Innovation Hub: Diversification of Chatham Town Centre.
4. Maidstone Business Suite Phase 2.
5. The Victoria Centre, Southend.

**Resolved:**

1. **To Agree** the award of £370,000 GBF to Kent County Council for the Tech Hub Flexible Workspace, Gravesend project which has been assessed as offering High value for money with a High certainty of achieving this, subject to receipt of Government approval of project inclusion within the GBF programme, and agree that the GBF funding can be retained against the project for a maximum period of 12 months to 31 January 2025.
2. **To Agree** the award of £500,000 GBF to Essex County Council for the Mercury Rising 2 project which has been assessed as offering High value for

money with a High certainty of achieving this, subject to receipt of Government approval of project inclusion within the GBF programme, and agree that the GBF funding can be retained against the project for a maximum period of 12 months to 31 January 2025.

3. **To Agree** the award of £300,000 GBF to Medway Council for the Innovation Hub: Diversification of Chatham Town Centre project which has been assessed as offering High value for money with a Medium/High certainty of achieving this, subject to receipt of Government approval of project inclusion within the GBF programme and, agree that the GBF funding can be retained against the project for a maximum period of 12 months to 31 January 2025.
4. **To Agree** the award of £300,000 GBF to Kent County Council for the Maidstone Business Suite Phase 2 project which has been assessed as offering High value for money with a Medium/High certainty of achieving this, subject to receipt of Government approval of project inclusion within the GBF programme and, agree that the GBF funding can be retained against the project for a maximum period of 12 months to 31 January 2025.
5. **To Agree** the award of £579,232 GBF to Southend-on-Sea City Council for The Victoria Centre project which has been assessed as offering High value for money with a Medium/High certainty of achieving this, subject to receipt of Government approval of project inclusion within the GBF programme and, agree that the GBF funding can be retained against the project for a maximum period of 12 months to 31 January 2025.

## 11 Local Growth Fund Programme Update

The Board received a report from Helen Dyer, the purpose of which was for the Board to consider the overall position of the Local Growth Fund (LGF) capital programme, as part of SELEP's Growth Deal with Government.

### Resolved:

1. **To Agree** the updated total planned LGF spend on project delivery in 2023/24 of £10.949m excluding DfT retained schemes and increasing to £11.079m including DfT retained schemes, as set out in Table 1 and Appendix A of the report.
2. **To Agree** the reported LGF spend on project delivery in Q1 and Q2 2023/24 of £0.156m excluding DfT retained schemes and increasing to £0.287m including DfT retained schemes, as set out in Table 1 and Appendix A of the report.
3. **To Agree** the updated completion dates for the following project which has experienced a delay of more than 6 months:
  - 3.1. Colchester Grow On Space – project completion delayed from June 2024 to May 2025.



4. **To Agree** that there is compelling justification for the £1.821m LGF spent to be retained against the A289 Four Elms roundabout to Medway Tunnel project and note the steps that Medway Council are taking to bring forward delivery of the project following the removal of the Housing Infrastructure Fund funding.
5. **To Agree** that there is compelling justification for the £630,488 LGF considered in this report to be retained by East Sussex County Council in respect of the Hastings and Bexhill Movement and Access Package project providing that:
  - 5.1. £325,703 is retained subject to East Sussex County Council continuing to Capitalise the spend with the intention to secure the funding required to enable delivery of the works or until the works are delivered. In the event of subsequent non-delivery and if the Board has been disbanded, East Sussex County Council are to agree with the Department for Levelling Up, Housing and Communities with respect to continued retention of the LGF; and
  - 5.2. £176,461 is applied retrospectively as an LGF Capital Swap with East Sussex County Council using alternative Capital Funding within the programme to demonstrate full LGF spend against the project; and
  - 5.3. £24,967 is retained against the project to support delivery of the revised Business Case.
6. **To Note** the deliverability and risk assessment, as set out in Appendix D of the report.
7. **To Note** the list of outstanding post scheme completion Monitoring and Evaluation reports, as set out in Appendix G of the report.

## 12 **Queensway Gateway Road LGF Project Update**

The Board received a report from Richard Dawson, Head of Service - Economic Development, Skills and Infrastructure and Helen Dyer, which was presented by Rebecca Newby, East Sussex County Council, the purpose of which was for the Board to receive a further progress update on the delivery of the Queensway Gateway Road Local Growth Fund (LGF) project (the Project).

Rebecca informed the Board that she was pleased to advise that significant progress had been made since the last Board meeting with discussions underway between East Sussex County Council and Sea Change Sussex to ensure delivery of the final part of the project. She advised that Appendix A of the report clearly detailed the Outline Delivery Plan, with a more detailed action plan expected to be finalised within the coming weeks. She gave details of progress of technical approvals of the designs, with six minor alterations being required, which were currently awaited from Sea Change Sussex.

With regards to final construction costs, estimates have been submitted by Sea Change Sussex to East Sussex County Council and these costs are currently undergoing a review. Whilst full details of additional costs cannot yet be confirmed, it is expected that the project will be delivered within the amount estimated in the original 2015 Business Case (£15m).

The Board were advised that both parties (East Sussex County Council and Sea Change Sussex) remain fully committed to the project and are working hard to finalise the outstanding issues. It was stressed that whilst risks are recognised, East Sussex County Council will manage these as part of the LEP transition process.

Helen Dyer provided an update on risks from a SELEP perspective as set out in Section 9 of the report.

**Resolved:**

1. **To Note** the latest update position on the delivery of the Project.
2. **To Note** that East Sussex County Council is working with its delivery partner to ascertain the extent to which further resource is required to complete the Project.
3. **To Note** the updated delivery plan, indicative delivery programme, and approach to finalising the total project cost and funding package.
4. **To Agree** that, given the importance of the Project to the local area, it should be retained within the LGF programme. Noting that further work is required to confirm the total project cost, full funding package and construction programme and acknowledging the intention to agree with the Department for Levelling Up, Housing and Communities that they will have ongoing oversight of the Project following the closure of SELEP.

### 13 Grays South LGF Project Update

The Board received a report from Mark Bradbury, Interim Director of Place, Thurrock Council and Howard Davies, which was presented by George McCullough, Thurrock Council, the purpose of which was for the Board to receive an update on the delivery of the Grays South Local Growth Fund (LGF) project (the Project).

The Board were given an overview of the background of the project and the problems that have been encountered. They were advised of a Cabinet decision by Thurrock Council in October 2023 not to proceed with the project as originally envisaged, however, the project is critically important as it addresses existing safety risks.

The new approach to delivering the project will be developed for presentation at the February Board meeting. As part of the February Board update, Thurrock Council intend to ask the Board to agree to temporarily transfer the unspent LGF

funding awarded to the Grays South project to the Stanford Le Hope/London Gateway project to enable that project to come forward at this time. Equivalent funding will be returned to the Grays South project in the future to allow project delivery.

Howard Davies provided an update on risks from a SELEP perspective.

Cllr Lamb spoke in support of the project and expressed his disappointment at the situation and the challenges which have been encountered.

**Resolved:**

1. **To Note** the outcome of the reviews undertaken of the Grays South Regeneration Scheme (which includes the Project).
2. **To Note** that a Project Change Request will be brought to the February 2024 Board meeting.

**14 Date of Next Meeting**

The Board noted that the next meeting will be held on Friday 16 February, venue to be confirmed.

The Chair offered his thanks to all the officers involved in preparing reports and encouraged Members to give their backing in ensuring that they are submitted in time for the February meeting.

**15 Urgent Business**

None.

<b>Report title:</b> SELEP Operations Update	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Keri Lawrence – Governance Officer	
<b>Meeting Date:</b> 16 February 2024	<b>For:</b> Information
<b>Enquiries to:</b> amy.ferraro@southeastlep.com	
<b>SELEP Partner Authority affected:</b> Pan-LEP	

## 1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to be updated on the operational activities carried out by the Secretariat to support both this Board and the Strategic Board. The report includes an update on the SELEP transition arrangements, risk management, compliance with the Assurance Framework and performance against governance KPIs.

## 2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** the update on the transition of the LEP and the integration of its activities into Local Authorities at Section 4;
  - 2.1.2. **Note** the Risk Register at Section 6 and Appendix A;
  - 2.1.3. **Note** the update on Assurance Framework compliance monitoring at Section 7 and Appendix B;
  - 2.1.4. **Note** the update on Governance KPIs at Appendix C.

## 3. General Operations Update

- 3.1. SELEP continues to deliver against its 2023/24 Delivery Plan, including the Growth Hub service, various activity on skills, maximising the benefits of our major projects, production of comprehensive economic data and supporting our partnerships to deliver. Increasingly business as usual activities are becoming more focused on their transition, SELEP is in a transitional period and therefore the work of the SELEP Secretariat is focused on ensuring the effective integration of SELEP functions into Upper Tier Local Authorities (UTLAs) by March 2024, as outlined in Section 4.
- 3.2. As part of the legacy and lessons learnt activities, SELEP held a very successful interactive event on the 7<sup>th</sup> of February - 'What makes successful public private partnerships' - with over 60 attendees.

- 3.3. The final event - Future of Local Growth - will be held following the Strategic Board meeting on 22<sup>nd</sup> March, in London, and will bring together stakeholders to present and debate the future growth agenda across the South East.
- 3.4. Regarding the Deep Dive into East Sussex projects where the delivery partner is Sea Change Sussex, we are still waiting for an update from the Assurance Team from the Cities and Local Growth Unit, with respect to the outcome of the review.

### **4. SELEP Transition Update**

- 4.1. The SELEP Strategic Board approved the final SELEP Integration Plan on the 8 December 2023.
- 4.2. As highlighted in the January Operations Update to this Board, the Final Integration Plan outlines key dependencies for a successful integration. These are:
  - 4.2.1. Confirmation from Government of the geographical coverage of new Accountable Body arrangements for ongoing management of the existing capital programme.
  - 4.2.2. Clarification from Government in relation to the accountable body arrangements for the new functional economic area and the applicable Assurance Framework.
  - 4.2.3. All required Local Authority formal decision making concluded by March 2024, ahead of the March SELEP Strategic Board meeting.
  - 4.2.4. Completion of the Transition Agreement that will transfer LEP responsibilities and accountabilities to the respective upper tier local authority partners – see agenda item 13 for further information.
- 4.3. Overall the risks and dependencies are mostly associated with timescales and capacity, however there are some clarifications needed from Government that could, albeit unlikely, require a change of approach, particularly in relation to the management of the current capital programme, Accountable Body status, and ongoing monitoring and evaluation requirements. Associated risks are outlined further in section 6 below.
- 4.4. The SELEP Senior Officers Group<sup>1</sup> continues to meet monthly to review the SELEP Integration Plan and track progress against its decisions, milestones, and deliverables.
- 4.5. The staff consultation, run by ECC People Services, commenced on the 15<sup>th</sup> of January, and will conclude on the 28<sup>th</sup> of February. There were nine roles

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<sup>1</sup> Consisting of Senior Officers of the 6 UTLAs, the SELEP Secretariat and the Accountable Body.

identified and submitted from across the UTLAs and whilst these roles do not fully align to the roles within the existing secretariat and the take up of them is subject to the outcomes of this consultation, and within that choice of individuals, it is expected that some members of the existing SELEP team will redeploy into appropriate posts. Changes during the consultation has reduced the number of available posts to seven.

- 4.6. At the December 2023 Strategic Board, Directors endorsed that the uncommitted residual revenue LEP funding should be utilised to resource the continued delivery of LEP functions within UTLAs from April 2024 onwards. At the January meeting of this Board, the decision was taken that this allocation of the residual revenue funding should be made on a per capita<sup>2</sup> basis.
- 4.7. Please see the SELEP Finance Update paper with reference to the updated position on the allocation of SELEP unallocated residual funds that could be applied to support the funding of these posts and as such the potential for continued employment of members of the LEP secretariat who are able and wish to secure these positions.
- 4.8. This is in alignment with the guiding principle of the Strategic Board's decision in July that it is the intention by all parties to retain the expertise, knowledge, networks, and experience of the SELEP team.

### **5. Update on Government Guidance**

- 5.1. As outlined in the January 2024 Operations Update to this Board, SELEP and the UTLAs sought clarifications from Government on the 16<sup>th</sup> of August, regarding several points contained in their technical guidance, issued on the 4 August, to further inform the development of the Integration Plan and on the 3<sup>rd</sup> of November, SELEP received some responses to these clarifications.
- 5.2. The clarification provided regarding Accountable Body arrangements for the legacy SELEP activity, namely the existing capital programme, provides a positive indication that DLUHC will release Essex County Council from its obligations as accountable body for SELEP and that the six UTLAs will take on this role for their own geographies from April 2024.
- 5.3. A letter was issued to DLUHC formally setting out this request with proposals for how it could be achieved. We await a response, however given the timescales, preparation work has commenced on this basis by way of a Transition Agreement that would exist between all UTLAs, inc. ECC as Accountable Body and potentially DLUHC.
- 5.4. This agreement will cover all aspects of LEP function and funding that will transfer over to UTLAs, including but not limited to, the agreements for Local Growth Fund (LGF), Getting Building Fund (GBF) and Growing Places Fund

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<sup>2</sup> Based on 2021 census population figures per area.

(GPF) and residual funding disaggregation for the reserves and GPF. A draft of this agreement is planned to be shared with all UTLAs and with DLUHC and we will collectively work at pace to finalise this (see Agenda item 13).

- 5.5. The release of the Assurance Framework that will apply to UTLAs post April 2024 is still anticipated from DLUHC; this will inform governance expectations for any new arrangements introduced by UTLAs to support the delivery of LEP functions.
- 5.6. Following announcement of funding to deliver LEP functions in 2024/25 on 19<sup>th</sup> December 2023, as yet, DLUHC has not launched the application process for UTLAs to apply for that funding.

## 6. Risk Register

- 6.1. Integration: Overall, the most critical risks to timely integration are:
  - 6.1.1. Capacity with the SELEP Secretariat, Accountable Body and within UTLAs to action tasks at the required pace. (Risk 9)
  - 6.1.2. Lack of formal and/or timely response from Government regarding future accountable body arrangements for the existing capital programme and, as importantly, how they need to be implemented. (Risk 48)
  - 6.1.3. Breaks in continuity because of late confirmation of UTLA funding allocations, particularly in relation to Growth Hubs. (Risk 22)
- 6.2. Capital Programme:
  - 6.2.1. The risk of non-achievement of Outcomes/Outputs of the Capital Programme (Risk 19) continues to be classified as high risk, particularly in light of integration and the absence of the LEP post April 2024.
  - 6.2.2. Risk 46, rated as medium, is a reputational risk related to the number of requests for information about projects and questions raised about the delivery of outputs and outcomes of some projects. SELEP and the Accountable Body will take steps to share best practice developed over the lifetime of SELEP with local partners to help support their ongoing management of the Capital Programme and the future presentation of project information to the public.

## 7. Assurance Framework Monitoring

- 7.1. The National Local Growth Assurance Framework will remain in force and will continue to apply up to integration of services into the UTLAs from April 2024. In line with government guidance, it may be necessary for some decisions to be taken outside of the Assurance Framework, where this is required to support the close of SELEP. SELEP continues to regularly manage its

compliance with the National Assurance Framework and ensure that it is governed, and decisions are made, in line with the framework's requirements.

- 7.2. LEPs are expected to continue to maintain a Local Assurance Framework and have this publicly accessible. It is the role of the Board to oversee the implementation of the requirements of the SELEP Local Assurance Framework.
- 7.3. An Internal Audit for 2023/24 is being undertaken by Essex County Council (as the Accountable Body) from January 2024 to assess the robustness of governance over decision making, project delivery and financial / risk management processes, in order to provide assurance to the S151 Officer and SELEP that appropriate controls are in place. The audit outcome of 2022/23 recognised that SELEP continues to have adequate controls in place to help manage emerging risks. However, it is important that these are proactively monitored throughout the transition period.
- 7.4. DLUHC wrote to LEP Chief Executives on 18 May 2023 setting out its position on LEP assurance and associated requirements for 2023/24. As per that letter, a light-touch Annual Performance Review (APR) assurance cycle will take place in 2023/24 where LEPs are still operational. The approach will continue the tiered structure implemented in the 2022/23 assurance cycle. Assurance activities will consider any residual LGF and GBF spend, via freedoms and flexibilities, brought forward into 2023/24 by LEPs.
- 7.5. We have received notification of the final APR process, which is expected to conclude by the 29<sup>th</sup> of February. This requires the LEP and the Accountable Body to action and submit the following:
  - 7.5.1. Officer Assurance Statement
  - 7.5.2. Governance Assurance Statement
  - 7.5.3. Compliance Letter
- 7.6. As reported in January, DLUHC held an assurance conversation with the SELEP Secretariat and the Accountable Body on the 11 December 2023 as part of a light touch Mid-Year Review. No new issues were raised at the meeting and SELEP was thanked for its proactive response to LEP integration.

## **8. Key Performance Indicators**

- 8.1. A number of KPIs are being tracked to ensure there is compliance with the governance requirements in the SELEP Assurance Framework. These can be found at Appendix C.
- 8.2. All KPIs are delivering in line with targets except for those related to Federated Board publication of minutes and papers as Success Essex has not met for some time. The Secretariat will continue to communicate with



officers to improve and maintain compliance to try and ensure that this stays on track as integration progresses over the coming weeks. The Assurance Framework for 2024/25, which has not yet been published, could state that the publication of minutes and papers for Board meetings is expected and if not, partners may wish to do so anyway as best practice.

### **9. Accountable Body Comments**

- 9.1. It remains a requirement for SELEP to have an Assurance Framework in place that complies with the requirements of the National Local Growth Assurance Framework and there remains an expectation for the s151 Officer of the Accountable Body to continue to provide assurances of compliance. The only exceptions to this would be expected to be in respect of decisions required to enable the transition of LEP functions to the UTLAs, in line with the Government guidance for the transition of LEPs issued in August 2023.
- 9.2. A key role of the Accountable Body through LEP transition will be to ensure consideration and transference, as appropriate, of any residual accountabilities in respect of funding being held and managed by Essex County Council on behalf of the SELEP. This is proposed to be managed through a transition agreement between the six UTLAs and DLUHC (see Agenda item 13).
- 9.3. It is anticipated that a number of close down activities will need to continue to be managed post closure of SELEP which will need to be funded through the funding set aside in Future Commitments Reserve (see Agenda item 13).
- 9.4. Through the life of SELEP, the purpose of the Assurance Framework has been to ensure that the necessary systems and processes are in place to manage delegated funding from Central Government budgets effectively.
- 9.5. The S151 Officer of the Accountable Body is required to provide the following confirmation to Government on an annual basis:
  - 9.5.1. That all the necessary checks have been undertaken to ensure that SELEP has in place the processes to ensure the proper administration of their financial affairs and that they are being properly administered; and
  - 9.5.2. That SELEP's Local Assurance Framework is compliant with the minimum standards as outlined in the *National Local Growth Assurance Framework (2021)*.
- 9.6. This confirmation was provided by the S151 Officer on the 28 February 2023; Government have advised that a similar confirmation statement is expected to be required through the Annual Performance Review process for 2023/24.
- 9.7. The S151 Officer of the Accountable Body is required to ensure that oversight of the proper administration of financial affairs within SELEP continues throughout the year.

- 9.8. In addition, the S151 Officer is required to provide an assurance statement to Government as part of the Annual Performance Review; this must include information about the main concerns and recommendations about the arrangements which need to be implemented for SELEP to be properly administered.
- 9.9. The outcome of the Annual Performance Review 2022/23 identified that challenges were being experienced with regards to Delivery and risks across the LGF and GBF capital programmes (as is regularly reported to this Board through the wider agenda items). Due to GBF slippage from 2021/22 and 2022/23, quarterly reporting of spend to Government will continue to be a requirement in 2023/24. Monitoring of all GBF projects will be required on-going and any reporting requirements complied with by Partners in line with the agreed arrangements.
- 9.10. A number of LGF projects are continuing to be identified as high risk, with significant delays to delivery highlighted. Following the closure of SELEP, on-going monitoring requirements will no longer have oversight by the Board and be subject to local management arrangements.
- 9.11. Government are expected to continue to request reporting on the LGF and GBF programmes following closure of the LEP for at least 12 months; as such, compliance with any such requests by DLUHC will form part of the proposed transition agreement with the UTLAs (see agenda item 13).

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

- 10.1. Government have allocated Core funding to SELEP for 2023/24 at a reduced allocation of £250,000. Government have also confirmed that this will be the final year in which LEPs will be allocated core funding due to the expectation that their functions will transfer to Local Authorities from 2024/25 – Government have indicated that there may be some funding (up to £240,000 per Functional Economic Area) to support the Local Authorities in 2024/25, although this remains subject to an application process that has yet to be advised by DLUHC. On-going funding, beyond 2024/25 also remains subject to confirmation through future spending reviews.
- 10.2. The finance update in agenda item 13 provides an updated forecast of the revenue spend for 2023/24. The current level of reserves continue to be monitored, but are considered sufficient to support the SELEP budget for 2023/24, with some reserves remaining to meet known commitments into future years.
- 10.3. The recent announcement by Government in their Budget statement that no further Core Funding will be available post 2023/24 to existing LEPs, means that options with respect to the future position of the Essex County Council employees that support the SELEP Secretariat, the existing funding agreements and other contractual arrangements in respect of SELEP being managed by the Accountable Body, are to be sought to be managed through

## SELEP Operations Update

a Transition Agreement to be implemented across the six UTLAs and potentially also with DLUHC.

### 11. Legal Implications (Accountable Body comments)

11.1. There are no significant legal implications arising out of this update report.

### 12. List of Appendices

12.1. Appendix A - Extract from Risk Register -TO FOLLOW

12.2. Appendix B – Assurance Framework Compliance Monitoring

12.3. Appendix C – Governance and Transparency KPIs

### 13. List of Background Papers

13.1. [Strategic Board 8 December 2023 – Final Integration Plan](#)

13.2. [Accountability Board 12 January 2024 -Operations Update](#)

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

Role	Date
<b>Accountable Body sign off</b> <b>Michael Neumann</b>  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	08/02/2024

## South East LEP

### Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
9	Change in Policy Direction	Team/Service Delivery	3	3	9	Med	The confirmation that LEPs will not receive any further Government funding from April 2024 has decreased morale within the team, and staff retention may be challenging over the next year. The implications of a reduced team have been communicated to the Board and workload planning for next year is on the basis of available resource.	Planning for 2023/24 continues to be made on the basis of the resource available and known. Future resourcing (for Local Authorities) is part of the transition work involving all 6 Upper Tier Local Authorities to plan for a smooth transition of functions and resource from the LEP. Consultation with the SELEP team has commenced, with new roles being offered by Essex and Kent County Councils as part of the process.	All Man Team	31st March 2024
10	Integration of SELEP Functions into Upper Tier Local Authorities	Team/Service Delivery	4	5	20	High	There are many risk associated to the successful integration of LEP functions into Local Authorities by 31st March 2024. These are set out in the SELEP Integrated Plan (link).	The risks associated with LEP integration are set out in the Risk Register of the SELEP Integration Plan - <a href="https://www.southeastlep.com/app/uploads/2024/02/SELEP-Final_Integration_Plan-December-2023.pdf">https://www.southeastlep.com/app/uploads/2024/02/SELEP-Final_Integration_Plan-December-2023.pdf</a> - and they are monitored through monthly meetings between SELEP, the Accountable Body and 6 partner UTLAs and through the transition activity that is taking place. Internal risks are reviewed and revised and external risks are monitored and mitigated where possible.  Any delays in the process or inability for DLUHC to release Essex County Council from its obligations as the Accountable Body will impact on costs incurred by the Accountable Body into 2024/25	CEO	31st March 2024
11	Recruitment and Retention of Board Members	Team/Service Delivery	4	5	20	High	The Chair has been appointed for a two-year term and the Deputy Chair appointment was confirmed in May 2023. The risk around retaining Board members is high with confirmation that LEP funding will end from April 2024. Impact on ensuring quorate for decision-making at key meetings, in particular in-person meetings.	Clear communication and engagement with public and private stakeholders as to business continuity via future Local Authority arrangements, to improve retention. Workstreams seek to gain early (as possible) clarity on the future arrangements within Local Authorities to ensure continuity despite different and more local geographies. SELEP's federated model aligns well to this.	CEO	31st March 2024
13	GPF Project Repayments	Funding/Financial	3	4	12	Med	Any known risks to repayment of the existing GPF loans have been flagged to the Board and there are ongoing discussions between the Capital Programme Team and the loan recipients.	There are five further GPF loan repayments expected in 2023/24. An extension to the repayment schedule is being sought for one project, but it is expected that the others will repay as agreed by the Board. It is proposed that the remaining GPF funds (including any repayments due in 2023/24) are disaggregated to the 6 UTLAs as of the 1st April 2024, as part of the transition of LEP functions to UTLAs. This will be addressed through the Transition Agreement that is proposed to sit between Essex County Council (as Accountable Body) and the other local authority partners.	H Dyer	31st March 2024
15	Misadministration of grants	Funding/Financial	3	3	9	Med	Grants issued by HM Government can potentially be clawed-back by HM Government if SELEP cannot demonstrate that they have been used in line with the conditions and restrictions set at the time of award by the grant awarding body. Back to back agreements are in place but should HM Government claw back we would be required to pay immediately whilst legal action to claw back from the recipient of the grant could take some time. The number and value of grants is decreasing so the likelihood of this risk occurring has reduced.	The transition agreement that is being put in place between ECC (as Accountable Body) and the local authorities will transfer all funding agreement, including responsibility for monitoring and reporting, to the local authorities from 1st April 2024. Should any clawback requirements be incurred that are not covered by existing grant agreements, these will be met in the first instance by the Risk Reserve and in the event this is insufficient, reliance will be placed on the provisions of the Transition Agreement.	All Man Team	Ongoing

## South East LEP

### Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
19	<b>Non achievement of Outcomes/Outputs of the Capital Programme</b>	Outcomes/Outputs of programmes	4	5	20	High	Given the ongoing impacts of the COVID-19 pandemic, Brexit and the Russia Ukraine conflict on the economy, there is a risk that the outputs, outcomes and impacts stated in the approved Business Cases for the LGF, GBF and GPF projects may not be fully realised. Economic recovery will not be uniform across all sectors and therefore some projects may be more significantly impacted than others and this will be managed within the normal risk management of the relevant funding streams. The delivery of outputs from projects which are still in the delivery phase are most likely to be impacted due to increasing materials and labour costs and high inflation levels. This risk is further exacerbated by a lack of robust post-scheme completion monitoring and evaluation, which may mean that non-delivery of expected outcomes and impacts is occurring without being identified.	The Capital Programme continues to be monitored and the team work closely with delivery partners. The team is also providing regular updates to HM Government. Award of available GBF funding to existing GBF projects helped to mitigate the risk to realisation of expected project outputs and outcomes. All reported changes to GBF outcomes and outputs have been approved by DLUHC. An exercise to rebase the outcomes of the LGF programme has been undertaken. Further work on the robustness of monitoring and evaluation data, particularly in relation to the LGF, is required. Quality of information provided from delivery organisations still requires improvement.	H Dyer	Ongoing
22	<b>Growth Hub Service delivery</b>	Team/Service Delivery	2	2	4	Low	SELEP has received a notional allocation of £475,000 for Growth Hub service delivery in 2023/24 and a grant funding agreement with DBT is now in place.  New expectations of core funding for 2023/24 (monthly reporting, data sharing and alignment with Govt depts) are now embedded into service delivery.  Ongoing risk to service continuity and retention of experienced staff due to uncertainty around future Growth Hub funding and transition of Growth Hub as a LEP function to Local Authorities.	SELEP is leading the process of GH funding claims with lead Local Authorities to draw down quarterly Growth Hub funding from DBT. SELEP has raised the risks to continuous delivery and staff retention, caused by the annual funding cycle, with DBT via the Growth Hub Network, the LEP integration questionnaire and the LEP Network.  Growth Hub and Business Support is a workstream in the SELEP Integration Plan. The transition will result in three independent GHs that mirror the BES, BEST and KMGH geography, with three individual Accountable Bodies from 1st April 2024.  A letter is being sent to DBT from SELEP and the GH UTAs outlining the significant risk to service continuity posed by late notification of 2024/25 Growth Hub funding allocations.  The stringent conditions attached to this grant include a risk of required repayment to DBT should funds not be defrayed in accordance with the terms of the grant.	J Simmons	Ongoing
24	Level of reserves held is insufficient to cover any potential severance costs.	Funding/Financial	2	3	6	Low	The level of reserves will be held under review by the Accountable Body in light of recent and proposed future changes to the Secretariat; where required a revised position will be presented to the Accountability Board for approval.	The Secretariat has been decreasing for some time. The redundancy reserve is being reviewed and updated and will be finalised once outcomes of the staff consultation are known mid March, to ensure that sufficient funds are held to cover severance costs. Given that the Secretariat has been decreasing for some time, the existing reserve is likely to be more than the required amount.	CEO/ Accountable Body	Ongoing
29	<b>Issue in application of LGF grant awarded to Hadlow College</b>	Outcomes/Outputs of programmes	5	4	20	High	Following Hadlow College going into administration in 2019 and the subsequent disaggregation of assets to other colleges, there remains uncertainty with respect to the realisation of all expected outputs and outcomes associated with the SELEP investments made in the Hadlow College Group across 2015/16 and 2016/17. The subsequent administration process was not able to provide SELEP with any assurances in this respect.  Creditors were raised with the administrators in respect of the investments made in the College group, but the Accountable Body has been advised that these are likely to be unsuccessful.	Due to the planned closure of the LEP, Essex County Council (as Acct Body for SELEP) is currently engaging with DLUHC to secure the release of any and all obligations in respect of its role as the Accountable Body for SELEP, as this means that the Council is unable to continue to work with the Board to undertake the role as set out in the SELEP Assurance Framework (which will also no longer be enforceable). It is proposed that Essex County Council continues to hold the risk reserve, inc that held for Hadlow, until the Authority's Section 151 Officer is satisfied that any risks are fully mitigated, following confirmation from DLUHC that the County Council has been released in respect of its obligations as the Accountable Body for SELEP.	CEO	Ongoing
36	<b>Delivery of Work Plan</b>	Team/Service Delivery	3	2	6	Low	Previous uncertainty relating to external economic impacts and the policy response from HM Government impacted on the planning and delivery of SELEP strategies. In July 2023, the SELEP Strategic Board approved a Delivery Plan for 2023/24 which reflected the impact of transition work and the need for a more focused approach in 2023/24. The future focus for SELEP has therefore moved towards transition planning rather than strategy development.	The SELEP Economic Recovery and Renewal Strategy remains in place and we continue to deliver against this in 2023/24. Increasingly the SELEPs Secretariat is working on the transition of functions to UTAs by 31st March, and as such, less delivery activity is taking place.	All Man Team	31st March 2024

## South East LEP

### Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
38	Future viability of the operational budget	Funding/Financial	5	2	10	Med		Following Board decision to disband SELEP from April 2024, the budget has been revised to reflect the operating position until April 2024, including residual activities that may need to be undertaken, either by the Secretariat and/or the Accountable Body. The revised 2023/24 budget reflect both Business as Usual and transition costs. Risk reserves remain in place and will be reviewed. Decisions have now been taken to disaggregate uncommitted residual reserves to UTLAs from April 2024 to support the delivery of LEP functions, including the redeployment of the team, within UTLAs.	CEO	31st March 2024
40	Getting Building Fund - programme delivery	Outcomes/Outputs of programmes	4	3	12	Med	At the outset of the GBF programme, Government indicated that all funding had to be spent by 31 March 2022 and that all projects had to be substantially delivered by that date. In reality, this couldn't be achieved and a process was agreed by the Board to allow projects to retain their GBF funding beyond March 2022 for a limited period of time. This still required projects to work to tight timescales for both project delivery and spend of funding. A number of projects have sought approval for retention of their GBF funding for a longer time period. Whilst noting that there is a significant reputational risk for both SELEP and local partners if full GBF spend is not achieved in a timely manner, following cancellation of approved projects and receipt of updated advice from Government, the Board agreed that in exceptional circumstances GBF spend could extend beyond 31 March 2023.	Programme slippage is being managed by both the Board and Strategic Board. An agreed process has been introduced to manage delays to GBF projects, similar to that used on the LGF programme. The programme has been actively managed with funding being reallocated to other projects if existing projects are unable to deliver in accordance with the required timescales. Retention of GBF funding beyond March 2022 has been agreed in relation to a number of projects and there is a mechanism in place to ensure that all GBF funding is spent in a timely manner.  Following award of funding to 5 new projects in January 2024, full spend of the GBF funding is expected to be achieved by 31 January 2025.	H Dyer	31 January 2025
46	Risk of damage to SELEP reputation from delays or non-delivery of projects or perception thereof	Service Design/Reputation	3	4	12	Med	There has been an ongoing series of requests for information and assurances concerning a number of projects which are being or have been delivered in East Sussex. Whilst responses to these requests are being provided in accordance with statutory requirements or internal policy (as applicable), there is a risk that the reputation of the LEP will be impacted if continued requests are received against a background of perceived lack of transparency.	Responses to requests for information and public questions will continue to be answered fully and in compliance with statutory and internal policy. An internal review is underway to ensure that SELEP policies and procedures have been fully complied with, and opportunities to improve the management of the Capital Programme and the presentation of the information to the Board and the public are being sought. Consideration will be given to any recommendations made by Government following the completion of the deep dive into projects in East Sussex which are being delivered by Sea Change Sussex. Most importantly, compliance with the National Assurance Framework, Local Assurance Framework, local policy and other applicable regulations must continue, not just by SELEP but by all delivery partners. All delivery partners and third party recipients of funding will be referred to their contractual obligations in responding to requests for information in a timely, open and transparent manner. SELEP and the Accountable Body will take action where it can be evidenced that requirements of the SLA are not being met.	CEO	Ongoing
48	Delays to transition process from lack of Government guidance/clarity impacting integration arrangements	Team/Service Delivery	3	4	12	Med	Long-awaited Government guidance has limited technical detail, and is focused on a case-by-case localised agreement on integration of LEP core functions. Lack of clarity with respect to Government expectations of Local Authorities potentially hinders future planning particularly with respect to expectations of the role of the Accountable Body.	Clarity has been sought from Government with respect to the role of the Accountable Body post transition, ongoing monitoring arrangements for both GBF and LGF programmes, s151 return, compliance with the future Assurance arrangements. Whilst swift clarity is not necessarily expected centrally, local partners continue to work on the basis of local solutions and, if need be, will seek to gain Government agreement to these.	CEO	Ongoing

## South East LEP

### Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
47	Risk to service delivery from lack of engagement by stakeholders	Team/Service Delivery	4	4	16	Med	As a result of changes to policy, there has been an appreciable move away from the LEP by some key stakeholders.	Through its convening role, SELEP continues to have strategic engagement with stakeholders through its Strategy Network, including its 10 working groups, where engagement remains strong. Through the transition workstreams, SELEP is working closely with Local Authorities and other partners to try and ensure a smooth transition of work that keeps stakeholders engaged in the work for the remaining time that SELEP leads it, and hopefully beyond.	All Man Team	31st March 2024



**SOUTH EAST**  
LOCAL ENTERPRISE  
PARTNERSHIP

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# **ASSURANCE FRAMEWORK MONITORING**

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**Updated February 2024**



## ONGOING ACTIONS

### INCORPORATION

Requirement	Status
Maintain the records at Companies House and fulfil all legal requirements	COMPLETE/ONGOING (supported by the Accountable Body)

### BOARD COMPOSITION

Requirement	Status
To improve the gender balance and representation of those with protected characteristics on the Board.	ONGOING

### DECLARING INTERESTS

Requirement	Status
To publish all Registers of Interest on the SELEP website for all Strategic Board, Accountability Board and Federated Board members, with signatures redacted.	ONGOING, continually updated annually and Board members change
Declarations of interest must be noted at the outset of each meeting.	COMPLETE/ONGOING
All members of the Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interests form.	COMPLETE/ONGOING
All senior members of staff or staff involved in advising on decisions must also have a valid register of interests, reviewed the same as for board members.	COMPLETE/ONGOING

## CAPITAL PROJECTS

Requirement	Status
To use the SELEP Business Case Template for all strategic outline business cases.	COMPLETE/ONGOING
To inform the Accountability Board where there are concerns around a project, including presenting the Board with legal options around recovering funding	COMPLETE/ONGOING
Implementing the monitoring and evaluation of projects including reporting on delivery of outputs and outcomes against the delivery of the Recovery and Renewal Strategy	ONGOING

## POLICIES AND PROCEDURES

Requirement	Status
For each Federated Board to apply the prioritisation process as approved by the Strategic Board.	COMPLETE/ONGOING
To have a delivery plan in place for the year.	COMPLETE/ONGOING
To create and maintain a log of SELEP engagement activities.	OUTSTANDING
To hold Annual General Meetings open to the public to attend	COMPLETE
To collaborate across boundaries, with other LEPs and the LEP network, and be open to peer review	COMPLETE/ONGOING
Review of Assurance Framework to be a standing item on the last Strategic Board meeting of each calendar year.	COMPLETE/ONGOING
To ensure that all policies are refreshed annually according to the requirements in the Assurance Framework.	Since the SELEP is transitioning, policies have been reviewed based on business need.

## ACCOUNTABLE BODY

Requirement	Status
The Secretariat to extend invitations to the Section 151 Officer or representative for all board meetings.	COMPLETE/ONGOING
The Secretariat should ensure that Business Case Templates include a section for assurance from the Section 151 Officer of the promoting authority that the value for money statement is true and accurate.	COMPLETE/ONGOING
For the Section 151 officer or their representative to review and comment on agenda papers in advance of publication	COMPLETE/ONGOING

## PUBLISHING INFORMATION

Requirement	Status
To publish Strategic and Accountability Board papers to agreed timescales	COMPLETE/ONGOING
To publish the Local Assurance Framework on the website	COMPLETE
To create, maintain and publish a register of all board member expenses and hospitality costs.	COMPLETE/ONGOING
To publish the Gate 2 outline business case at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish the Gate 4 and 5 full business cases for relevant projects at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish information around the process for applying for funding on the SELEP website, as agreed by the Strategic Board.	COMPLETE/ONGOING
To publish on the SELEP website a rolling schedule of projects, outlining a brief description of the project, names of key recipients of funds/contracts and amounts of funding designated by year.	COMPLETE/ONGOING
To publish on the SELEP website the Terms of Reference, calendar of dates and papers of the Working Groups.	COMPLETE/ONGOING
To use Government and SELEP branding on all marketing.	COMPLETE/ONGOING
To publish all key decisions of the Strategic and Accountability Boards on the Forward Plan, SELEP website and upper tier authority websites.	COMPLETE/ONGOING

## Appendix C - Governance Key Performance Indicators

### Forward Plan of Decisions

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

Meeting date	Met (Y/N)?
27/05/22	Y
15/07/22	Y
23/09/22	Y
25/11/22	Y
27/01/23	Y
13/04/23	Y
16/06/23	Y
22/09/23	Y
17/11/23	Y
12/01/24	Y
16/02/24	Y

### Publication of Papers

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?		
Accountability Board	23/09/22	Y	25/11/22	Y	27/01/23	Y	13/04/23	Y	16/06/23	Y	22/09/23	Y	12/01/24	N
Strategic Board	24/06/22	Y	21/10/22	Y	09/12/22	Y	10/02/23	Y	07/07/23	Y	13/10/23	Y	08/12/23	Y
SE	06/06/22	Y												
KMEP	22/11/22	Y	21/03/23	Y	20/06/23	Y	19/07/23	Y	06/09/23	Y	03/10/23	Y	05/12/23	Y
OSE														
TES	05/12/22	Y	06/02/23	Y	15/05/2023	Y	03/07/23	Y	09/10/23	Y	04/12/23	Y		

**Draft Minutes**

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	
Accountability Board	27/05/22	Y	15/07/22	Y	23/09/22	Y	25/11/22	Y	13/04/23	Y	16/06/23	Y	22/09/23	Y	12/01/24	Y	12/01/24	Y	Y
Strategic Board			24/06/22	Y	21/10/22	Y	09/12/22	Y	10/02/23	Y	07/07/23	Y	13/10/23	N	08/12/23	Y	08/12/23	Y	Y
SE			06/06/22	Y		Y													
KMEP	22/11/22	Y	21/03/23	Y	20/06/23	Y	19/07/23	Y	06/09/23	Y	03/10/23	Y	05/12/23	Y					
OSE																			
TES	03/05/22	Y	20/06/22	Y	17/10/22	Y	05/12/22	Y	15/05/23	Y	03/07/23	Y	09/10/23	Y	04/12/23	Y	04/12/23	Y	Y

**Final Minutes**

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

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	
Accountability Board	27/05/22	Y	15/07/22	Y	15/07/22	Y	23/09/22	Y	13/04/23	Y	16/06/23	Y	22/09/23	Y	12/01/24	Y	12/01/24	Y	Y
Strategic Board	18/03/22	Y	24/06/22	Y	24/06/22	Y	21/10/22	Y	10/02/23	Y	07/07/23	Y	13/10/23	Y	08/12/23	Y	08/12/23	Y	Y
SE							06/06/22	Y											
KMEP	20/09/22	N	22/11/22	Y	22/11/22	Y	21/03/23	N	19/07/23	Y	06/09/23	Y	03/10/23	Y	05/12/23	Y	05/12/23	Y	Y
OSE	09/03/22	N																	
TES	20/06/22	Y	17/10/22	Y	17/10/22	Y	15/05/23	Y	03/07/23	Y	09/10/23	Y	04/12/23	Y	29/01/24	Y	29/01/24	Y	Y

### **Registers of Interest- Board Members**

Are registers of interests in place for all board members?

<b>Board</b>	<b>Comments</b>
Accountability Board	All complete, ongoing updates where appropriate
Strategic Board	All complete, ongoing updates where appropriate
SE	All complete, ongoing updates where appropriate
KMEP	All complete, ongoing updates where appropriate
OSE	All complete, ongoing updates where appropriate
TES	All complete, ongoing updates where appropriate

### **Registers of Interest - Officers**

Are registers of interest in place for all officers?

<b>Category</b>	<b>Percentage completed</b>
SELEP Secretariat	100%
Accountable Body	100%
Federated Board Lead Officers	100%

**Declarations of interests in meetings**

Are all interests declared and recorded in the meetings as a standing item with a note of any actions taken?

Board	Met (Y/N)?
Accountability Board	Y
Strategic Board	Y
Investment Panel	Y
SE	Y
KMEP	Y
OSE	Y
TES	Y

**Business Case Endorsement**

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

Board	Met (Y/N)?	Comments
LGF	Y	Through prioritisation process for LGF3b
GPF	Y	Through prioritisation process
SSF	Y	Applications are considered by Federated Boards in advance of being brought forward for Strategic Board endorsement.

**Publication of Business Cases**

Are all business cases published 1 month in advance of funding decisions at Accountability Board meetings?

Meeting date	Met (Y/N)?
15/07/22	Y
23/09/22	Y
25/11/22	Y
27/01/23	Y
13/04/23	Y
16/06/23	Y
22/09/23	Y
12/01/23	Y
13/04/23	Y
16/06/23	Y
22/09/23	Y
12/01/24	Y
16/02/24	Y

Date	Percentage of female board members (excluding co-opted)
05/08/19	21%
28/01/20	25%
16/04/20	35%
01/02/21	35%
10/06/21	35%
22/10/21	35%
18/05/22	35%
04/11/22	32% (vacancy)
22/02/23	35% (2 vacancies)
31/01/24	36% (1 vacancy)



**Forward Plan reference numbers:** FP/AB/728, FP/AB/729 and FP/AB/730

<b>Report title:</b> Growing Places Fund Update	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Manager	
<b>Meeting date:</b> 16 February 2024	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:helen.dyer@southeastlep.com">helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> All	

## 1. Purpose of report

- 1.1 The purpose of this report is to update the SELEP Accountability Board (the Board) on the latest position of the Growing Places Fund (GPF) Capital Programme and to seek agreement on the disaggregation of the GPF funding which will be actioned following the dissolution of SELEP.
- 1.2 The report sets out details of a request from East Sussex County Council for a revision to the GPF repayment schedule for the Sovereign Harbour project and outlines options in respect of minimising the impact of the proposed repayment change on all SELEP partner authorities for Board consideration.

## 2. Recommendations

- 2.1 The Board is asked to:
  - 2.1.1 **Note** the updated position on the GPF programme.
  - 2.1.2 **Agree** a two year extension (to 31 March 2026) to the Sovereign Harbour repayment term, subject to East Sussex County Council providing repayments every six months starting from September 2024 to the impacted Upper Tier Local Authorities, in accordance with the updated repayment schedule in Table 3 and with a requirement that if the sale of Pacific House is completed before 31 March 2026, East Sussex County Council will pay the outstanding balance (if any) owed on the loan within thirty (30) days of completion.
  - 2.1.3 **Agree** that no interest will be charged during the two-year extension to the Sovereign Harbour repayment term on the remaining balance owed on the loan subject to payments being made when due. Should repayments not be made, interest shall be charged in accordance with section 6.57.7 and shall be paid to the impacted Upper Tier Local Authorities in accordance with section 6.57.7.

## Growing Places Fund Update Report

- 2.1.4 **Note** that the decisions 2.1.5 and 2.1.7 for disaggregation of the GPF are not in accordance with the SELEP Assurance Framework as they will bring to an end the recyclable loan scheme. In taking these decisions, the Board is placing reliance on the Government Guidance<sup>1</sup> issued in respect of transitioning LEP functions to Local Authorities, as set out in sections 8.8 and 8.9.
- 2.1.5 **Agree** the disaggregation of the GPF funding in accordance with the approach outlined in Section 7 of this report and with the figures set out in Table 7. Noting that:
- 2.1.5.1 the figures in Table 7 are based on the assumption that all remaining repayments due by 31 March 2024 are made as required;
  - 2.1.5.2 the approach to the disaggregation of the GPF funding currently allocated to the Sovereign Harbour project will be dependent upon the option chosen by the Board at this meeting; and
  - 2.1.5.3 the decisions in Agenda Item 13 in respect of GPF are agreed by the Board
- 2.1.6 **Note** that the existing credit agreement in respect of the Sovereign Harbour Loan between Essex County Council, as Accountable Body, and East Sussex County Council will be incorporated into the proposed Transition Agreement, which will also incorporate the amendments to the repayment schedule set out in 2.1.2 and the interest provisions set out in 2.1.3.
- 2.1.7 **Agree** that with the exception of the Sovereign Harbour loan repayments, the GPF loan repayments due to be repaid by the respective Upper Tier Local Authority to the Accountable Body from 1 April 2024, as set out in Appendix B will be retained by the Upper Tier Local Authority that is due to repay. Noting that the retention of the loan repayment by the Upper Tier Local Authority borrower shall be incorporated into the proposed Transition Agreement.
- 2.1.8 **Agree** that if any Upper Tier Local Authority defaults on the repayment of their Growing Places Fund loan that is due by 31 March 2024, interest shall be charged in accordance with the terms of their funding agreement and interest shall be defrayed on a per capita basis based on the 2021 census population data.

### 3. Background

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<sup>1</sup> [Guidance for Local Enterprise Partnerships \(LEPs\) and local and combined authorities: integration of LEP functions into local democratic institutions - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/guidance-for-local-enterprise-partnerships-leps-and-local-and-combined-authorities-integration-of-lep-functions-into-local-democratic-institutions)

- 3.1 In total, £45.477m GPF was made available to SELEP for investment as a recyclable capital loan scheme. To date, GPF has either been invested or has been allocated for investment in a total of 28 capital infrastructure projects. In addition, a proportion of GPF revenue funding was allocated to Harlow Enterprise Zone (£1.244m) and a further £1.5m was ring-fenced to support the activities of SELEP's Sector Working Groups (known as the Sector Support Fund) as agreed by the Strategic Board.
- 3.2 In June 2020, the Strategic Board took the decision to repurpose £6.4m of the GPF funding to enable delivery of interventions which would support economic recovery post COVID-19. In addition, in November 2021 the Board agreed that £18,767 of the GPF loan awarded to the Workspace Kent project could be written off as a bad debt due to the dissolution of the recipient company. These decisions have reduced the balance of the GPF fund to £39.058m.
- 3.3 It was intended that a new round of GPF funding would be launched in 2023/24. However, following the announcement by Central Government that core funding would not be provided to LEPs after 2023/24 and that LEP functions should be integrated into Local Authorities, alternative proposals for use of the available GPF funding were presented to the Strategic Board at their meeting in October 2023. These options sought to achieve a level of parity across the SELEP area when considering both the unallocated funding and the remaining balance owed on existing GPF loans. The Strategic Board agreed to endorse the following option:
  - 3.3.1 Disaggregate the fund to each Upper Tier Local Authority as a total of their existing GPF loan allocations and their proportion of the funding currently held by the Accountable Body and accept that total parity has not been achieved.
- 3.4 Implementation of this approach and agreement of the split of funding between Upper Tier Local Authorities is subject to a decision by the Board at this meeting. In addition, the Board are asked to consider the implications of the request to revise the repayment schedule for the Sovereign Harbour project on the adopted approach (Section 6 of this report).
- 3.5 It is intended that the transfer of responsibility for the GPF programme will be formalised through a Transition Agreement which is currently being drafted by Essex County Council (as Accountable Body for SELEP). The Transition Agreement will be accompanied by a Position Statement, which sets out the most up to date position in respect of each of the GPF projects. A draft Position Statement is provided at Appendix E. The Position Statement will be subject to a full review by the SELEP Secretariat following this meeting and will be shared with Upper Tier Local Authorities for their consideration prior to being formalised as part of the Transition Agreement.

- 3.6 The proposals set out in this report are conditional on the partners entering into the Transition Agreement.

#### **4. Current Position**

##### **COVID-19 Impacts**

- 4.1 The impact of the COVID-19 pandemic and the associated social distancing measures and lockdowns that were introduced by Government resulted in a severe shock to our economy. The GPF projects are feeling the effects and longer-term risks have been identified which may affect the delivery of the projects, the realisation of expected project benefits and the ability to repay the current GPF loans.
- 4.2 Further information regarding the effects and risks identified as a result of the COVID-19 pandemic is provided in Appendix D.

##### **Cash Flow Position**

- 4.3 Scheme promoters have been working to understand the impacts of COVID-19 on their projects and their intended repayment mechanism since the onset of the COVID-19 pandemic. To date, COVID-19 related revised repayment schedules have been approved by the Board in relation to eleven GPF projects.
- 4.4 Table 1 below sets out the current cash flow position based on the planned GPF investment in 2023/24 and the repayments which are expected to be received prior to the dissolution of SELEP. Following the removal of the Barnhorn Green project at the last Board meeting in January 2024 there is only one project which is yet to draw down their GPF funding allocation. The Board agreed a revised repayment schedule for the No Use Empty South Essex project in June 2023, and this is in the process of being formalised through a Deed of Variation. As soon as the Deed of Variation has been executed by all parties, Southend-on-Sea City Council will be able to seek drawdown of their GPF funding allocation.
- 4.5 The drawdown schedule for the GPF programme is set out in Appendix C.
- 4.6 Repayments forecast for 2023/24 reflect the latest repayment schedules approved by the Board. Should any Upper Tier Local Authority default on a repayment against any of their GPF loans which is due to be made by 31 March 2024, interest will be charged in accordance with the terms of the GPF loan agreement and interest paid shall be defrayed to other Upper Tier Local Authorities on a per capita basis as applicable.
- 4.7 The existing GPF repayment schedules are set out in Appendix B.

## Growing Places Fund Update Report

- 4.8 To assist with options development in relation to the GPF funding currently held by Essex County Council (as the Accountable Body for SELEP), early confirmation regarding the ongoing achievability of repayments due in 2023/24 was sought. Initially no projects identified a significant risk to repayment in 2023/24, however, subsequently (as reported in January 2024) a significant repayment risk was identified in relation to the Sovereign Harbour project. Following a discussion at the last Board meeting, the proposed revised repayment schedule for the Sovereign Harbour project has once again been brought forward for Board consideration at this meeting, alongside options which seek to minimise the impact of this change on all local authority partners (as set out in Section 6 of this report).
- 4.9 It should be noted that the required GPF quarterly reporting was not provided by Medway Council in advance of this meeting, and therefore the information included within this report and the accompanying appendices may not reflect the latest position. The Fitted Rigging House project in Medway is due to make a £100,000 repayment prior to the end of March 2024. Failure by Medway Council to provide the required reporting or to provide separate confirmation that this repayment is still expected to come forward presents a concern – particularly in light of the decisions being taken at this meeting with respect to the disaggregation of the GPF funding. As there are no further opportunities for a revision to the repayment schedule to be considered by the Board, repayment must be made in line with the agreed repayment schedule or Medway Council will enter a default position with respect of the loan which is will have implications for the release of their per capita share of the GPF funding and SELEP revenue funding at the end of 2023/24 and will trigger the charging of interest in accordance with the terms of the GPF Loan Agreement. This will be reflected in the Transition Agreement and will be applicable to all loans that are due to be repaid by 31<sup>st</sup> March 2024.

**Table 1: GPF Cash Flow Position**

£	2023/24
GPF available at the outset of year	12,359,744
GPF funding repurposed	-
GPF available for investment	12,359,744
GPF Round 1 planned investments	0
GPF Round 2 planned investments	0
GPF Round 3 planned investments	1,000,000
Position before GPF repayments are made	11,359,744
GPF repayments expected	1,740,000
To be disaggregated (assuming all expected repayments received)	13,099,744

## 5. Growing Places Fund Project Delivery to Date

- 5.1 A deliverability and risk update is provided for each GPF project in Appendix A.
- 5.2 Eight projects have a High (red) overall project risk, including the Green Hydrogen Generation Facility, Centre for Advanced Engineering, Eastbourne Fisherman’s Quayside and Infrastructure Development, North Queensway, Innovation Park Medway (southern site enabling works), Observer Building Hastings Tranche 1 and 2 and Sovereign Harbour projects.
- 5.3 Two new High-risk projects have been identified since the last Board meeting – Eastbourne Fisherman’s Quayside and Infrastructure Development and Innovation Park Medway (southern site enabling works). An update on each of these projects is set out below.
- 5.4 The position with respect of the other six projects remains broadly as reported at the last meeting. An update on each of these projects is set out in Appendix F.
- 5.5 Delivery of the Eastbourne Fisherman’s Quayside and Infrastructure Development project has completed. However, as has been reported to the Board previously, the Community Interest Company (CIC) which delivered the project has experienced significant challenges with respect to the repayment of the loan. This risk was previously mitigated through the agreement of a revised repayment schedule in April 2023 which allowed repayment to be made over an extended period of time, with the final repayment due in 2034/35.

## Growing Places Fund Update Report

- 5.6 The most recent quarterly reporting submission indicates that current cash flow projections and continued operational and financial restrictions mean that, at the present time, the CIC is not in a position to be able to consider making any repayments in the near future. The update does outline an ongoing commitment to repay the loan, however, it appears likely that the agreed repayment schedule will not be met.
- 5.7 The first repayment is not due until 2024/25 and therefore no action is recommended at this time but the status of the repayment schedule will need to continue to be monitored by East Sussex County Council.
- 5.8 The Innovation Park Medway (southern site enabling works) project has not previously been identified as being High risk as the GPF-funded works have been delivered, the GPF loan has been repaid in full and Medway Council had provided a clear route to realisation of forecast project outcomes. However, whilst Medway Council have not provided an update on the project in advance of this meeting, a Medway Council Cabinet paper has been published in respect of the Innovation Park Medway project as a whole. This report indicates that the intended development route for the southern site is no longer considered to be viable. It was intended that Medway Council would bring forward two plots on the southern site using their own funding, however, following a tender process, construction costs have been confirmed to be higher than anticipated. In addition, interest rate rises have impacted on the ability of the Council to borrow the funding required to bring forward the site.
- 5.9 As set out in the Cabinet report, Medway Council officers are now proposing (subject to agreement by Medway Council Cabinet on 13 February 2024) that delivery of the Innovation Park Medway project (both northern and southern sites) is paused whilst a review of development options is undertaken. This proposal raises significant concerns in respect of the ability of the project to realise the forecast project benefits.
- 5.10 There are a number of medium risks (amber) identified across a number of projects, primarily in relation to repayment and realisation of project outcomes. The repayment risks stem from the ongoing global economic uncertainty and impacts on the property market. There remain concerns regarding benefit realisation due to the impact on the property market and local economy of the COVID-19 pandemic. These risks will need continue to be monitored by respective partners post closure of SELEP.

## **6. Sovereign Harbour – proposed revised repayment schedule**

### Context and history

- 6.1 Following the announcement from Government that core funding of LEPs will cease from April 2024 and that LEP activities should be integrated into Local Authorities, a significant amount of work was undertaken to consider the

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options available for deployment of the unallocated GPF funding post March 2024. This work was based on the following underlying assumptions:

- 6.1.1 That full repayment of existing GPF loans will be made with repayments due in 2023/24 being made to Essex County Council (as the Accountable Body for SELEP) and future repayments made to either the incoming Accountable Body or the relevant Upper Tier Local Authority (depending upon the option selected by the Strategic Board) – this assumption was based on the reporting submitted to SELEP and the Board in September 2023 by the respective Local Authorities.
- 6.1.2 That no further approvals will be required from Government.
- 6.1.3 That there will be a desire to achieve the best level of parity possible when considering future use of the funding.
- 6.2 The Strategic Board chose to endorse the option set out at Section 3.3.1. of this report which requires the disaggregation of the GPF funding to the six Upper Tier Local Authorities at the end of 2023/24.
- 6.3 Whilst the Strategic Board identified a shared desire to achieve parity across the SELEP area with regard to the disaggregation of the funding, it was acknowledged that the endorsed approach did not achieve total parity but that the level of parity achieved was acceptable.
- 6.4 Indicative figures regarding the split of GPF funding between the six Upper Tier Local Authorities for each of the overarching options were provided to the Strategic Board. The indicative figures for the chosen option are set out in Table 2 below.

*Table 2: Split of GPF funding between Upper Tier Local Authorities (assuming all repayments due in 2023/24 are received by the Accountable Body) reflecting local retention of repayments against existing GPF loans (post 2023/24) and funding currently held by the Accountable Body*

Local Authority	Population (as per 2021 census)	Per capita share of total GPF pot £m	Remaining balance owed on existing GPF loans at 31.03.2024 £m	Difference between per capita share and remaining balance owed £m	Funding to be transferred at 1 April 2024 (indicative figure) £m
East Sussex	545,847	5.002	4.232	0.771	0.698
Essex	1,503,521	13.779	2.000	11.779	11.578
Kent	1,576,069	14.444	14.802	-0.358	0.000
Medway	279,773	2.564	0.350	2.214	2.177
Southend	180,686	1.656	1.000	0.656	0.632
Thurrock	176,000	1.613	0.000	1.613	1.589
<b>Total</b>	<b>4,261,896</b>	<b>39.058</b>	<b>22.384</b>	<b>16.675</b>	<b>16.675</b>

- 6.5 Subsequent to the October 2023 Strategic Board meeting, East Sussex County Council advised the SELEP Secretariat and the Accountable Body that it was highly unlikely that the £3.575m repayment due against the



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Sovereign Harbour project would be paid prior to 31 March 2024 as required under the current repayment schedule.

- 6.6 Re-profiling of the repayment due against the Sovereign Harbour project will impact on the level of GPF funding held by the Accountable Body which can be deployed to each Upper Tier Local Authority at the end of 2023/24.
- 6.7 Options in relation to the Sovereign Harbour project have been presented to both the Strategic Board and the Board for consideration at recent meetings. However, to date no decision has been taken as to how the impact of the proposed revised repayment schedule on the disaggregation of the GPF funding should be managed. At the January 2024 meeting, the Board agreed 'not to agree any of the options set out in the Board report and for officers to undertake further option development work with a view to achieving the best level of parity possible for the disaggregation of the SELEP GPF funds, in the context of the remaining Sovereign Harbour repayment.'
- 6.8 Subsequent to the Board meeting, further option development work has been undertaken and three broad options are set out in this report for Board consideration.

### Proposed revised repayment schedule

- 6.9 The Sovereign Harbour project was awarded £4.6m GPF in March 2014. The funding was awarded to support the delivery of high-quality office space (Pacific House) in Eastbourne, which was expected to facilitate up to 299 jobs.
- 6.10 Delivery of the project completed in June 2015 and, as at November 2023, Pacific House was reporting a 93% occupancy rate.
- 6.11 At the time of funding award, it was indicated that the loan would be repaid between 2016/17 and 2021/22. The project has been subject to a number of repayment schedule changes, with the most recent change agreed by the Board in April 2023. The revised repayment schedule required full repayment of the remaining balance owing on the loan (£3.575m) by 31 March 2024. The Board also agreed that interest would not be charged on the loan at that time, subject to compliance with the revised repayment schedule.
- 6.12 East Sussex County Council have been advised by Sea Change Sussex that their agent is continuing to market Pacific House with a view to completing a sale before 31 March 2024, which would allow repayment of the GPF loan in accordance with the agreed repayment schedule. However, Sea Change Sussex have also indicated that it is unlikely that they will be able to conclude an open market sale of the property before 31 March 2024 at a price which would be sufficient to pay off all outstanding debt. This is due to ongoing challenging market conditions which are affecting the UK property market.
- 6.13 Previous repayments made against the GPF loan have been funded through rental income generated through the operation of the building. Despite the

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high level of occupancy currently reported (93%), East Sussex County Council have confirmed that it is not possible to make any repayments on this basis in 2023/24.

- 6.14 The terms of the loan agreement (completed in 2014) between East Sussex County Council and Sea Change Sussex state that if full repayment is not made by the stated longstop date (31 March 2024) then Sea Change Sussex will, after receiving written notice from East Sussex County Council, transfer the property to East Sussex County Council at market value minus the outstanding debt in accordance with the condition of sale. In light of this clause, East Sussex County Council instructed a property valuation to be undertaken by specialist consultants to inform their decision making. East Sussex County Council officers have been considering the outcome of the valuation and the options presented since April 2023.
- 6.15 In addition, in September 2023, East Sussex County Council commissioned a commercial consultant to facilitate discussions with Sea Change Sussex. The consultant has explored options with Sea Change Sussex with regard to their plans to either refinance, seek a sale or be required to transfer Pacific House to East Sussex County Council in order to settle the GPF loan.
- 6.16 If Sea Change Sussex are unable to complete a sale of the building, East Sussex County Council have indicated to SELEP that they will serve notice to Sea Change Sussex to transfer possession of the building to the Council after the 1<sup>st</sup> April 2024. East Sussex County Council have confirmed that they have not yet given notice, but have requested that Sea Change Sussex prepare an updated 'Lease information package' (detailed information on all the current leases within the building) and the 'Deed of Variation' for East Sussex County Council to determine next steps with respect to the transfer of the building. East Sussex County Council have yet to receive the detailed tenancy schedule for Pacific House. Without the detailed tenancy schedule, any valuation of the building will need to be heavily caveated and will need to be based on a number of assumptions. A delay in providing this information will impact on the timeline for East Sussex County Council for serving notice for the transfer of the building.
- 6.17 Upon receipt of this information, East Sussex County Council will undertake all required due diligence and will seek a joint property valuation with Sea Change Sussex to ensure that agreement can be reached on the Market Value of Pacific House. Assuming the building cannot be sold by 31 March 2024, East Sussex County Council have indicated that they will not be in a position to repay the £3.575m GPF loan in accordance with the existing repayment schedule.
- 6.18 A revised repayment schedule which delays repayment of the remaining balance owed on the loan to March 2026 was brought forward by East Sussex County Council. The requested revised repayment schedule is set out in

Table 3 below and considers the Sovereign Harbour project in isolation, rather than in the wider context of the disaggregation of the GPF funding.

*Table 3: Requested revised repayment schedule for the Sovereign Harbour project*

	Repaid to date (£m)	2023/24 (£m)	2024/25 (£m)	2025/26 (£m)	Total (£m)
Existing repayment schedule	1.025	3.575	0	0	<b>4.600</b>
Proposed revised repayment schedule	1.025	0	0	3.575	<b>4.600</b>

- 6.19 The update provided by East Sussex County Council in respect of this project provides some evidence of progress since the last repayment schedule change was considered by the Board, however, much of the update mirrors that provided in April 2023 when there was confidence that it would be possible for the final repayment to be made in March 2024. The latest update suggests that there are potentially a greater number of considerations which need to be addressed before the final GPF repayment can be made than were previously identified.
- 6.20 Furthermore, it has now been noted by East Sussex County Council, that Sea Change Sussex obtained a further loan of £1.4m from Eastbourne Borough Council to support project delivery. It is understood that this loan remains outstanding and therefore consideration needs to be given by East Sussex County Council and Sea Change Sussex as to how this loan will also be repaid. East Sussex County Council have started conversations with Eastbourne Borough Council in this regard but the existence of a second loan increases the risk that it won't be possible to secure full repayment of the GPF loan by 31 March 2024.
- 6.21 Under the terms of the loan agreement in place between Essex County Council (as Accountable Body for SELEP) and East Sussex County Council, extending the repayment schedule triggers the charging of interest on the remaining balance of the loan. In March 2023, it was agreed that interest would not be charged on the remaining balance of the loan at that time, subject to repayment being made in accordance with the new repayment schedule. As repayment is very unlikely to be made in accordance with the current schedule, interest would once again be chargeable on the loan.
- 6.22 If an extension to the loan is not approved and the loan is not repaid, then the default mechanisms within the contract will be triggered and interest will be applied to the loan in line with the terms within the loan agreement.

Options available to the Board

- 6.23 At the request of the Board, further option development work has been undertaken and three broad options are set out in this report for consideration. All options have been developed with a view to achieving the best level of parity possible for the disaggregation of the GPF funding, in the context of the remaining Sovereign Harbour repayment. These options solely consider the Sovereign Harbour project, with the remaining GPF funding being disaggregated in accordance with the approach agreed by the Strategic Board in October 2023, as set out in Section 7 of this report.

Option A – Revision to the repayment schedule for the project is agreed by the Board, alongside an ongoing requirement that full repayment of the GPF loan will be made by East Sussex County Council

- 6.24 This option provides the opportunity for the Board to agree a revision to the repayment schedule for the Sovereign Harbour project. If this option is pursued, the Board will be asked to agree the terms of the revision to the repayment schedule, with particular consideration to the following:
- 6.24.1 The duration of the extension to the existing repayment schedule
  - 6.24.2 Whether interest should be charged on the remaining balance of the loan
  - 6.24.3 Any other conditions that the Board may wish to apply to the loan.
- 6.25 Whilst East Sussex County Council have proposed a two-year extension to the repayment schedule, there are other options available to the Board which would allow for the remaining repayment to be made in a shorter timeframe – such as 6 months or 1 year. A shorter extension to the repayment schedule would require East Sussex County Council to explore alternative repayment mechanisms to ensure that repayment can be made in accordance with the decision of the Board.
- 6.26 The proposed revised repayment schedule put forward by East Sussex County Council requires full repayment of the remaining balance owing on the loan in one instalment. However, the possibility of staged repayments over the duration of the extension agreed could be considered.
- 6.27 In April 2023, the Board took the decision to not charge interest on the remaining balance of the loan subject to the loan being repaid in accordance with the revised repayment schedule. As a further revision to the repayment schedule is now being sought, consideration needs to be given as to whether interest should be charged on the loan. Under this option, it is proposed that the interest rate applied to the loan is rebased to be in line with Round 3 of the GPF fund with interest charged at the current Public Works Loan Board (PWLB) interest rate less 2%.

- 6.28 As it stands, no specific conditions have been applied to the Sovereign Harbour GPF loan. However, the Board may wish to consider whether any additional obligations should be placed on East Sussex County Council in relation to the loan moving forward. The Board could, for example, request that East Sussex County Council provide security on the remaining balance of the loan. GPF loans have historically been issued without requiring the application of security. However, given the impending dissolution of SELEP and the removal of the Board which is the mechanism through which changes to GPF loans are managed, provision of security on the loan would reduce the level of risk faced by the impacted Upper Tier Local Authorities (Essex County Council, Medway Council, Southend-on-Sea City Council and Thurrock Council) (known as 'impacted UTLAs') with respect to future repayments to be made against the loan.
- 6.29 Under this option, the decisions taken by the Board would be implemented through the inclusion of additional terms within the Transition Agreement (covering the transfer of SELEP activities to Upper Tier Local Authorities).
- 6.30 The Transition Agreement would state that East Sussex County Council will directly repay the impacted UTLAs their per capita share of the outstanding repayment (as set out in Table 4 of column E). Whilst the majority of the GPF funding will be disaggregated at the end of 2023/24, the timing of the final GPF payment will be dependent upon the duration of the extension to the Sovereign Harbour repayment schedule which is agreed by the Board.

*Table 4: Option A – Indicative split of GPF funding between Upper Tier Local Authorities*

Local Authority	Population (as per 2021 census)	Per capita share of total GPF pot	Indicative share of total GPF pot Pre Sovereign Harbour repayment *	Indicative allocation on repayment of Sovereign Harbour Project loan	Percentage difference between per capita share and total indicative share	Allocation on repayment of Sovereign Harbour project loan assuming full repayment (included in column c)
		a £m	b £m	c £m	d %	e £m
East Sussex	545,847	5.002	7.807	4.958	99%	0.727
Essex	1,503,521	13.779	11.557	13.558	98%	2.001
Kent	1,576,069	14.444	14.802	14.802	102%	0.000
Medway	279,773	2.564	2.151	2.523	98%	0.372
Southend	180,686	1.656	1.389	1.629	98%	0.241
Thurrock	176,000	1.613	1.353	1.587	98%	0.234
<b>Total</b>	<b>4,261,896</b>	<b>39.058</b>	<b>39.058</b>	<b>39.058</b>		<b>3.575</b>

- 6.31 This option requires East Sussex County Council to repay the remaining balance owed on the GPF loan as required under the existing loan agreement. The Transition Agreement is proposed to incorporate the terms of the existing agreement between East Sussex County Council and Essex County Council.
- 6.32 It is also intended that the Transition Agreement will require East Sussex County Council to provide regular updates to the impacted UTLAs on the project detailing progress towards making the required repayment.

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- 6.33 Whilst this option requires repayment of the remaining balance owed on the Sovereign Harbour loan, it may be necessary for East Sussex County Council to identify an alternative repayment mechanism should a short extension (less than 2 years) to the repayment schedule be agreed. This potentially increases the risk of non-repayment in accordance with the revised repayment schedule but it is recommended that this risk is mitigated through the inclusion of appropriate provisions within the Transition Agreement which set out the steps that will be taken should this situation arise.
- 6.34 It is also important to note that this option aligns with the expectations of the existing Sovereign Harbour GPF loan agreement which is in place between Essex County Council (as Accountable Body for SELEP) and East Sussex County Council, with the exception of the change to the repayment schedule.

Option B – Revision to the repayment schedule for the project is agreed by the Board, alongside agreement that East Sussex County Council can offset any costs incurred during the acquisition, holding and disposal of the building against the final repayment

- 6.35 This option, which has been proposed by East Sussex County Council and is their preferred option, also provides the opportunity for the Board to agree a revision to the repayment schedule for the Sovereign Harbour project. However, under this option, there would be no flexibility as to the duration of the extension allowed, with the Board asked to agree the 2 year extension requested by East Sussex County Council.
- 6.36 Under this option, East Sussex County Council have proposed that the impacted UTLAs will receive a proportion of the remaining per capita share. The level of funding received would be determined by the sale price achieved for Pacific House by East Sussex County Council.
- 6.37 In addition, East Sussex County Council are proposing to offset any costs they incur during the acquisition, holding (including major repairs) and disposal of the building against the final repayment.
- 6.38 It is important to note that under this option, if the net sale proceeds (sales price minus East Sussex County Council costs) are less than the outstanding balance owed on the Sovereign Harbour loan, the negative equity will impact on the size of the overall GPF pot and will result in the impacted UTLAs receiving less than a per capita share of the GPF pot.
- 6.39 Due to the nature of this option, it is not currently possible to give an indication as to the level of funding which would be received by each of the impacted UTLAs. Following completion of activities, such as the acquisition and subsequent disposal of Pacific House or the identification of an alternative repayment mechanism if the sale cannot be achieved within the agreed 2 year extension, East Sussex County Council would advise the impacted UTLAs of

the amount that they are due to receive after adjustments have been made for the stated reductions.

- 6.40 This option assumes that the impact of any reduction in the final repayment made by East Sussex County Council will be shared equally by all impacted UTLAs and East Sussex County Council. This impact will be calculated using the same per capita approach that has been used when considering the disaggregation of the GPF funding. However, other options for managing the impact of any reduction in the final repayment could be considered, including the possibility of the impact being offset against East Sussex County Council's portion of the funding before the impact is felt by any of the other impacted UTLAs.
- 6.41 Under Option B, the decisions taken by the Board would be implemented through an inter-authority agreement with the impacted UTLAs, which would be established by East Sussex County Council. Under the agreement, East Sussex County Council would make direct payments to the impacted UTLAs.
- 6.42 The proposals put forward by East Sussex County Council under this option do not reflect the terms of the existing GPF project loan agreement which is in place between Essex County Council (as Accountable Body for SELEP) and East Sussex County Council and, as such, the proposed inter-authority agreement will also not reflect the terms of the existing loan agreement. The existing loan agreement sets out an expectation of full repayment of the GPF loan and does not allow for the offsetting of costs incurred against future repayments.
- 6.43 It is proposed that the inter-authority agreement would require East Sussex County Council to provide quarterly reporting on the steps being taken to secure ownership of the building and the progress towards disposal of the building.
- 6.44 Whilst this option allows East Sussex County Council to offset their costs and minimises the impact on the Council should the intended repayment mechanism not provide the level of income required to facilitate full repayment of the GPF loan, there are no clear benefits for the impacted UTLAs under this option.
- 6.45 There is a risk that East Sussex County Council will be unable to acquire Pacific House and subsequently dispose of the building at a sufficient sales value (net of costs) to offset the remaining value of the loan. This would result in the impacted UTLAs receiving less than their remaining per capita share of the GPF funding. In addition, it will not be possible for East Sussex County Council to confirm the level of funding to be issued to each of the impacted UTLAs until disposal of the building is complete (or an alternative repayment mechanism has been identified), further increasing the level of uncertainty for those authorities.

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- 6.46 On a more practical level, under this option it is intended that an inter-authority agreement will be put in place between East Sussex County Council and the impacted UTLAs. Consequently, future obligations with regard to this GPF loan will sit outside the Transition Agreement which will consider all other GPF loans. This will add an additional layer of complexity to the formalisation of the transition of LEP activities with all local partners (except for Kent County Council) being subject to two ongoing agreements, rather than the one overarching Transition Agreement as planned. Completion of two agreements will increase the level of legal support required by all parties (with the exception of Kent County Council) thereby potentially increasing costs incurred as part of the transition process.

Option C – Revision to the repayment schedule for the project is refused by the Board, resulting in an ongoing obligation for East Sussex County Council to make the final repayment by 31 March 2024

- 6.47 Under this option, the proposed revised repayment schedule for the Sovereign Harbour project would not be agreed by the Board. Consequently, the current repayment schedule will continue to apply meaning that there would be an ongoing obligation for East Sussex County Council to make the final repayment owing on the Sovereign Harbour project to Essex County Council (as Accountable Body for SELEP) by 31 March 2024.
- 6.48 If this option is pursued, the Board will also be asked to endorse that no further SELEP funding (both revenue and capital) should be released to East Sussex County Council until the remaining repayment has been received. It is important to note that this position will be reflected in the Transition Agreement and will apply equally to all Upper Tier Local Authorities who are due to make GPF repayments in 2023/24.
- 6.49 Should East Sussex County Council be able to make the final £3.575m repayment by 31 March 2024, this will allow the GPF funding to be disaggregated at the end of 2023/24 in accordance with the figures set out in Table 2 above. In this situation, full disaggregation of the GPF funding would be achieved by 31 March 2024. However, as detailed at the January 2024 Board meeting, adoption of this option may result in East Sussex County Council defaulting on the loan.
- 6.50 East Sussex County Council have confirmed that it will not be possible for them to fund this repayment from uncommitted reserves, and they have indicated that the proposal does not allow them the requisite time to consider the impact of additional borrowing within their own governance and decision-making timescales. However, this has been a known ongoing risk for East Sussex County Council where alternative provision could have been planned for.
- 6.51 The Transition Agreement will include clauses which detail the actions to be taken should default occur. However, the impacted ULTAs will immediately



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feel the impact of the default as the level of GPF funding received at the end of 2023/24 will be reduced. In addition, it may not be possible in the short term, to confirm when the remaining repayment will be made and therefore the outstanding funding disaggregated.

- 6.52 Defaulting on the repayment schedule would trigger the charging of interest on the remaining balance owing on the loan. This interest would be payable to Essex County Council (as current Accountable Body for SELEP), as it is expected that under this scenario, the existing loan agreement between East Sussex County Council and Essex County Council would remain in place until full repayment has been made. Provisions would be made within the Transition Agreement with respect of the disaggregation of the funding once the repayment has been made.
- 6.53 Option C is the only option available which has the potential to achieve full disaggregation of the GPF funding at the end of 2023/24 as desired by the Strategic Board. However, as detailed by East Sussex County Council at the last Board meeting, there is a high probability of default if the Board choose to hold the Council to the existing repayment schedule as there is insufficient time to identify an alternative repayment schedule and secure the funding required to facilitate the repayment.
- 6.54 If a default arises, impacted UTLAs will likely be left in a position where there is no agreed repayment schedule for the project thereby further increasing the risk of non-receipt of the remaining per capita share of the GPF funding.
- 6.55 It is important to note that if the Board are minded to not agree any of the options set out in this report, the default position will be to rely on the existing GPF loan agreement which requires full repayment of the balance owed on the Sovereign Harbour loan by 31 March 2024.

### Recommended option

- 6.56 Following consideration of the above options and informed by discussions with Senior Officers and Board members, East Sussex County Council have proposed the following option. This option has been developed with a view to providing a positive and measured response to points raised and which supports the continuation of East Sussex County Council's constructive relationship with partner authorities within the SELEP area.
- 6.57 On that basis the recommended option is as follows:
- 6.57.1 A two year extension to the repayment schedule to 31 March 2026 is granted.
- 6.57.2 There is an ongoing obligation for East Sussex County Council to repay the proportion of the outstanding balance on the loan which will be owed to the impacted UTLAs (£2.848m)

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- 6.57.3 East Sussex County Council commit to making repayments every six months, from September 2024, to the impacted UTLAs, rather than repaying the full balance of the loan in one payment.
  - 6.57.4 There is no dependency for the building to be sold to trigger the repayments by East Sussex County Council to the impacted UTLAs.
  - 6.57.5 East Sussex County Council commit to paying any outstanding balance within 30 days of completing the property sale (assuming this happens within the 2 year extension period)
  - 6.57.6 No interest to be charged on the remaining balance owed on the loan during the two year extension to the repayment term, subject to repayments being made when due.
  - 6.57.7 Should repayments not be made, interest shall be charged on the overdue amount from the due date up to the date of actual payment at a rate which is two (2) per cent higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a PWLB Loan. Interest payments shall be defrayed to the impacted UTLAs by East Sussex County Council in accordance with the per capita split derived using the 2021 population census data.
  - 6.57.8 East Sussex County Council has proposed that no security will be sought against the loan; should the Board wish to consider this, an option is set out in 6.61. There are other options that could be considered by the Board as set out in section 9.
  - 6.57.9 Decision to be implemented through the Transition Agreement, including requirement for East Sussex County Council to provide updates every 6 months, from September 2024, detailing progress towards making the required repayment.
- 6.58 This option represents a variation of Option A, as set out above. Whilst Option A requires East Sussex County Council to repay the GPF loan in one payment at the end of the extension period agreed by the Board, the recommended option requires East Sussex County Council to make payments to the impacted UTLAs at six monthly intervals, starting from September 2024. This approach helps mitigate the impact of the repayment schedule change on the impacted UTLAs whilst awaiting disposal of the building by East Sussex County Council.
- 6.59 This option places an obligation on East Sussex County Council to repay the proportion of the outstanding balance on the loan which would become owed to the impacted UTLAs (£2.848m) and if this obligation is not met, interest will be charged on the loan.

- 6.60 This option is supported by the SELEP Secretariat as it secures the best level of parity possible (subject to repayment by East Sussex County Council). The option can be formalised through the Transition Agreement rather than requiring the creation of a new agreement. The option aims to recognise the positions of both East Sussex County Council and the impacted UTLAs.
- 6.61 An additional consideration for the Board is whether they wish to include any security against the loan. An option in this respect that would not incur any additional cost to East Sussex County Council, providing that the loan is repaid, would be to withhold any payment of residual revenue funding (see Agenda item 13) that may be owing to East Sussex following the closure of SELEP, until the first payment is made (in September 2024). Should East Sussex County Council default on the first payment, this funding will be allocated to the impacted UTLAs as part-payment of the first instalment owed. In the event of non-payment of the first instalment owed by East Sussex County Council in respect of the Sovereign Harbour Project, the interest provisions would still apply from the point of default. When the impacted UTLAs receive the first repayment in respect of the Sovereign Harbour project in or before September 2024, the residual revenue funding will be released to East Sussex County Council within 20 working days, following confirmation from impacted UTLAs of receipt of the payment. The detail of this will be reflected in the Transition Agreement.
- 6.62 A further option with respect to provision of security against the loan that could be considered by the Board would be to require East Sussex County Council to commit property or assets as security against repayment of the loan. However, it is recognised that this is a more difficult to manage and will incur additional costs to implement compared to the option to withhold funding set out in 6.61.
- 6.63 If the recommended option is agreed, the returned funding will be split between the impacted UTLAs in accordance with the figures set out in Table 5.

*Table 5: Split of Sovereign Harbour repayment between impacted UTLAs assuming repayments are made at six monthly intervals (i.e. bi-annual), starting in September 2024, by East Sussex County Council*

Local Authority	Allocation on repayment of Sovereign Harbour project loan assuming full repayment (as per column e in Table 4)  £m	Bi-annual Repayment over a 2 Year period to March 2026			
		September 2024 £m	March 2025 £m	September 2025 £m	March 2026 £m
East Sussex	0.727	0.181	0.182	0.182	0.182
Essex	2.001	0.501	0.500	0.500	0.500
Kent	0.000	0.000	0.000	0.000	0.000
Medway	0.372	0.093	0.093	0.093	0.093
Southend	0.241	0.061	0.060	0.060	0.060
Thurrock	0.234	0.057	0.059	0.059	0.059
<b>Total</b>	<b>3.575</b>	<b>0.893</b>	<b>0.894</b>	<b>0.894</b>	<b>0.894</b>

6.64 An overview of the three broad options and the recommended option is set out in Appendix G.

## 7. Disaggregation of the GPF funding to Upper Tier Local Authorities

7.1 As outlined above, following the announcement by Central Government that core funding for LEPs would cease after 2023/24 and that LEP activities should be integrated into Local Authorities, options for the use of the available GPF were presented to the [Strategic Board in October 2023](#). Of the options set out in the report, the Strategic Board chose to endorse the option set out at Section 3.3.1 of this report which requires disaggregation of the GPF funding at the end of 2023/24.:

7.2 In summary, under the endorsed option, the entire GPF funding pot (including existing GPF loans and the funding currently held by the Accountable Body) will be disaggregated to the six Upper Tier Local Authorities on a per capita basis to support investment into local economic growth. The GPF funding will take on a more local focus but there continues to be a strong expectation that the funding will be used for economic growth purposes and that Local Authorities will continue to seek input from businesses when determining local priorities and use of the funding.

7.3 This option requires consideration of the remaining balance owed on existing GPF loans when determining how the funding should be disaggregated. The total remaining value of the GPF funding pot is £39.058m (including existing GPF loans), and therefore this figure, combined with the 2021 census population figures, have been used as the basis for determining a per capita split between the six Local Authority areas.

7.4 The allocation for each Local Authority area has then been adjusted to take into account existing GPF loans, with the remaining balance of their per capita allocation expected to be transferred at the end of 2023/24. This option assumes (subject to Board agreement) that, with the exception of the

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Sovereign Harbour project, any GPF loan repayments which are due to be made after 31 March 2024 to the Accountable Body will be retained by the Upper Tier Local Authority who is party to the loan agreement. It is expected that the Upper Tier Local Authority will use this funding for economic growth purposes. This will have the effect of ending the recyclable loan scheme (see agenda item 13).

- 7.5 As there is a significant variation in the value of the existing GPF loans, some Local Authority areas will not receive any additional GPF funding. In this circumstance, the availability of the GPF funding will be dependent upon the responsible Upper Tier Local Authorities securing return of the balance owed on the existing GPF loans.
- 7.6 Table 6 demonstrates how the funding will be disaggregated following the dissolution of SELEP.
- 7.7 It should be noted that Table 6 has been developed on the assumption that the remaining repayment due on the Sovereign Harbour project will not be received prior to the end of 2023/24 hence the level of disparity shown. Receipt of all other GPF repayments due by 31 March 2024 has been assumed.

*Table 6: Split of funding between Upper Tier Local Authorities assuming that all other repayments due in 2023/24 are received*

Local Authority	Population (as per 2021 census)	Per capita share of total GPF pot  £m	Remaining balance owed on existing GPF loans at 31.03.2024  £m	Difference between per capita share and remaining balance owed  £m	Funding to be transferred at 1 April 2024  £m	Share of total GPF pot held at 1 April 2024  £m	Difference between per capita share and share held at 1 April 2024  £m	Percentage of per capita share held at 1 April 2024  %
East Sussex	545,847	5.002	7.807	-2.804	0.000	7.807	-2.804	156%
Essex	1,503,521	13.779	2.000	11.779	9.557	11.557	2.221	84%
Kent	1,576,069	14.444	14.802	-0.358	0.000	14.802	-0.358	102%
Medway	279,773	2.564	0.350	2.214	1.801	2.151	0.413	84%
Southend	180,686	1.656	1.000	0.656	0.389	1.389	0.267	84%
Thurrock	176,000	1.613	0.000	1.613	1.353	1.353	0.260	84%
<b>Total</b>	<b>4,261,896</b>	<b>39.058</b>	<b>25.958</b>	<b>13.100</b>	<b>13.100</b>	<b>39.058</b>	<b>0.000</b>	

- 7.8 The decision taken by the Board at this meeting in respect of the proposed change to the repayment schedule for the Sovereign Harbour project will influence when and if impacted UTLAs will receive their per capita share of the repayment. If the Board agree the recommended option set out at Section 6.56 of this report, and all repayments are met by East Sussex County Council, the final split of GPF funding between Upper Tier Local Authorities will be as set out in Table 7.

*Table 7: Split of funding between Upper Tier Local Authorities assuming the recommended option is agreed and all repayments are made as agreed*

Local Authority	Population (as per 2021 census)	Per capita share of total GPF pot	Indicative share of total GPF pot Pre Sovereign Harbour repayment *	Indicative allocation on repayment of Sovereign Harbour Project loan	Percentage difference between per capita share and total indicative share
		a £m	b £m	c £m	d %
East Sussex	545,847	5.002	7.807	4.958	99%
Essex	1,503,521	13.779	11.557	13.558	98%
Kent	1,576,069	14.444	14.802	14.802	102%
Medway	279,773	2.564	2.151	2.523	98%
Southend	180,686	1.656	1.389	1.629	98%
Thurrock	176,000	1.613	1.353	1.587	98%
<b>Total</b>	<b>4,261,896</b>	<b>39.058</b>	<b>39.058</b>	<b>39.058</b>	

7.9 The Board are asked to agree that the approach to disaggregating the GPF funding endorsed by Strategic Board can be adopted (as set out in Sections 7.2 to 7.5 of this report) and that the GPF funding should be disaggregated in accordance with the agreed approach as exemplified in Table 6 and assuming approval of the recommendations in Agenda item 13 with respect to the GPF.

## 8. Financial Implications (Accountable Body Comments)

- 8.1 Essex County Council, as the Accountable Body, is responsible for ensuring that the funding awarded by Government is utilised in accordance with the conditions set for use of the Grant. GPF is a capital grant awarded by Government to be operated as a recyclable loan scheme.
- 8.2 A total of £12.360m GPF was held by the Accountable Body at the start of 2023/24. Of this balance, £9.61m is uncommitted increasing to £14.925m uncommitted balance for 2023/24, should all loan repayments be received in line with current Board decisions and credit agreements in place.
- 8.3 The current economic climate means that there is a continued risk that scheduled repayments by existing projects will not be made as planned due to difficulties experienced as a result of Brexit, COVID-19, and economic uncertainty due to the high levels of inflation. It is a requirement that the respective Local Authority that is the recipient of the loan, monitors the repayment position and advises SELEP and the Accountable Body of any potential risks in this respect, in accordance with the timelines set out in the respective agreements, to enable mitigations to be agreed by the Board in advance of any default in repayment.
- 8.4 East Sussex County Council have reported a risk to the repayment due by 31 March 2024 in respect of the Sovereign Harbour project of £3.575m; in response to this, ESCC have requested a delay in the repayment of the GPF of a further 2 years to March 2026, which will now be after the planned closure

of SELEP.

- 8.5 The GPF loan for the Sovereign Harbour Project is managed under the terms of a credit agreement in place with Essex County Council as the Accountable Body for SELEP and East Sussex County Council. Under the terms of the agreement, East Sussex County Council are required to repay the loan in accordance with the agreed repayment schedule. An extension to the repayment schedule can be applied through a variation to the Credit Agreement, where this is agreed by the Board, however, as SELEP is planned to close at the end of March, this can be applied through the proposed Transition Agreement (see agenda item 13). In the event that a repayment is not made in line with the agreed terms, the payment goes into default and interest is then chargeable on the loan.
- 8.6 Should the Board not agree to a revised repayment schedule for the Sovereign Harbour project, in the absence of the reciprocal loan repayment from Sea Change Sussex or income from the sale of the building, East Sussex County Council will need to consider alternative mechanisms to meet the required £3.575m repayment to prevent the loan from going into default, which could include funding from uncommitted reserves or borrowing. The mechanism for repayment would be subject to East Sussex County Council's own decision-making processes.
- 8.7 Any decisions made by the SELEP Boards are required to be compliant with the existing governance processes of SELEP until SELEP as a company is formally dissolved and any residual legacy issues are concluded or transitioned to the satisfaction of Essex County Council as the Accountable Body and Government.
- 8.8 Essex County Council is Accountable to the Department for Levelling Up, Housing and Communities (DLUHC) for ensuring that SELEP continues to operate in accordance with the agreed Assurance Framework. In August 2023, the Government issued LEP integration guidance which clarified that:
- 8.8.1 The management of the ongoing delivery or closure of the programme, alongside existing assets, financial reserves, and loan books should be agreed locally, in line with any pre-existing arrangements between the LEP and its Accountable Body. Use of financial reserves established through the fund should be determined in line with the decision of the relevant Section 151 officer.
  - 8.8.2 The Section 151 officer of the Accountable Body will be required to provide an end of year assurance statement and s151 return providing assurance of compliance with the requirements of the National Local Growth Assurance Framework (NLGAF); and
  - 8.8.3 The NLGAF will remain in force and continue to apply up to a reasonable point before integration. In principle, the LEP should

adhere to the requirements for as long as they are applicable.

- 8.9 The proposals for disaggregating the GPF fund set out in section 7 are in response to the planned closure of SELEP following the end of Government support for LEPs from 2024/25; this requires reliance to be placed on the guidance set out above and an exceptional decision to be made to allow an exemption from the SELEP Assurance Framework, to proceed with the proposed disaggregation and transfer of Accountability and management of existing loans to the respective Upper Tier Local Authority.
- 8.10 In implementing any option in respect of the GPF programme, the s151 Officer of the Accountable Body will need to be satisfied that no residual risk remains with Essex County Council as the Accountable Body, following the transfer of the fund and closure of the LEP and the Accountability Board.
- 8.11 All costs of the Accountable Body in effecting any of the agreed changes will be expected to be met from the SELEP operational budget and/or reserves, in accordance with the decisions of the Board
- 8.12 There are reported risks with respect to a number of Projects, as set out within section 5 of the report, many of which sight the challenging economic climate as a key contributor to the increased risks. On-going oversight to ensure that risks are mitigated where possible is expected by the respective Lead Local Authority partner in receipt of the GPF loan funding to assure delivery and recovery of any monies due.

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

- 9.1 The Growing Places Fund is provided by the Accountable Body to the partner authorities for each project under a loan agreement. Where a loan has not been repaid in accordance with the repayment schedule set out in the loan agreement, the 2% discount rate of interest will cease to apply and the full Public Works Loan Board Fixed Standard New Loan Interest Rate stated will be applied to the outstanding loan amount with effect from the relevant repayment date.
- 9.2 Reporting requirements and grant funding conditions for the GPF expenditure are still ongoing despite the cessation of Local Enterprise Partnerships. A legal agreement amongst the Upper Tier Local Authorities will be prepared. The agreement will require that all GPF funds are used in accordance with the grant terms and conditions. The agreement will set out the position for partners that are due to repay loans post 1 April 2024 and include ongoing reporting requirements in respect of the Sovereign Harbour project, which will be reported to the impacted UTLAs. The agreement will also require the Upper Tier Local Authorities to comply with any and all reporting requirements as notified to them by DLUHC. Any agreed revised repayment options for Sovereign Harbour will also be included in this agreement.



- 9.3 In agreeing to the revised repayment plan requested for Sovereign Harbour, due regard must be given to subsidy considerations. East Sussex County Council were requested to provide a legal opinion on whether the loan repayment variation proposals would violate the United Kingdom's subsidy regime. Legal opinion has been provided that the proposed extended payment period with no interest would not contravene the subsidy control regime. Further confirmation was given that the original loan was lawful under State Aid considerations.
- 9.4 The recommended option for agreeing to vary the Sovereign Harbour loan repayment provisions does not include a recommendation that East Sussex County Council should be required to either a) agree to withholding or setoff of payments due to ESCC as their share of the residual revenue funding following the closure of SELEP or b) put up security as consideration for the extended repayment period. The Board should consider this when taking the decision as this means that there are no assets underpinning the new promise to pay nor is there a right of setoff to allow partial recovery of any default or missed payments. Withholding and setoff could be accomplished without the need for legal action. With security and appropriate clauses in the Transition Agreement, the partner authorities who would be receiving the repayments would be able to take possession of those assets in the event of a failure to repay the loan under the revised terms. Without this security, the means of recovery would be through a breach of contract action but, again, without dedicated assets to fulfil the debt.

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

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

## Growing Places Fund Update Report

mitigating factors where an impact against any of the protected characteristics has been identified.

### 11. List of Appendices

- 11.1 Appendix A – GPF Project Update
- 11.2 Appendix B – GPF Repayment Schedule
- 11.3 Appendix C – GPF Drawdown Schedule
- 11.4 Appendix D – COVID-19 impacts
- 11.5 Appendix E – Draft Position Statement (to be attached to Transition Agreement)
- 11.6 Appendix F – Update on High Risk projects
- 11.7 Appendix G – Sovereign Harbour repayment schedule change – overview of options

### 12. List of Background Papers

- 12.1 Guidance for LEPS on the integration of LEP functions into local democratic institutions: [Guidance for Local Enterprise Partnerships \(LEPs\) and local and combined authorities: integration of LEP functions into local democratic institutions - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

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

Role	Date
<b>Accountable Body sign off</b>  <b>Michael Neumann</b>  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	09/02/24

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Green Hydrogen Generation Facility	Kent	Round Three	<p>The project involves the construction of the UK's largest zero carbon hydrogen production system. This will be situated in Herne Bay, Kent and will be powered by way of a direct connection to the on-land substation for the existing Vattenfall offshore wind farms. The GPF funding will be used to purchase equipment for hydrogen production facility (electrolysers and compressors), specialised tube trailers for storage and distribution of hydrogen and hydrogen refuelling systems which are installed within the SELEP region.</p>	<p>A preferred engineering contractor has been identified and concept engineering design work has been undertaken. Discussions are ongoing with potential suppliers. Site clearance was expected to take place before April 2022, however, this has been delayed to allow time for the design to progress.</p> <p>The wind farm due to be used to support the production of hydrogen needs to be upgraded and safety issues have been identified with some of the wind turbines. Work is ongoing to address this issue but in the meantime, alternative options are being considered by the delivery partner to ensure that the project can progress as planned - although based on current information, this may result in a significant delay in the facility entering use.</p>	The programme has been delayed as a result of COVID-19. In addition, Brexit is likely to impact on delivery timescales for materials and equipment. There is also intense interest in the hydrogen economy which has resulted in longer than expected response times from suppliers. The safety issues identified with the wind turbines are also causing a delay to project delivery.	Construction has been delayed as a result of COVID-19 impacts on engagement with service and equipment suppliers. The risk has been mitigated via an accelerated procurement process. However, issues with the wind turbines continue to delay project delivery, increasing the GPF spend risk.	No repayment risk identified. Increasing levels of demand for green hydrogen in the region is expected to enable timely repayment of the GPF funding.	Project outcomes will be delivered as per the Business Case following project delivery. However, there is currently a significant risk to project delivery.	<p>Risk of fluctuation in the electricity and natural gas markets has materialised, with a similar effect on the market price of hydrogen.</p> <p>Required upgrade to wind turbines and the associated risks identified are delaying delivery of the project.</p>	<p>Construction has been delayed due to COVID-19 impacts and the need to upgrade the existing wind farm.</p> <p>Project outcomes still expected to be delivered as per the Business Case.</p>
Centre for Advanced Engineering	Essex	Round Two	<p>Development of a new Centre of Excellence for Advanced Automotive and Process Engineering (CAAPE) through the acquisition and fit out of over 8,000sqm, on an industrial estate in Leigh on Sea. The project will also facilitate the vacation of the Nethermayne site in Basildon, which has been identified for the development of a major regeneration scheme.</p>	<p>Phase 1 completed and operational for start of 2018/19 academic year including motor vehicle and engineering. Phase 2 was completed in November 2018, allowing student enrolment from December 2018. The project was completed on time, to quality and within the revised budget.</p> <p>Revised repayment schedule agreed in November 2021.</p>	Project delivered	GPF funding spent in full	<p>Revised repayment schedule approved by the Board in November 2021. Ability to repay in accordance with this schedule will be considered through annual updates to the Board.</p> <p>An update was provided to the Board at the last meeting which identified significant repayment risks. This risk will be managed by Essex County Council following the closure of SELEP.</p>	<p>Initial project outcomes reported including new learners, apprentices and new jobs created.</p> <p>The College have indicated that the Centre for Advanced Engineering is recovering post COVID-19 and that learner numbers are strengthening, although they remain below pre-COVID levels.</p>		The project is complete and is showing signs of recovery following the COVID-19 pandemic, however, there is a significant repayment risk which will need to be kept under review.
Eastbourne Fisherman's Quayside and Infrastructure Development	East Sussex	Round Two	<p>This capital project has secured £1,000,000 European Maritime and Fisheries Fund (EMFF) grant funding to build a Fishermen's Quay in Sovereign Harbour to develop local seafood processing infrastructure to support long term sustainable fisheries and the economic viability of Eastbourne's inshore fishing fleet.</p>	<p>Work commenced onsite on 27th July 2020 and an official ground breaking ceremony was held on 24th August.</p> <p>GPF funded element of the wider project has been completed.</p>	Project delivered	GPF funding has been spent in full	<p>A revised repayment schedule was agreed by the Board in April 2023. However, there is a significant risk that the revised repayment schedule will not be met. This risk will be managed by East Sussex County Council following the closure of SELEP.</p>	<p>Project has been impacted by Brexit and the COVID-19 pandemic which has resulted in benefits being realised at a slower pace than originally forecast. Challenges have also been encountered meaning the benefits are not safeguarded.</p>		<p>Delivery of project outcomes has been adversely impacted by new Brexit regulations. In addition, there is a risk that repayment will not be made in line with the agreed repayment schedule.</p>

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
North Queensway	East Sussex	Round One	The project has delivered the construction of a new junction and preliminary site infrastructure in order to open up the development of a new business park providing serviced development sites with the capacity for circa 16,000m <sup>2</sup> (gross) of high quality industrial and office premises.	GPF invested, project complete and full repayment made.  Following completion of the enabling works, follow on investment has not yet come forward. This is due to a lack of site frontage ownership and delays in negotiating the determination of the option price. The option price has now been determined by a jointly appointed independent valuer which will hopefully unlock the site for development allowing realisation of the forecast project benefits.	GPF funded enabling works complete but delivery of enabled workspace has not yet commenced	GPF funding spent in full	GPF repaid in full	No project outcomes realised to date.		The GPF funded enabling works have been completed, however, no commercial workspace has been brought forward to date and therefore no benefits have been realised.
Innovation Park Medway (southern site enabling works)	Medway	Round Two	The Project is part of a wider package of investment at Innovation Park Medway. The Innovation Park is one of three sites across Kent and Medway which together form the North Kent Enterprise Zone.  The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing, high value technology and knowledge intensive industries. These businesses will deliver high value jobs in the area and will contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector.  The Project will bring forward site enabling works on the southern site at the Innovation Park.	The Masterplan and Local Development Order (LDO) for Innovation Park Medway have now been adopted by both Medway Council and Tonbridge and Malling Borough Council.  The access roads, footpaths, lighting, signage and utilities have been delivered onsite. Marketing of the site is ongoing and enquiries are being reviewed.  An update on the project has not been provided by Medway Council, however, the following update has been taken from a report which is being presented to Medway Council Cabinet on 13 February 2024.  It has previously been reported that Council funding had been secured to bring forward two plots on the site. However, the procurement process has returned higher than expected construction costs and therefore the Council have concluded that this approach is no longer viable. Medway Council officers are now proposing that development of the site is paused whilst a review of development options is undertaken.	GPF funded enabling works have now been delivered	GPF funding has been spent in full	GPF loan has been repaid in full	The enabling works have been completed but Medway Council have now concluded that the proposed development route is unviable and are proposing that development of the site is paused to allow a review of development options to be undertaken. This presents a significant risk in relation to benefit realisation.		The GPF funded enabling works have now been delivered and the GPF funding has been repaid in full. Realisation of project outcomes is now dependent upon the outcome of the review of development options proposed by Medway Council.
Observer Building, Hastings - Tranche 1	East Sussex	Round Three	The project will support Phase 1 of the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support.	Planning permission for the proposed works was granted in September 2020.  Following a period of value engineering, works commenced onsite and the majority of the works have now been completed.  A number of tenants are now in situ on both the Alley Level and in the first floor office and co-working spaces.	This is a complex project seeking to address the impacts of 35 years of dereliction. Delivery of the GPF funded works is complete and funding has been secured to support development of the remaining floors in the building.	GPF allocation has been spent in full	The repayment schedule currently remains as set out in the Business Case but the ongoing global economic uncertainty and delays to delivery of the wider project present a significant risk which may mean repayment cannot be achieved in line with the current repayment schedule.	It is expected that the Project outcomes will be realised as per the Business Case.		Project is progressing onsite. GPF funding has been spent in full and project outcomes remain as set out in the Business Case. Repayment risk will be monitored by East Sussex County Council following project completion

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Observer Building, Hastings - Tranche 2	East Sussex	Round Three	The project will support the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years, into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support.	Growing Places Fund loan agreement completed in December 2021. Full funding allocation drawn down in January 2022. Additional funding will allow sequential delivery of improvements to the upper floors of the building, reducing the need for scaffolding to be removed and replaced at a later date. GPF funded outputs expected to complete by March 2024, however, further funding will be required to ensure that the full project specification can be delivered.	This is a complex project seeking to address the impacts of 35 years of dereliction. Delivery of the GPF funded works is complete and funding has been secured to support development of the remaining floors in the building.	GPF funding has been spent in full	The repayment schedule currently remains as set out in the Business Case but the ongoing global economic uncertainty and delays to delivery of the wider project present a risk which may mean repayment cannot be achieved in line with the current repayment schedule.	It is expected that the Project outcomes will be realised as per the Business Case.		Project is progressing onsite. Project outcomes remain as set out in the Business Case. Repayment risk will be monitored by East Sussex County Council following project completion
Sovereign Harbour	East Sussex	Round One	The Pacific House project has delivered 2,345m <sup>2</sup> of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Sovereign Harbour Innovation Park in the A22/A27 growth corridor.	The Sovereign Harbour Innovation Mall (Pacific House) project is now complete and has delivered 2,345m <sup>2</sup> of high quality office space.	Project Complete	GPF funding spent in full	Repayment of the remaining balance owed on the loan was expected to be achieved through the sale of the building but to date the building has not been sold. Consequently, a request for a revised repayment schedule is set out within the Board report for consideration at this meeting.	The building has been completed and high occupancy levels have been reported.		Project has been delivered and building currently has high occupancy levels. However, there is a need for a revised repayment schedule to be considered by the Board.
Workspace Kent	Kent	Round One	The project aims to provide funds to businesses to establish incubator areas/facilities across Kent. The project provides funds for the building of new facilities and refit of existing facilities.	There are four projects within this programme. Of these, two projects have been completed and have repaid in full and one project has agreed a revised repayment schedule with Kent County Council due to the impacts of the COVID-19 pandemic. The remaining project has partially repaid the funding but the company has now been dissolved and there are no further means to recover the outstanding balance. Write off of the outstanding balance owed by this company (£18,767) was agreed by the Board in November 2021. A further project had been approved, however, this project has now been removed from the programme and alternative projects are being considered.	It was previously reported that the GPF funding had all been allocated to approved projects, however, the final project has now been removed from the programme. Alternative options for use of the remaining funding are being considered and discussions are ongoing with 3 potential projects.	The final project (recently approved) has been removed from the programme. There is an increased spend risk until an alternative project has been identified and approved.	Two of the five projects have now completed and repaid in full, with a third partially repaying prior to dissolution of the company. The fourth project restarted repayments in July 2023 following a short repayment holiday.	Two projects repaid in advance of their agreed final repayment date, and therefore the forecast job creation to be achieved within the contractual period of 5 years could not be achieved. Additional outcomes will be delivered as a result of the final project (once identified) and therefore forecast project outcomes should still be achieved.		The majority of the GPF funding has been invested in projects. Efforts are ongoing to identify a suitable project for investment of the remaining funding.

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Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Chatham Waterfront	Medway	Round One	<p>The project will deliver land assembly, flood mitigation and the creation of investment in public space required to enable the development of proposals for the Chatham Waterfront Development.</p> <p>A waterfront development site that can provide up to 175 homes over 6 to 10 storeys with ground floor commercial space.</p>	No update has been provided by Medway Council.	No update has been provided by Medway Council	The GPF Funding has been spent in full	GPF funding repaid in full	Realisation of forecast project outcomes is dependent upon delivery of the wider project.		It is understood that work is continuing onsite to deliver the wider project which will realise the forecast project outcomes.
Colchester Northern Gateway	Essex	Round Two	This development is located at Cuckoo Farm, off Junction 28 of the A12. The overall scheme consists of: relocation of the existing Colchester Rugby club site to land north of the A12 which will unlock residential land for up to 560 homes, providing in total around 35% affordable units and on site infrastructure improvements facilitating the development of the Sports and Leisure Hub.	The GPF supported phase of the project has been completed and the GPF funding has been repaid in full.	There is no delivery risk in relation to the GPF funded element of the project, however, delivery of the wider project has been impacted by delays in bringing forward required highway works. It is now expected that the highway works will commence in Q4 2024 with delivery of planned homes to follow from 2025/26.	GPF funding spent in full. In November 2021, Board approved the reduction in value of the GPF loan to £1.35m	Full repayment of the GPF funding has been made.	Realisation of forecast project outcomes is dependent upon delivery of the wider project.		GPF funded works delivered and GPF funding repaid in full. However, delivery of wider project and realisation of forecast outcomes impacted by delays in bringing forward the required highway works.
Fitted Rigging House	Medway	Round Two	The Fitted Rigging House project converts a large, Grade 1, former industrial building into office and public benefit space initially providing a base for eight organisations employing over 350 people and freeing up space to create a postgraduate study facility elsewhere onsite for the University of Kent Business School. The project also provides expansion space for the future which has the potential to enable the creation of a high tech cluster based on the work of one core tenant and pre-existing creative industries concentrated on the site. The conversion will provide 3,473m <sup>2</sup> of office space.	<p>Building works to the project were complete as of 31 March 2020. The building is now fully occupied, with all 8 tenants operating from their new working spaces.</p> <p>Immediate impacts of the COVID-19 pandemic were experienced, resulting in delays to repayment of the GPF loan.</p>	Project complete.	GPF allocation spent in full.	A repayment against the project is expected in March 2024, however, Medway Council have not confirmed whether this repayment will be forthcoming.	The sustainability of tenants is returning to pre COVID-19 levels and therefore there is greater confidence that project outcomes will be achieved and maintained.		The project has been delivered and it is expected that repayments will be made in line with the agreed repayment schedule although this has not been confirmed by Medway Council.
No Use Empty South Essex	Southend	Round Three	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	The Growing Places Loan agreement has now been completed. The GPF funding will be released to Southend-on-Sea City Council following completion of the Deed of Variation which formalises the change to the repayment schedule agreed by the Board in June 2023.	A pipeline of projects has been established.	Required due diligence and legal processes are taking longer than anticipated which may increase the GPF spend risk.	A revised repayment schedule was agreed at the June 2023 Board meeting.	A pipeline of projects has been developed and therefore it is expected that the forecast project outcomes will be achieved.		GPF funding has not yet been drawn down but a pipeline of projects has been developed demonstrating demand for the No Use Empty scheme.
Bexhill Business Mall	East Sussex	Round One	The Bexhill Business Mall (Glover's House) project has delivered 2,345m <sup>2</sup> of high quality office space with the potential to facilitate up to 299 jobs. This is the first major development in the Bexhill Enterprise Park in the A259/A21 growth corridor.	<p>Glover's House has been delivered.</p> <p>The building has been sold which allowed full repayment of the GPF loan to be made during 2019/20.</p>	Project Complete	GPF spent in full	GPF funding repaid in full	As the building has now been sold, it is difficult to obtain real-time data regarding the number of jobs created as a result of the project.		Project completed and GPF repaid in full

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Chelmsford Urban Expansion	Essex	Round One	The early phase of development in NE Chelmsford involves heavy infrastructure demands constrained to 1,000 completed dwellings. The fund will help deliver an improvement to the Boreham Interchange, allowing the threshold to be raised to 1,350, improving cash flow and the simultaneous commencement of two major housing schemes.	GPF invested and GPF has been repaid in full.	GPF element of the project complete but delivery of the wider project is continuing.	GPF element of the project complete	GPF element of the project complete and loan repaid in full.	Expected project outcomes not yet delivered. Information is being provided on the number of houses delivered and the number of jobs created.		GPF element of the project complete
Grays Magistrates Court	Thurrock	Round One	The project has converted the Magistrates Court to business space as part of a wider Grays South regeneration project which aims to revitalise Grays town centre.	GPF invested, project complete and repayment made in full. The refurbished building is now in use and having a positive impact in the town centre.	Project Complete	GPF funding spent in full	GPF funding repaid in full	Project outcomes delivered.	COVID-19 is likely to impact on the economy and therefore there may be reduced occupancy of the business space in the short term.	Project delivered.
Harlow West Essex	Essex/ Harlow	Round One	To provide new and improved access to the London Road site designated within the Harlow Enterprise Zone.	Project delivered to a reduced scope.	Project Complete	GPF funding spent in full	GPF funding repaid in full	The job and housing outcomes are likely to be delivered over a 7 to 10 year period. As project delivered to a reduced scope, approximately 1,000 less jobs will be delivered as a result of the project.		GPF element of the project complete. Realisation of forecast project benefits expected over an extended time period.
Herne Relief Road - Bullockstone Road improvement scheme	Kent	Round Three	The proposed Herne Relief Road is formed of two sections: the Bullockstone Road Improvement Scheme and a spine road through the proposed Lower Herne Village at Strode Farm. This project seeks to bring forward the Bullockstone Road Improvement Scheme element of the Relief Road.	Delivery of the Bullockstone Road Improvement Scheme is now complete. The spine road through the proposed Lower Herne Village development will be funded and delivered by the developer.	The GPF funded element of the wider project has been delivered.	GPF funding has been spent in full	There is a minor risk that the final development site will be slow to build out, meaning that their S106 contribution may be delayed. This would impact on the repayment of the loan.	It is still expected that the benefits set out in the Business Case will be realised.		Project has now been delivered. The identified repayment risk will be monitored.
Javelin Way development project	Kent	Round Two	The project aims to develop the Javelin Way site for employment use, with a focus on the development of Ashford's creative economy. The project consists of two elements: the construction of a 'creative laboratory' production space and the development of 29 light industrial units.	The project has secured Getting Building Fund investment to bridge a viability gap which has arisen as a result of COVID-19 impacts on the property market. Further GBF funding was awarded to help mitigate the impact of increasing costs. Construction is now complete, and leases are being put in place with tenants for the final 4 industrial units. Official opening of the JVC Building took place on 7 December 2022.	Construction is now complete and the last remaining leases are being finalised.	GPF funding spent in full as construction is now complete.	Revised repayment schedule approved by the Board in February 2021 to mitigate impact on sales value/market for industrial units.	Project outcomes are still expected to be achieved in accordance with the approved Business Case. However, no jobs benefits have been reported to date. It is intended that these figures will be collated following occupation of all the industrial units.		Construction is now complete and the industrial units are being handed over to tenants/owners.

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Live Margate	Kent	Round One	Live Margate is a programme of interventions in the housing market in Margate and Cliftonville, which includes the acquisition of poorly managed multiple occupancy dwellings and other poor quality building stock and land to deliver suitable schemes to achieve the agreed social and economic benefits to the area.	"Phase 1" has been completed. "Phase 2" is underway. Approach to Phase 2 of the project has changed and will now focus on addressing more poor quality building stock, rather than taking forward the site previously reported as acquired by Kent County Council. This change has been implemented following delays in bringing forward the planned work on the acquired site.  To date 92 units have been completed and occupied.	There is no identified delivery risk following the change in approach to Phase 2 of the project	The majority of the GPF funding has now been spent	COVID-19 has impacted on the construction sector and the time required to return derelict homes back into use.  In addition, the COVID-19 pandemic has had an impact on sales values of homes.  A revised repayment schedule was agreed by the Board in November 2020. Repayments continue to be made in accordance with this repayment schedule.	It is expected that benefits realised will be greater than those set out in the Business Case.		Project is progressing well following change to Phase 2 of the project.  Project is expecting to exceed the project outcomes set out in the Business Case.  Repayment risk to be monitored by Kent County Council following the closure of SELEP.
No Use Empty Commercial Phase II	Kent	Round Three	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	17 projects have been approved in Canterbury, Dover, Faversham, Folkestone, Herne Bay, Hythe, Margate, Minster, Sheerness, Sittingbourne and Ramsgate. These projects are expected to return 20 empty commercial units back into use and create 52 residential units.  Discussions are ongoing regarding 3 potential new projects.  Approval for accelerated drawdown of £500,000 GPF originally forecast for drawdown in 2023/24 was granted at the July 2022 Board meeting.	The first 17 projects are in contract. Discussions are ongoing regarding a further 3 projects, which if approved will use all remaining GPF funding.	No identified GPF spend risk. Approval for accelerated drawdown of GPF funding was received at the July 2022 Board meeting.	The project is in the early stages but no repayment risk identified to date.	There was a concern that the impact of COVID-19 on the High Street could result in fewer large commercial premises coming forward for redevelopment. However, the project is progressing well with minimal publicity and developers are considering reducing the size of larger units to convert into more marketable space for independent retail opportunities.		Project is progressing well and accelerated drawdown of GPF funding has been agreed to support project delivery.
No Use Empty Residential	Kent	Round Three	The No Use Empty Initiative seeks to improve the physical urban environment in Kent by bringing empty properties back into use as quality housing accommodation and by raising awareness of the issues surrounding empty properties, highlighting the problems they cause to local communities. This objective is achieved through the provision of short-term secured loans (up to 3 years) to property owners.	The Growing Places Fund loan agreement has now been completed by all parties and the funding released to Kent County Council.  There is a healthy pipeline of projects for 2023/24. The first 33 projects under this funding stream are now in contract and will deliver 85 homes.	Delivery of the project is progressing well, and is supported by a strong track record of delivery.	GPF spend commenced in Q1 2022/23 following completion of the contracts relating to the initial projects and has been steadily increasing since.	No repayment risk identified to date. A sizeable proportion of the funding was allocated during 2023/24 which should help mitigate any risk of late repayment against the repayment schedule.	It is expected that benefits will be realised as per the Business Case.	Project experiencing an increase in the volume of loan applications. Risk of delays mitigated through appointment of an additional member of staff.	Project is progressing well.
Priory Quarter Phase 3	East Sussex	Round One	The Priory Quarter (Havelock House) project is a major development in the heart of Hastings town centre which has delivered 2,247m <sup>2</sup> of high quality office space with the potential to facilitate up to 440 jobs.	The Priory Quarter (Havelock House) project is now complete and has delivered 2,247m <sup>2</sup> of high quality office space.  Havelock House has now been sold, which enabled full repayment of the GPF loan prior to the end of 2018/19.	Project Complete	Project Complete	Havelock House has been sold enabling full repayment to be made in 2018/19.	As the building has now been sold, it is difficult to obtain real-time data regarding the number of jobs created as a result of the project.		Project completed and GPF repaid in full



Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Rochester Riverside	Medway	Round One	The project will deliver key infrastructure investment including the construction of the next phase of the principal access road, public space and site gateways.  This development is to be completed over 7 phases and should take approximately 12 years. The scheme will include: 1,400 new homes (25% of which are affordable), a new 1 form entry primary school, 2,200 sqm of new office & retail space, an 81 bed hotel and 10 acres of public open space.	The first housing units were completed in Q2 of 2019, with a total of 461 homes now occupied on the site. Commercial units have also been completed and are fully occupied.  It is understood that work is continuing to deliver later phases of residential development but no update has been provided by Medway Council.	It is understood that delivery of the project is continuing and that an ongoing viability assessment is being carried out in relation to future phases of development.	The GPF Funding has already been spent	The GPF funding has been repaid in full.	Realisation of full forecast project outcomes is dependent upon delivery of the wider project. Work is ongoing onsite.		Overall the project is on track to deliver outputs and outcomes.
Charleston Centenary	East Sussex	Round Two	The Charleston Trust have created a café-restaurant in the Threshing Barn on the farmhouse's estate. This work is part of a wider £7.6m multi-year scheme – the Centenary Project – which aims to transform the operations of the Charleston Farmhouse museum.	The GPF funded works on the café-restaurant are now complete and the café-restaurant is open.  Immediate impacts of the COVID-19 pandemic were experienced, resulting in delays to repayment of the GPF loan.	Project complete	GPF funds spent	Following impacts of COVID-19, a revised repayment schedule was approved by the Board in July 2020. Repayment plans remain in line with the agreed revised repayment schedule.	Significant benefits have been realised since completion of the Centenary Project. Impacted by COVID-19 pandemic but steps have been taken to try and ensure recovery from 2021 onwards - including use of GBF funding to improve access to the site		Project delivered. Revised repayment schedule agreed as a result of the immediate impacts of the COVID-19 pandemic on the tourism industry.
No Use Empty Commercial Phase I	Kent	Round Two	The No Use Empty Commercial project aims to return long-term empty commercial properties to use, for residential, alternative commercial or mixed-use purposes. In particular, it will focus on town centres, where secondary retail and other commercial areas have been significantly impacted by changing consumer demand and have often been neglected as a result of larger regeneration schemes.	The project has contracted with 12 projects in Dover, Folkestone and Margate.  To date, 15 commercial and 26 residential units have been brought back into use as a result of the project. A further 2 residential units may be delivered at a later date.	Delivery of the project is complete. Delivery of the remaining residential units require further planning approvals and therefore sit outside the scope of the project.	GPF funding spent in full	GPF repaid in full	The project has delivered 30 new jobs and 26 new homes - exceeding the number of outcomes stated in the Business Case.		The project has completed and the GPF funding has been repaid in full.
Parkside Office Village	Essex	Round One	SME Business Units at the University of Essex. Phase 1, 14,032 sqft.; 1,303sqm lettable space, build complete June 2014. Phase 1a 3,743 sqft.; 348 sqm - complete September 2016.	Project complete and GPF funding repaid in full.	Project Complete	GPF funding spent in full	Project Complete and loan repaid in full.	Forecast project benefits now realised		Project Complete and expected project outcomes delivered.
Wine Innovation Centre	Kent	Round Three	This project supports the development of a facility to host a wine innovation centre at the East Malling Estate. This will be the first UK research vineyard and will support Kent's wine sector to develop as a global leader in innovation. The GPF will enable the ground and foundations work as well as installation of utilities and services and construction and fit out of building.	Delivery of the project has now been completed and the GPF funding has been spent in full.	Project complete	GPF funding spent in full	It is expected that repayment will be made in line with the agreed repayment schedule	Initial information on project outcomes provided.		Project delivery is now complete
Discovery Park	Kent	Round One	The proposal is to develop the Discovery Park site and create the opportunity to build both houses and commercial retail facilities.	The project promoter has informed Kent County Council that they no longer wish to proceed with the GPF loan and therefore the project has been removed from the GPF programme. The GPF funding has been repaid in full by Kent County Council and has been reallocated through GPF round 3.	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme

Growing Places Fund Update Appendix A				Deliverability and Risk						
Name of Project	Upper Tier Local Authority	GPF Round	Description	Current Status	Delivery Risk	GPF Spend Risk	Repayment Risk	Delivery of Project outcomes	Other Risks	Overall Project Risk
Barnhorn Green Commercial and Health Development	East Sussex	Round Three	<p>Barnhorn Green is an allocated employment and health zone adjacent to a large housing development in Bexhill. Development of the site is required to ensure that housing growth in the area is sustainable through the provision of jobs and primary healthcare.</p> <p>Outline planning permission has been granted for 2,750 sqm of office accommodation, 750 sqm of light industrial workspace and 700 sqm for a GP surgery.</p>	In January 2024, the Board took the decision to remove the project from the GPF programme.	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme	Project removed from the GPF programme
Harlow EZ Revenue Grant	n/a	n/a		n/a						
Revenue admin cost drawn down	n/a	n/a		n/a						

Appendix B - Growing Places Fund Repayment Schedule

Name of Project	Upper Tier Local Authority	Total Allocation	Total Drawn Down to date	Total Spent to Date	Total Repaid by 31st March 2023	2023/24 total	2024/25 total	2025/26 total	2026/27 total	2027/28 total	2028/29 total	2029/30 total	2030/31 total	2031/32 total	2032/33 total	2033/34 total	2034/35 total	Total
Revenue admin cost drawn down	n/a	2,000	2,000	2,000														2,000
Harlow EZ Revenue Grant	n/a	1,244,000	1,244,000	1,244,000														1,244,000
<b>Round 1 Projects</b>																		
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000	7,000,000	7,000,000	-	-	-	-	-	-	-	-	-	-	-	-	7,000,000
North Queensway	East Sussex	1,500,000	1,500,000	1,500,000	1,500,000	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000	4,410,000	4,410,000	-	-	-	-	-	-	-	-	-	-	-	-	4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042	2,999,042	2,999,042	-	-	-	-	-	-	-	-	-	-	-	-	2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000	6,000,000	6,000,000	-	-	-	-	-	-	-	-	-	-	-	-	6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000	3,250,000	3,250,000	-	-	-	-	-	-	-	-	-	-	-	-	3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000	1,400,000	1,400,000	-	-	-	-	-	-	-	-	-	-	-	-	1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000	4,600,000	1,025,000	3,575,000	-	-	-	-	-	-	-	-	-	-	-	4,600,000
Workspace Kent	Kent	1,500,000	1,500,000	1,437,000	1,246,633	-	-	-	234,600	-	-	-	-	-	-	-	-	1,481,233
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000	1,500,000	1,500,000	-	-	-	-	-	-	-	-	-	-	-	-	1,500,000
Discovery Park	Kent	5,300,000	5,300,000	-	5,300,000	-	-	-	-	-	-	-	-	-	-	-	-	5,300,000
Live Margate	Kent	5,000,000	5,000,000	4,419,600	2,500,000	1,000,000	1,500,000	-	-	-	-	-	-	-	-	-	-	5,000,000
<b>Sub Total</b>		<b>46,705,042</b>	<b>46,705,042</b>	<b>40,761,642</b>	<b>39,130,675</b>	<b>4,575,000</b>	<b>1,500,000</b>	-	<b>234,600</b>	-	-	-	-	-	-	-	-	<b>46,686,275</b>
<b>Round 2 Projects</b>																		
Colchester Northern Gateway	Essex	1,350,000	1,350,000	1,350,000	1,350,000	-	-	-	-	-	-	-	-	-	-	-	-	1,350,000
Charleston Centenary	East Sussex	120,000	120,000	120,000	40,000	40,000	40,000	-	-	-	-	-	-	-	-	-	-	120,000
Eastbourne Fisherman's Quay and Infrastructure Development	East Sussex	1,150,000	1,150,000	1,150,000	325,000	-	36,400	65,200	70,000	74,800	82,400	86,400	86,400	86,400	86,400	86,400	64,200	1,150,000
Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	2,000,000	2,000,000	-	-	-	1,000,000	1,000,000	-	-	-	-	-	-	-	-	2,000,000
Fitted Rigging House	Medway	550,000	550,000	550,000	100,000	100,000	150,000	200,000	-	-	-	-	-	-	-	-	-	550,000
Javelin Way Development	Kent	1,597,000	1,597,000	1,597,000	-	500,000	500,000	597,000	-	-	-	-	-	-	-	-	-	1,597,000
Innovation Park Medway	Medway	650,000	650,000	650,000	650,000	-	-	-	-	-	-	-	-	-	-	-	-	650,000
No Use Empty Commercial Phase I	Kent	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000
<b>Sub Total</b>		<b>8,417,000</b>	<b>8,417,000</b>	<b>8,417,000</b>	<b>3,465,000</b>	<b>640,000</b>	<b>726,400</b>	<b>1,862,200</b>	<b>1,070,000</b>	<b>74,800</b>	<b>82,400</b>	<b>86,400</b>	<b>86,400</b>	<b>86,400</b>	<b>86,400</b>	<b>86,400</b>	<b>64,200</b>	<b>8,417,000</b>
<b>Round 3 Projects</b>																		
Wine Innovation Centre	Kent	600,000	600,000	600,000	-	100,000	250,000	250,000	-	-	-	-	-	-	-	-	-	600,000
Green Hydrogen Generation Facility	Kent	3,470,000	3,470,000	-	-	-	350,000	3,120,000	-	-	-	-	-	-	-	-	-	3,470,000
Observer Building, Hastings - Tranche 1	East Sussex	1,750,000	1,750,000	1,750,000	-	-	-	1,750,000	-	-	-	-	-	-	-	-	-	1,750,000
No Use Empty Commercial Phase II	Kent	2,000,000	2,000,000	1,867,000	-	-	750,000	750,000	500,000	-	-	-	-	-	-	-	-	2,000,000
No Use Empty South Essex	Southend	1,000,000	-	-	-	-	-	-	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Herne Relief Road	Kent	3,500,000	3,500,000	3,500,000	-	-	-	3,500,000	-	-	-	-	-	-	-	-	-	3,500,000
Observer Building, Hastings - Tranche 2	East Sussex	1,616,500	1,616,500	1,616,500	-	-	-	1,616,500	-	-	-	-	-	-	-	-	-	1,616,500
No Use Empty Residential	Kent	2,500,000	2,500,000	1,912,000	-	-	-	1,250,000	1,250,000	-	-	-	-	-	-	-	-	2,500,000
<b>Sub Total</b>		<b>16,436,500</b>	<b>15,436,500</b>	<b>11,245,500</b>	-	<b>100,000</b>	<b>1,350,000</b>	<b>12,236,500</b>	<b>2,750,000</b>	-	-	-	-	-	-	-	-	<b>16,436,500</b>
<b>Total</b>		<b>71,558,542</b>	<b>70,558,542</b>	<b>60,424,142</b>	<b>42,595,675</b>	<b>5,315,000</b>	<b>3,576,400</b>	<b>14,098,700</b>	<b>4,054,600</b>	<b>74,800</b>	<b>82,400</b>	<b>86,400</b>	<b>86,400</b>	<b>86,400</b>	<b>86,400</b>	<b>86,400</b>	<b>64,200</b>	<b>71,539,775</b>

**Appendix C - Growing Places Fund Drawdown Schedule**

Name of Project	Upper Tier Local Authority	Total Allocation	Total drawn down to end 2022/23	2023/24 total	Total scheduled for drawdown
<b>Round 1 Projects</b>					
Priory Quarter Phase 3	East Sussex	7,000,000	7,000,000	-	7,000,000
North Queensway	East Sussex	1,500,000	1,500,000	-	1,500,000
Rochester Riverside	Medway	4,410,000	4,410,000	-	4,410,000
Chatham Waterfront	Medway	2,999,042	2,999,042	-	2,999,042
Bexhill Business Mall	East Sussex	6,000,000	6,000,000	-	6,000,000
Parkside Office Village	Essex	3,250,000	3,250,000	-	3,250,000
Chelmsford Urban Expansion	Essex	1,000,000	1,000,000	-	1,000,000
Grays Magistrates Court	Thurrock	1,400,000	1,400,000	-	1,400,000
Sovereign Harbour	East Sussex	4,600,000	4,600,000	-	4,600,000
Workspace Kent	Kent	1,500,000	1,500,000	-	1,500,000
Harlow West Essex	Essex/Harlow	1,500,000	1,500,000	-	1,500,000
Discovery Park	Kent	5,300,000	5,300,000	-	5,300,000
Live Margate	Kent	5,000,000	5,000,000	-	5,000,000
<b>Sub Total</b>		<b>45,459,042</b>	<b>45,459,042</b>	-	<b>45,459,042</b>
<b>Round 2 Projects</b>					
Colchester Northern Gateway	Essex	1,350,000	1,350,000	-	1,350,000
Charleston Centenary	East Sussex	120,000	120,000	-	120,000
Eastbourne Fisherman's Quay and Infrastructure Development	East Sussex	1,150,000	1,150,000	-	1,150,000
Centre for Advanced Automotive and Process Engineering	South Essex	2,000,000	2,000,000	-	2,000,000
Fitted Rigging House	Medway	550,000	550,000	-	550,000
Javelin Way Development	Kent	1,597,000	1,597,000	-	1,597,000
Innovation Park Medway	Medway	650,000	650,000	-	650,000
No Use Empty Commercial Phase I	Kent	1,000,000	1,000,000	-	1,000,000
<b>Sub Total</b>		<b>8,417,000</b>	<b>8,417,000</b>	-	<b>8,417,000</b>
<b>Round 3 Projects</b>					
Wine Innovation Centre	Kent	600,000	600,000	-	600,000
Green Hydrogen Generation Facility	Kent	3,470,000	3,470,000	-	3,470,000
Observer Building, Hastings - Tranche 1	East Sussex	1,750,000	1,750,000	-	1,750,000
No Use Empty Commercial Phase II	Kent	2,000,000	2,000,000	-	2,000,000
No Use Empty South Essex	Southend	1,000,000	-	1,000,000	1,000,000
Herne Relief Road	Kent	3,500,000	3,500,000	-	3,500,000
Observer Building, Hastings - Tranche 2	East Sussex	1,616,500	1,616,500	-	1,616,500
No Use Empty Residential	Kent	2,500,000	2,500,000	-	2,500,000
<b>Sub Total</b>		<b>16,436,500</b>	<b>15,436,500</b>	<b>1,000,000</b>	<b>16,436,500</b>
<b>Total</b>		<b>70,312,542</b>	<b>69,312,542</b>	<b>1,000,000</b>	<b>70,312,542</b>

## Appendix D – COVID-19 impacts

Through reporting provided on the GPF projects since the onset of the COVID-19 pandemic, it is apparent that there are a number of high-level risks which are having an impact across the GPF programme. The key overarching risks highlighted are:

- **The effect of social distancing measures on construction practices** – these measures have resulted in extended construction periods and unknown delays to the completion of projects and have been further exacerbated by delays to the supply chain and materials shortages. These factors will have an impact on the ability of the scheme promoter to repay the GPF funding in line with the agreed repayment schedule.
- **The impact on the property sales and rental market** – a number of projects are dependent upon the sale or rental of properties delivered using the GPF funding, in order to meet the agreed repayment schedules. At this stage, the ongoing impact on the property market is not fully known meaning that a number of risks have been identified including realisation of project benefits, project delivery and repayment of GPF loans.
- **Income from commercial tenants** – GPF funding is often used to support the development of commercial workspace, which is then rented to businesses to generate the income required to repay the GPF loan. Due to the impacts of COVID-19, scheme promoters of this type of project have expressed a desire to support their commercial tenants during this period. This support is often in the form of rent deferrals or rent holidays. Whilst this support increases the likelihood of their tenants being able to survive the current period of uncertainty, it places significant pressures on the cash flow of the scheme promoters as they see a drop in rental income. There is also a risk that, despite the support offered, businesses will not survive leading to further losses in service charge income and an increase in business rates payable on empty commercial space.

Following the closure of SELEP, responsibility for the ongoing monitoring of these risks will wholly sit with the responsible Upper Tier Local Authority.

GROWING PLACES FUND Position Statement																		
Project	Status of project	Project Risk RAG rating	Actual/Expected Project completion date	GPF funding allocation	GPF drawn down to date	Remaining GPF drawdown	GPF repaid to date	Remaining balance of GPF loan	GPF repayment schedule	Forecast project outputs/outcomes				Project outputs/outcomes realised to date				Additional Commentary (if applicable)
										Jobs created	Homes delivered	Commercial Floorspace (sqm)	Other outputs/outcomes	Jobs created	Homes delivered	Commercial Floorspace (sqm)	Other outputs/outcomes	
East Sussex County Council																		
Priory Quarter Phase 3	Completed – project complete	1	17/11/2014	£7,000,000	£7,000,000	£0	£7,000,000	£0	---	440		2247		440		2247		
North Queensway	Financially complete	5	03/06/2014	£1,500,000	£1,500,000	£0	£1,500,000	£0	---	865			New junction and preliminary site infrastructure	0			New junction and preliminary site infrastructure	Follow on investment not yet proceeded, causing delay to realising project outcomes.
Bexhill Business Mall	Completed – project complete	1	12/10/2015	£6,000,000	£6,000,000	£0	£6,000,000	£0	---	299		2345		312		2345		
Sovereign Harbour	Financially complete	5	22/06/2015	£4,600,000	£4,600,000	£0	£1,025,000	£3,575,000	2023/24 - £3,575,000	299		2345		280		2345		
Charleston Centenary	Completed – project complete	1	08/09/2018	£120,000	£120,000	£0	£40,000	£80,000	2024/25 - £80,000	6			New and improved facilities on site	6			New and improved facilities on site	
Eastbourne Fisherman's Quay and Infrastructure Development	Completed – project complete	5	30/04/2021	£1,150,000	£1,150,000	£0	£325,000	£825,000	2034/35 - £825,000	4				4				
Observer Building, Hastings - Tranche 1	GPF Spent - Work Ongoing	5	31/03/2024	£1,750,000	£1,750,000	£0	£0	£1,750,000	2025/26 - £1,750,000									Now treated as one project with Tranche 2 (line 14)
Observer Building, Hastings - Tranche 2	GPF Spent - Work Ongoing	5	31/03/2024	£1,616,500	£1,616,500	£0	£0	£1,616,500	2025/26 - £1,616,500	84		4000		167		2100		Includes Tranche 1 project outcomes
Essex County Council																		
Parkside Office Village	Completed – project complete	1	16/09/2016	£3,250,000	£3,250,000	£0	£3,250,000	£0	---	105		1668		163		1668		
Chelmsford Urban Expansion	Financially complete	1	31/12/2014	£1,000,000	£1,000,000	£0	£1,000,000	£0	---	600	4350			131		2248		
Harlow West Essex	Financially complete	1	31/08/2018	£1,500,000	£1,500,000	£0	£1,500,000	£0	---	3000	1200			0		0	Improved highways infrastructure and conditions.	
Colchester Northern Gateway	Financially complete	3	31/12/2027	£1,350,000	£1,350,000	£0	£1,350,000	£0	---	81	450			0	0			
Centre for Advanced Automotive and Process Engineering	Financially complete	5	30/11/2018	£2,000,000	£2,000,000	£0	£0	£2,000,000	2026/27 - £2,000,000	56			Advanced engineering, motor vehicle and construction centre.	21			Advanced engineering, motor vehicle and construction centre 807 new learners supported 140 apprentices supported	High risk of delays to repayment schedule, due to associated financial performance.
Kent County Council																		
Workspace Kent	Ongoing delivery	3	31/03/2021	£1,500,000	£1,500,000	£0	£1,246,633	£253,367	2026/27 - £234,600	198				175.26				Bad debt of £18,767 written off by SELEP Accountability Board.
Live Margate	Ongoing delivery	1	31/03/2025	£5,000,000	£5,000,000	£0	£2,500,000	£2,500,000	2024/25 - £2,500,000	380	66			0	96			
Javelin Way Development	Ongoing delivery	1	2025/26	£1,597,000	£1,597,000	£0	£0	£1,597,000	2025/26 - £1,597,000	311 (over 10 years)				0				
No Use Empty Commercial Phase I	Completed – project complete	1	31/03/2022	£1,000,000	£1,000,000	£0	£1,000,000	£0	---	16	28			30	26			
Wine Innovation Centre	Financially complete	1	31/03/2026	£600,000	£600,000	£0	£0	£600,000	2025/26 - £600,000	4			Winery facility	1			Winery facility	
Green Hydrogen Generation Facility	Ongoing delivery	5	31/03/2026	£3,470,000	£3,470,000	£0	£0	£3,470,000	2025/26 - £3,470,000	16				0				
No Use Empty Commercial Phase II	Ongoing delivery	1	31/03/2027	£2,000,000	£1,500,000	£500,000	£0	£2,000,000	2026-27 - £2,000,000	40	36			0	41			
Herne Relief Road - Bullockstone Road Improvement scheme	GPF Spent - Work Ongoing	1	31/10/2023	£3,500,000	£3,500,000	£0	£0	£3,500,000	2025/26 - £3,500,000	2423	2452		2 roundabout junctions and highway improvements	223	610		2 roundabout junctions and highway improvements	
No Use Empty Residential	Ongoing delivery	1	30/06/2026	£2,500,000	£2,500,000	£0	£0	£2,500,000	2026/27 - £2,500,000	50	100			0	16			
Medway Council																		
Rochester Riverside	GPF Spent - Work Ongoing	1	31/07/2015	£4,410,000	£4,410,000	£0	£4,410,000	£0	---	1004	374			0	0			Historic return used to populate.
Chatham Waterfront	GPF Spent - Work Ongoing	3	31/12/2023	£2,999,042	£2,999,042	£0	£2,999,042	£0	---	211	159			0				Historic return used to populate.
Fitted Rigging House	Financially complete	3	31/03/2020	£550,000	£550,000	£0	£100,000	£450,000	2023/24 - £100,000 2024/25 - £150,000 2025/26 - £200,000	300				0				Historic return used to populate.
Innovation Park Medway - Southern Site	GPF Spent - Work Ongoing	5	31/03/2022	£650,000	£650,000	£0	£650,000	£0	---	311				20				Historic return used to populate.
Southend-on-Sea City Council																		
No Use Empty South Essex	Ongoing delivery	3		£1,000,000		£1,000,000		£1,000,000										
Thurrock Council																		
Grays Magistrates Court	Completed – project complete	1		£1,400,000	£1,400,000	£0	£1,400,000	£0										

**Project Status**

Term	Definition
Not contracted	Project does not have a signed contract in place
Contracted – All funding in place and delivery about to start	Where a signed contract is in place and the project is ready to commence
On-going delivery	Where the project is ongoing financially and outputs/outcomes are being delivered
GPF Spent - Work Ongoing	Where the project has spent all its LGF funding upfront but other match funding is still to be spent as well as outputs/outcomes being delivered
Financially complete	Where the project has spent all funding including the LGF and all match funding, and outcomes still being delivered
Completed – project complete	Where the project is totally complete both financially and practically with no more outputs/outcomes to report

NB Project risk RAG rating reflects repayment risk only, and not other potential risks relating to project delivery and outcomes.

## Appendix F – Update on High Risk GPF projects

### Green Hydrogen Generation Facility

The Green Hydrogen Generation Facility project is an innovative project seeking to construct a zero carbon hydrogen production facility which will be powered via connection to an existing offshore wind farm. Due to the innovative nature of the project, there is a need for a lot of work to be undertaken prior to construction commencing onsite. Whilst progress has been made, a need to upgrade the turbines at the wind farm has been established. Safety issues have been identified in relation to the older wind turbines which need to be addressed before the project can progress using the planned approach. Work is continuing to address the safety issues but, in the meantime, the delivery partner is investigating alternative zero carbon power sources to ensure that the project can progress as planned. Despite the delay in progressing the project, no repayment risks have been identified at the current time.

### Centre for Advanced Engineering

The Centre for Advanced Engineering project has delivered approximately 8,300sqm (Gross Internal Area) of space at South Essex College, with cutting edge facilities and workshops to support courses in engineering, motor vehicle maintenance and construction. The project received £2m of GPF funding and, as it stands, the full balance of the loan remains outstanding.

A revised repayment schedule for the project was agreed by the Board in November 2021 and it was agreed that South Essex College should provide annual updates to the Board to provide assurance regarding the ongoing viability of the agreed repayment schedule. The second update was provided to the Board in January 2024 and this detailed a number of significant risks which may impact on the ability of South Essex College to repay the loan in line with the agreed repayment schedule. Repayment of the GPF loan will be subject to sufficient reserves being held at the repayment date, although a significant repayment risk has now been flagged. The first repayment is not due until 2025/26 and therefore no action is recommended at this time but the position at South Essex College will need to continue to be monitored by Essex County Council.

### North Queensway

The North Queensway project (in East Sussex) has delivered preliminary site infrastructure and an access road for a new business park as set out in the Business Case. Whilst the GPF loan has been repaid in full, no commercial development has come forward on the site to date and therefore none of the forecast project benefits have been realised. It has been reported that the anticipated follow-on investment, which would support the development of the site, has not come forward to date due to the lack of site frontage ownership and delays in negotiating the option price. It is understood that the option price has now been determined by a jointly appointed independent valuer and that this has been accepted by both parties. It is hoped that this will unlock the site for development allowing realisation of the forecast project benefits.



## Observer Building – Tranches 1 and 2

The GPF funding awarded to the project is being used alongside a number of other funding sources to support the full redevelopment of the 4,000 sqm. Observer Building, which has been empty and increasingly derelict for 35 years. The space is being converted into a highly productive mixed-use building, creating new homes, jobs, enterprise space and support.

Delivery of the majority of the planned works (excluding the residential development) is nearing completion but the project has been subject to a number of delays and cost increases due to the impacts of the COVID-19 pandemic and Brexit. The delivery partner has indicated that increasing energy and operating costs coupled with the cost of living crisis are likely to adversely impact on the ability to meet the planned rental income targets.

It is also noted that repayment of the GPF loan was intended to be made through refinancing on long-term mortgages and through a community share offer. However, the current increased cost of mortgages and the reduced capacity of the community to invest, present a challenge to the agreed repayment schedule. Repayment of the GPF loans is not expected until March 2026 and therefore no action is proposed at this time, however, the repayment risk will need to continue to be monitored by East Sussex County Council.

## Sovereign Harbour

The Sovereign Harbour project has delivered 2,345sqm of high-quality office space in Eastbourne, which is expected to facilitate up to 299 jobs. The current repayment schedule requires a final repayment of £3.575m to be made prior to the end of 2023/24. East Sussex County Council have now advised that it is highly unlikely that it will be possible for this repayment to be made in accordance with the agreed schedule. Consequently, a request for a revised repayment schedule has been brought forward and is set out for Board consideration in this report.

Appendix G – Sovereign Harbour Repayment Schedule Change – Overview of Options

	<b>Recommended Option</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>
Description of option	Revision to the repayment schedule for the project is agreed by the Board, alongside an ongoing requirement that repayment of the GPF loan will be made by East Sussex County Council	Revision to the repayment schedule for the project is agreed by the Board, alongside an ongoing requirement that repayment of the GPF loan will be made by East Sussex County Council	Revision to the repayment schedule for the project is agreed by the Board, alongside agreement that East Sussex County Council can offset any costs incurred during the acquisition, holding and disposal of the building against the final repayment	Revision to the repayment schedule for the project is refused by the Board, resulting in an ongoing obligation for East Sussex County Council to make the final repayment by 31 March 2024
Length of extension	Two years to 31 March 2026	(Proposed Options)	Two years to 31 March 2026	No extension allowed
		Six months to 30 September 2024		
		One year to 31 March 2025		
		Two years to 31 March 2026		
Repayment expected	£3.575m (including East Sussex County Council per capita share)  £2.848m (excluding East Sussex County Council per capita share)	£3.575m (including East Sussex County Council per capita share)  £2.848m (excluding East Sussex County Council per capita share)	To be determined and could take into account the rental income East Sussex County Council could reasonably expect to receive following transfer of the property to East Sussex County Council from Sea Change Sussex	£3.575m

Appendix G – Sovereign Harbour Repayment Schedule Change – Overview of Options

	<b>Recommended Option</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>
Repayment Mechanism	<p>East Sussex County Council to make bi-annual (4 x 6 monthly) payments.</p> <p>Following completion of the sale of Pacific House, East Sussex County Council would pay any balance owed.</p>	<p>East Sussex County Council to explore alternative repayment mechanisms which allow full repayment within the agreed extension period, including PWLB borrowing, noting that they expect to receive rental income on the property on transfer from Sea Change Sussex</p>	<p>Repayment to be made using income generated through the disposal of the building which would be offset to take into account costs incurred by East Sussex County Council. Alternatively, if the building is not sold, alternative repayment mechanisms to be explored</p>	<p>Alternative repayment mechanisms to be explored by East Sussex County Council, which could include PWLB borrowing, to allow full repayment by 31 March 2024</p>
Repayment route	<p>East Sussex County Council to directly pay impacted Upper Tier Local Authorities</p>	<p>East Sussex County Council to directly pay impacted Upper Tier Local Authorities</p>	<p>East Sussex County Council to directly pay impacted Upper Tier Local Authorities</p>	<p>East Sussex County Council to pay Essex County Council (as Accountable Body for SELEP) who will disaggregate the funding in accordance with agreed per capita split</p>
Application of interest	<p>No interest to be applied</p>	<p>Rebase interest chargeable to be in line with Round 3 of the GPF fund – current PWLB interest rate less 2%</p>	<p>No interest to be applied</p>	<p>No interest to be applied unless East Sussex County Council default on the required repayment and then interest would be chargeable in accordance with the existing loan agreement until repayment is made</p>

Appendix G – Sovereign Harbour Repayment Schedule Change – Overview of Options

	<b>Recommended Option</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>
Meets expectations of existing loan agreement?	Partial <sup>1</sup>	Partial <sup>1</sup>	No	Yes
Mechanism for implementation	Inclusion within Transition Agreement being developed by Essex County Council (as Accountable Body for SELEP)	Inclusion within Transition Agreement being developed by Essex County Council (as Accountable Body for SELEP)	Inter-Authority Agreement to be developed by East Sussex County Council	Existing GPF loan agreement to apply and incorporated into the Transition Agreement being developed by Essex County Council (as Accountable Body for SELEP), if required
Additional expectations	Provision by East Sussex County Council of bi-annual updates to accompany the staged payments, updating on progress towards the payment of the balance of the loan	Provision by East Sussex County Council of regular updates detailing progress towards making the required repayment	Provision of quarterly reporting by East Sussex County Council on steps being taken to initially secure ownership and progress towards disposal of the building	None
Risk Mitigation	Transition Agreement to outline steps to be taken if either the staged repayments, or repayment is not made to impacted Upper Tier Local Authorities within the period agreed	Transition Agreement to outline steps to be taken if repayment is not made within the extension period agreed		Transition Agreement to include clauses detailing actions to be taken should default occur.

<sup>1</sup> Only in respect of the existing agreement expects payment by the 31 March 2024.

Appendix G – Sovereign Harbour Repayment Schedule Change – Overview of Options

	<b>Recommended Option</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>
		Potential for inclusion of requirement for East Sussex County Council to provide security on the remaining balance of the loan		No further SELEP funding (both revenue and capital) would be released to East Sussex County Council until the remaining repayment has been received

<b>Report title:</b> Getting Building Fund Capital Programme update	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Manager	
<b>Meeting date:</b> 16 February 2024	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:helen.dyer@southeastlep.com">helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> All	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the overall position of the Getting Building Fund (GBF) capital programme. The report includes an update on those projects which have received approval for retention of GBF funding beyond March 2022, provides an update on High risk projects, and provides an update on GBF spend to date.

## 2. Recommendations

- 2.1. The Board is asked to:
- 2.1.1. **Note** the current forecast spend across the GBF programme for the 2023/24 financial year of £8.01m, as set out in Table 1.
- 2.1.2. **Note** the deliverability and risk assessment, as set out in Appendix C.

## 3. Summary Position

- 3.1. Since the commencement of the GBF programme, the Board has agreed the removal of the following four projects from the GBF programme:
- 3.1.1. Fast Track Business Solutions for the Hastings Manufacturing Sector project – GBF allocation £3.5m
- 3.1.2. Riding Sunbeams Solar Railways project – GBF allocation £2.5275m
- 3.1.3. Laindon Place project – GBF allocation £0.79m
- 3.1.4. Swan Modular Housing Factory project – GBF allocation £4.53m
- 3.2. Over the life of the GBF programme, a total of three project pipelines have been developed. Two of the pipelines focused on the addition of new projects to the GBF programme, with the third seeking to supporting existing GBF projects which had experienced cost increases due to high levels of inflation and the impacts of the COVID-19 pandemic and Brexit.

## Getting Building Fund Capital Programme Update

- 3.3. The criteria applied when developing the current GBF project pipeline, which was agreed by the Investment Panel on 1 December 2023, had a very strong focus on ensuring that the projects brought forward were shovel ready, subject to short delivery programmes and able to complete spend within 12 months of receipt of funding approval from the Board. In addition, projects were required to demonstrate compliance with the requirements of the SELEP Assurance Framework and to support the activities outlined in the SELEP Economic Recovery and Renewal Strategy.
- 3.4. At the last meeting, the Board agreed the award of funding to the five projects at the top of the new GBF project pipeline, subject to the receipt of Government approval of project inclusion within the GBF programme. Government approval for all five new projects was confirmed on 8 February 2024, and therefore steps will be taken to formalise the award of funding to these projects through the completion of Variation Agreements between the relevant Upper Tier Local Authorities, SELEP Ltd and Essex County Council (as Accountable Body for SELEP). Following completion of the Variation Agreements, the funding will be released to the relevant Upper Tier Local Authorities.
- 3.5. It is intended that the transfer of responsibility for the GBF programme will be formalised through a Transition Agreement which is currently being drafted by Essex County Council (as Accountable Body for SELEP). The Transition Agreement will be accompanied by a Position Statement, which sets out the most up to date position in respect of each of the GBF projects. A draft Position Statement is provided at Appendix E. The Position Statement will be subject to a full review by the SELEP Secretariat following this meeting and will be shared with Upper Tier Local Authorities for their consideration prior to being formalised as part of the Transition Agreement.

## 4. Getting Building Fund spend position

- 4.1. At the outset of the programme there was a clear expectation from Government that the GBF funding should be spent in full by 31 March 2022. However, the construction industry has been significantly impacted by the COVID-19 pandemic and projects have experienced a range of issues including:
  - 4.1.1. Labour and materials shortages
  - 4.1.2. Increasing costs
  - 4.1.3. Extended lead in times for materials and extended response times from utility providers.
- 4.2. Due to these issues, it was not possible to achieve full GBF spend by 31 March 2022. Consequently, Government revised their expectations and required full GBF spend by 31 March 2023. To this end, in July 2021, the Board agreed that GBF funding could be retained against projects beyond March 2022 for a maximum period of 6 months and a number of projects sought permission to retain their GBF funding to September 2022. Subsequently, the Board agreed that in exceptional circumstances projects could be granted a further extension on GBF spend. In accordance with the expectations of Central Government, the maximum extension available to any project in the GBF programme was to 31 March 2023.

## Getting Building Fund Capital Programme Update

- 4.3. At the November 2022 Board meeting, all projects appeared to be on track to complete their GBF spend by 31 March 2023 as required. However, in January 2023 following an update from Swan Housing, the Board approved the removal of the Swan Modular Housing Factory project from the GBF programme and required the return of the full £4.53m funding award for reallocation to alternative projects.
- 4.4. The £4.53m GBF funding returned to Essex County Council (as Accountable Body for SELEP) exceeded the value of the projects remaining on the existing GBF project pipeline. Consequently, steps needed to be taken to develop a new GBF prioritised pipeline to allow the reallocation of the remaining unallocated funding. As detailed above, this process concluded in December 2023 with the award of the remaining GBF funding allocation confirmed in January 2024. Consequently, whilst the majority of the GBF funding has now been spent, it was not possible to meet Government expectations in this respect.
- 4.5. Advice was sought from Government in early 2023 as to their position with regard to any GBF spend which extended beyond 31 March 2023. The advice received from Government was as follows: *'LEPs do have the ability to move GBF funding into 23/24. Ultimately the decision lies with the Accountable Body's Section 151 Officer. If they are content to move funding into 23/24, then we would go with that decision.'*
- 4.6. After due consideration and engagement with the Section 151 Officer for the Accountable Body, it was agreed to allow GBF spend to extend into Q1 2023/24 in exceptional circumstances but that spend should be complete by 30 June 2023 at the latest. This applied to all existing projects within the GBF programme. It is acknowledged that three existing projects have subsequently been allowed to retain their GBF funding allocations beyond June 2023 but these recommendations were only made to the Board following discussion with the Accountable Body to ensure that the implications of the extended retention of the funding were understood.
- 4.7. The current GBF spend position is set out in Appendix A. There are now only 7 projects within the programme which are reporting ongoing GBF spend, including the five new projects (Mercury Rising 2, Tech Hub Flexible Workspace Gravesend, Maidstone Business Suite Phase 2, Innovation Hub: Diversification of Chatham Town Centre and The Victoria Centre) which were approved by the Board at the last meeting, Better Queensway and the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises.
- 4.8. Given the timing of the funding award, GBF spend against the new projects was always expected to continue beyond March 2024. However, it is expected that all five projects will complete spend of their GBF funding by January 2025.
- 4.9. The Board received a full update on the Better Queensway project at the last meeting and, at that time, it was noted that full spend of the GBF funding allocation had been evidenced but that Southend-on-Sea City Council continued to hold the funding. Southend-on-Sea City Council indicated that the funding would be transferred to the Limited Liability Partnership (LLP) set up to deliver the project, once the LLP was in the sole ownership of the Council following the withdrawal of Swan Housing/Sanctuary Housing Association. Southend-on-Sea City Council have now confirmed that the GBF funding was transferred to the LLP following the last Board meeting and therefore full spend of the funding has been achieved.



## Getting Building Fund Capital Programme Update

- 4.10. The Board have previously agreed that the GBF funding awarded to the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises project could be retained against the project to the end of Q1 2023/24. Essex County Council confirmed that they had received evidence of full spend of the GBF funding prior to the end of Q1 2023/24 and therefore it was considered that approval to retain the GBF funding against the project beyond June 2023 was not required. However, whilst delivery of the project is complete, there continue to be delays in issuing the final part of the GBF funding allocation to the contractor. It is currently anticipated that any issues will be resolved in time to allow the GBF funding to be released prior to the end of 2023/24.
- 4.11. Table 1 sets out the updated GBF spend forecast for all years. This table takes into account the extended GBF spend profiles for all projects forecasting spend beyond March 2022 and assumes that all GBF funding awarded at the last Board meeting will be spent in 2024/25. It should be noted that some spend may be achieved in 2023/24 but this will be subject to completion of required Variation Agreements and, where applicable, back-to-back agreements.
- 4.12. It should be noted that GBF quarterly reporting was not provided by Thurrock Council and Medway Council in time for inclusion within this report and therefore the information set out within the report and accompanying appendices may not reflect the latest position. However, full spend of the GBF funding awarded to Thurrock Council and Medway Council was reported prior to the last Board meeting and therefore it is considered that the Thurrock and Medway GBF spend figures previously reported remain an accurate reflection of the position.

*Table 1: Summary GBF spend forecast - all years (£m)*

GBF (£m)								
Local Authority	Actual GBF spend - 2020/21	Actual GBF spend - 2021/22	Actual GBF spend - 2022/23	Actual GBF spend - Q1 to Q3 2023/24	Forecast GBF spend - Q4 2023/24	Forecast spend - 2024/25	GBF Total Allocation	% of GBF funding spent by 31 December 2023
East Sussex	1.656	2.437	1.999	0.000	0.000	0.000	6.092	100.0%
Essex	3.497	13.256	6.607	1.178	0.513	0.500	25.551	96.0%
Kent	6.201	27.179	5.409	0.850	0.000	0.670	40.309	98.3%
Medway	0.205	2.563	0.400	0.000	0.000	0.300	3.468	91.4%
Southend-on-Sea	0.000	0.000	0.431	1.269	4.200	0.579	6.479	26.2%
Thurrock	0.946	1.523	0.631	0.000	0.000	0.000	3.100	100.0%
<b>Total</b>	<b>12.505</b>	<b>46.958</b>	<b>15.477</b>	<b>3.297</b>	<b>4.713</b>	<b>2.049</b>	<b>85.000</b>	<b>88.2%</b>

- 4.13. Table 1 demonstrates that, even after taking into account the new GBF projects, 5 of the 6 Upper Tier Local Authorities within the SELEP area had achieved more than 90% of their GBF spend by 31 December 2023. By contrast, at the end of December 2023, Southend-on-Sea City Council were only showing spend of 26.2% of their GBF funding allocation – primarily due to the delays in releasing the Better Queensway funding. However, following confirmation that this funding has now been released by Southend-on-Sea City Council, spend of at least 91% will have been achieved by the end of Q4 2023/24.
- 4.14. To date, 38 of the 45 projects included in the GBF programme have fully spent their GBF funding allocation.

- 4.15. 29 projects within the GBF programme have been reported as complete. A number of projects which have spent their full GBF allocation are ongoing due to spend of match funding contributions. This information is set out within Appendix C – Project deliverability and risk update.

### **5. Update on projects which have received approval for retention of GBF funding beyond March 2022**

- 5.1. Historically updates on all projects which have received approval for retention of GBF funding beyond March 2022 have been provided at each Board meeting to ensure that the projects remain on track to complete GBF spend within the extensions agreed. However, of the 26 projects which received Board approval for retention of their GBF funding allocation beyond March 2022, 19 of these projects have now completed their GBF spend.
- 5.2. The status of each of the remaining 7 projects is set out in Sections 4.7 to 4.10 of this report, alongside confirmation that full spend of the GBF funding allocation is expected to be achieved by 31 January 2025.
- 5.3. All projects are still expected to be able to deliver in accordance with their agreed Business Case but should any changes to forecast outputs and outcomes be identified following the dissolution of SELEP, it will be the responsibility of the Upper Tier Local Authorities to seek approval from Government through the established Change Control process.

### **6. Deliverability and Risk**

- 6.1. Appendix C sets out a delivery update and risk assessment for all projects included in the GBF programme. This provides a detailed breakdown of the delivery progress for each GBF project, relative to the expected completion dates, as set out in the original Business Cases. In addition, the risk assessment takes into account whether required post scheme completion Monitoring and Evaluation reports have been submitted and whether spend of the match funding set out in each of the project Business Cases has been achieved.
- 6.2. The summary project risk assessment position is set out in Table 2 below. A score of 5 represents high risk (red) whereas a score of 1 represents low risk (green).
- 6.3. The risk assessment has been conducted for GBF projects based on:
- 6.3.1. **Delivery** – considers project delivery delays and delays in submission of the required post scheme completion Monitoring and Evaluation reports. SELEP has considered the delay between the original expected project completion date (as stated in the project Business Case) and the updated forecast project completion date.
- 6.3.2. To ensure consistency with Government guidance on the assessment of GBF project deliverability risk, all projects with a greater than 3 month delay are shown as having a risk of at least 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected delivery of project outcomes.

- 6.3.3. **Finances** – considers changes to project spend profiles, project budget, certainty and spend of match funding contributions and the amount of GBF funding which remains unspent at the end of Q3 2023/24.
- 6.3.4. **Reputation** – considers the reputational risk for the delivery partner, relevant Upper Tier Local Authority and SELEP Ltd. This also considers delays in submission of required post scheme completion Monitoring and Evaluation reports.

Table 2: Summary of GBF project risk

Risk Score	Number of projects	GBF allocation to projects (£m)	GBF spend forecast in Q4 2023/24 and 2024/25 (£m)
Low Risk - 1	23	38.565	2.049
Low/Medium Risk - 2	11	24.839	0.513
Medium Risk - 3	8	14.227	0.000
Medium/High Risk - 4	2	6.190	4.200
High Risk - 5	1	1.178	0.000
<b>Total</b>	<b>45</b>	<b>85.000</b>	<b>6.762</b>

- 6.4. In total £1.178m GBF is allocated to High risk projects, with the full £1.178m having been spent prior to the end of Q2 2023/24. The five new GBF projects which were awarded funding at the last Board meeting have been included within Appendix C. Based on the content of the Business Cases submitted and in light of Central Government providing their approval for the inclusion of the projects within the GBF programme, all five projects have been assumed to be Low Risk. Once project delivery has commenced, the responsible Upper Tier Local Authorities will be able to make a more robust assessment of the level of risk associated with each project.
- 6.5. The one High Risk project identified in Table 2 is the Innovation Park Medway – Sustainable City of Business project. As the Board will be aware, a total of £11.447m of SELEP capital funding has been awarded to enable the delivery of Innovation Park Medway (including the reconfiguration of Rochester Airport and development of both the northern and southern sites) including a GBF allocation of £1.178m. All SELEP funding has been spent supporting project delivery but limited benefits have been realised to date. Whilst this was identified as a risk, it was acknowledged that Medway Council were taking steps to bring forward development on the site which would facilitate realisation of the forecast benefits.
- 6.6. Whilst Medway Council did not provide an update on their GBF programme in time for inclusion within this report, a Medway Council Cabinet paper has been published in respect of the Innovation Park Medway project as a whole. The report sets out the challenges faced by the project, particularly in relation to the current financial climate (both in terms of the impact on borrowing costs for the Council and the financial position of potential occupiers of the site) and the changes to how businesses operate following the COVID-19 pandemic.

- 6.7. In June 2019, Medway Council Cabinet agreed that a direct delivery approach should be adopted for both Innovation Park sites. However, there is a concern that this is no longer the most appropriate route through which to develop the site. Therefore, the recommendation set out in the Cabinet paper is that development at Innovation Park Medway should be paused whilst work is undertaken to explore the best options for its future delivery.
- 6.8. The Cabinet paper indicates that this review is required to ensure the most sustainable future for Innovation Park Medway and to ensure that the outcomes envisaged (including 60,000sqm of commercial space and 3,000 High GVA jobs) are achieved. Whilst the rationale for this recommendation is understood, it does significantly increase the level of uncertainty with respect to how and when the forecast project benefits will be realised.
- ### 7. GBF Programme Risks
- 7.1. In addition to project specific risks, Appendix B sets out the overall programme risks.
- 7.2. Following receipt of confirmation from Central Government that they will not be providing core funding to LEPs after 2023/24 and that LEP activities should be transferred to local authorities from 2024/25, a new risk was added to the GBF programme risk register. This risk relates to the possibility of effective oversight of the GBF programme being lost as a result of the transition of activities to local authorities. This may result in projects not delivering in accordance with their agreed Business Cases and may lead to required reporting not being submitted to Government.
- 7.3. This risk is being mitigated through ongoing discussions between SELEP, Essex County Council (as the Accountable Body for SELEP) and the six Upper Tier Local Authority partners, which are focused on determining how the management of the capital programme should be taken forward post SELEP. As detailed under Agenda Item 13, there is an expectation that the six Upper Tier Local Authorities will enter into a Transition Agreement which will formalise arrangements in respect of the integration of LEP functions.
- 7.4. Another key risk relates to the affordability of the GBF projects following widespread reports of increased materials and labour costs following the COVID-19 pandemic. This has been further exacerbated by extended lead in times for some materials, rising inflation and extended response times from utility providers and other statutory bodies. These factors have led to a delay in delivery for a number of the GBF projects and have resulted in a number of projects having to seek additional funding to bridge a funding gap which wasn't expected at the outset of the programme. The award of the additional GBF funding to existing GBF projects helped to partially mitigate this risk. Other mitigation measures currently being employed include:
- 7.4.1. value engineering in an attempt to reduce the total project cost but this approach risks adversely impacting on the outputs or outcomes offered by the project;
  - 7.4.2. purchase of all materials at the outset of the construction programme in order to offset the risk of further cost increases; and
  - 7.4.3. identifying alternative suppliers or alternative solutions so as to mitigate both cost increases and extended lead in periods.

## Getting Building Fund Capital Programme Update

- 7.5. As an increasing number of GBF projects reach completion, the severity of this risk is reducing. However, this risk still has the potential to impact on the five new GBF projects which were approved by the Board in January 2024.
- 7.6. In addition, the economic impacts of the COVID-19 pandemic present a significant risk to the delivery of the benefits expected through the GBF investment. It is anticipated that project benefits will be realised at a slower rate than expected, with some projects potentially reporting reduced benefits. This risk has been closely monitored at all stages of the GBF programme through the requirement placed on Local Authority partners to provide quarterly updates on each of their projects and through the post scheme completion Monitoring and Evaluation process.
- 7.7. Post scheme completion reporting for those projects which were completed by 31 March 2022 is now overdue for submission (as set out in Appendix D) and engagement with local partner authorities in this regard will be prioritised.
- 7.8. Following the dissolution of SELEP, Upper Tier Local Authorities will maintain responsibility for monitoring project outcomes but will also take on responsibility for provision of reporting to Government at six monthly intervals through 2024/25 and for ensuring that any changes to the GBF projects are submitted to Government for approval through the established GBF Change Control process.
- 7.9. From the outset of the GBF programme, there was a clear expectation from Government that the GBF funding should be spent in full by 31 March 2023, and that failure to do so would represent a significant reputational risk for both SELEP and the responsible Upper Tier Local Authorities. As a result of the late cancellation of the Swan Modular Housing Factory project, this risk materialised. Whilst Government have been kept fully apprised of the situation, the outcome of SELEP's Annual Performance Review for 2022/23 did identify a concern regarding the continuation of GBF spend into 2023/24.
- 7.10. Steps have been taken to ensure that GBF spend is completed at the earliest opportunity, with the five new GBF projects committing to completing their GBF spend within 12 months of funding award (i.e. by January 2025). Following the dissolution of SELEP, the onus will be on the Upper Tier Local Authorities to ensure that spend of the GBF funding is completed as soon as possible and reported to Government.

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

- 8.1. Essex County Council, as the Accountable Body, is responsible for ensuring that the funding awarded by Government is utilised in accordance with the conditions set for use of the Grant. GBF is a capital grant awarded by Government and is subject to the following condition:

*The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.*

- 8.2. This condition requires that the grant is used to fund Capital expenditure; no end date for use of the grant is included within the conditions, however, it was the expectation of Government that it was used to fund the GBF projects and that it would be defrayed in full by the end of March 2022.

## Getting Building Fund Capital Programme Update

- 8.3. With the GBF allocated to each project having been transferred in advance to the Local Authorities, there was a requirement for the Board to continue to effectively monitor the progress of the GBF projects in order to provide assurance of delivery in line with the agreed business cases. Following the closure of SELEP, this monitoring will continue to be the responsibility of the Upper Tier Local Authority Partner with a requirement to provide update reports and manage any further change requests directly with Government; this requirement will be transferred to the respective Local Authority Partner through the Transition Agreement being developed by the Accountable Body for the purpose of transferring LEP functions and responsibilities of the Accountable Body, to the respective Partner Authority, in accordance with the expectations and agreement of Government (see Agenda item 13).
- 8.4. This Board currently provides oversight of potential risks which may impact delivery of GBF projects along with proposed mitigations; this is of particular importance due to the current uncertain economic climate and increasing inflation, together with ongoing impacts experienced following the Covid-19 pandemic and Brexit. The respective partner authorities are establishing alternative arrangements for oversight of the GBF Programme as part of their LEP Integration planning.
- 8.5. Service Level Agreements (SLAs) are currently in place with each Partner Authority for the transfer and management of GBF; the SLAs set out the requirement for Partner Authorities to provide regular update reports to SELEP and the Accountable Body in the timescales and format specified by the SELEP Secretariat, to inform the updates to the Board and Government. Should the funding not be utilised in accordance with the conditions, Government may request return of the funding. It is noted that Medway Council has not provided the required reporting to support this update to the Board, which is of concern given that the only high risk Project is being delivered by the Council. Government are advised to ensure that all projects that are high risk at the close of SELEP are subject to regular monitoring and oversight to assure continued delivery of Projects in line with the agreed business cases.
- 8.6. The cancellation of some projects during the 2022/23 financial year has required the return of GBF funding to the Accountable Body to be reallocated to other Projects on the pipeline in accordance with the decisions of the Board. The final £2.049m of GBF funding has been awarded to five Project by the Board in January 2024; this funding will be transferred to the respective Local Authority partner under the existing SLAs, subject to the completion of a variation agreement.
- 8.7. The latest forecast (table 1) indicates that £25.537m of the total £85m GBF allocation will be spent after 31 March 2022, of which £10.028m will be spent after 31 March 2023, of which £2.049m is now due to be transferred to the five projects for spend by 31<sup>st</sup> January 2025. As the conditions of the grant from Government do not include an end date, there is no risk of clawback by Government due to spend beyond 31 March 2022; however, there is reputational risk to SELEP and the Partner Authorities; and a potential risk to future funding streams where defrayal of funding and delivery cannot be demonstrated.

## 9. Legal Implications (Accountable Body comments)

- 9.1. The funding is administered in accordance with the Service Level Agreements in place between Essex County Council, as Accountable Body of SELEP, SELEP Ltd and the

Partner Authority. The SLA contains provisions for monitoring and evaluating of the projects. The reporting requirements and grant funding conditions for the GBF are still ongoing despite the cessation of Local Enterprise Partnerships. A legal agreement amongst the Upper Tier Local Authorities will be prepared. The agreement will require that all GBF funds are used in accordance with the grant terms and conditions. The agreement will also require the Upper Tier Local Authorities to comply with any and all reporting requirements as notified to them by DLUHC.

## 10. Equality and Diversity Implications

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

10.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act.

10.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.

10.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

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

## 11. List of Appendices

11.1. Appendix A – GBF Spend Position

11.2. Appendix B – Programme Risk Register

11.3. Appendix C – Project deliverability and risk update

11.4. Appendix D – Outstanding post scheme completion Monitoring and Evaluation reports

11.5. Appendix E – Draft Position Statement (to be attached to Transition Agreement)

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

Role	Date
<b>Accountable Body sign off</b> Michael Neumann	12/02/2024

## Getting Building Fund Capital Programme Update

(on behalf of Nicole Wood, S151 Officer, Essex County Council)	
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Appendix A - GBF Spend Position

Project Number	Project Name	GBF Allocation (£)	2020/21 Actual	2021/22 Actual	2022/23 Actual	Q1 2023/24 Actual	Q2 2023/24 Actual	Q3 2023/24 Actual	Q4 2023/24 Forecast	2023/24 Forecast	2024/25 Forecast	Total Actual + Forecast
<b>East Sussex</b>												
GBF003	Restoring the Glory of the Winter Garden	1,600,000	577,764	1,022,236								1,600,000
GBF004	The Observer Building, Hastings (Phase 2) Option A	2,028,000	934,678	778,322	315,000							2,028,000
GBF009	Charleston's access road: removing the barrier to growth	329,835		329,835								329,835
GBF010	Creative Hub, 4 Fisher Street, Lewes	250,000	143,116	106,884								250,000
GBF012	Sussex Innovation Falmer - Covid Secure adaptations-	200,000		200,000								200,000
GBF013	UTC Maritime & Sustainable Technology Hub	1,300,000			1,300,000							1,300,000
GBF039	Food Street, Eastbourne	100,000			100,000							100,000
GBF040	Seven Sisters Country Park Visitor Infrastructure Uplift	284,100			284,100							284,100
		6,091,935	1,655,558	2,437,277	1,999,100							6,091,935
<b>Essex</b>												
GBF005	Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	680,000			680,000							680,000
GBF006	Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	2,297,256			1,784,600				512,656	512,656		2,297,256
GBF014	Enterprise Centre for Horizon 120 Business Park	7,641,924	967,422	6,032,578			641,924			641,924		7,641,924
GBF015	Harlow Library	977,000		977,000								977,000
GBF016	Jaywick Market & Commercial Space	2,391,060		243,636	2,029,243		118,181			118,181		2,391,060
GBF017	Labworth Car Park, Canvey Island modernisation	700,000	326,888	373,112								700,000
GBF018	Modus	1,960,000	1,960,000									1,960,000
GBF019	Nexus	1,600,000		1,600,000								1,600,000
GBF020	Remodelling of buildings at Harlow College to provide new 'T'-levels	1,500,000	24,328	1,475,672								1,500,000
GBF021	Rocheway	713,000	218,498	494,502								713,000
GBF023	Tendring Bikes & Cycle Infrastructure	2,600,200		518,887	1,781,113		300,200			300,200		2,600,200
GBF024	Tindal Square, Chelmsford	1,200,000		750,000	331,819		118,181			118,181		1,200,000
GBF041	Princess Alexandra Hospital Training and Education Facility	500,000		500,000								500,000
GBF042	Braintree Active Travel	291,000		291,000								291,000
GBF047	Mercury Rising 2	500,000									500,000	500,000
		25,551,440	3,497,136	13,256,387	6,606,775		1,178,486		512,656	1,691,142	500,000	25,551,440
<b>Kent</b>												
GBF001	Digitally Connecting Rural Kent and Medway	2,290,152		2,290,152								2,290,152
GBF025	Javelin Way Development	814,452	578,724		235,728							814,452
GBF026	Romney Marsh Employment Hub	3,536,466		2,785,770	750,696							3,536,466
GBF027	Thanet Parkway Railway Station	12,874,000	3,162,699	8,836,301	875,000							12,874,000
GBF028	First and Second Floors, Building 500, Discovery Park, Sandwich	2,750,000		211,398	2,538,602							2,750,000
GBF029	New Performing & Production Digital Arts Facility @ North Kent College	12,301,796	2,459,825	9,841,971								12,301,796
GBF030	The Meeting Place Swanley	1,490,000		1,490,000								1,490,000

Appendix A - GBF Spend Position

Project Number	Project Name	GBF Allocation (£)	2020/21 Actual	2021/22 Actual	2022/23 Actual	Q1 2023/24 Actual	Q2 2023/24 Actual	Q3 2023/24 Actual	Q4 2023/24 Forecast	2023/24 Forecast	2024/25 Forecast	Total Actual + Forecast
GBF036	St George's Creative Hub	323,204		323,204								323,204
GBF038	The Amelia Scott	1,400,000		1,400,000								1,400,000
GBF043	Techfort	1,009,000			1,009,000							1,009,000
GBF045	Techfort Phase 2	850,000				850,000				850,000		850,000
GBF046	Tech Hub Flexible Workspace Gravesend	370,000									370,000	370,000
GBF049	Maidstone Busines Suite - Phase 2	300,000									300,000	300,000
		40,309,070	6,201,248	27,178,796	5,409,026	850,000				850,000	670,000	40,309,070
	<b>Medway</b>											
GBF007	Britton Farm Redevelopment Learning, Skills & Employment Hub	1,990,000	205,157	1,784,843								1,990,000
GBF037	Innovation Park Medway - Sustainable City of Business	1,178,323		778,323	400,000							1,178,323
GBF048	Innovation Hub: Diversification of Chatham Town Centre	300,000									300,000	300,000
		3,468,323	205,157	2,563,166	400,000						300,000	3,468,323
	<b>Southend</b>											
GBF031	Better Queensway	4,200,000							4,200,000	4,200,000		4,200,000
GBF032	South Essex No Use Empty	1,200,000			376,405	495,404	328,191			823,595		1,200,000
GBF044	LFFN - Phase 3	500,000			55,000	394,000	51,000			445,000		500,000
GBF050	The Victoria Centre, Southend	579,232									579,232	579,232
		6,479,232			431,405	889,404	379,191		4,200,000	5,468,595	579,232	6,479,232
	<b>Thurrock</b>											
GBF008	LFFN - Phase 2	2,500,000	946,218	922,857	630,925							2,500,000
GBF034	Transport and Logistics Institute	600,000		600,000								600,000
		3,100,000	946,218	1,522,857	630,925							3,100,000
	<b>Total</b>	<b>85,000,000</b>	<b>12,505,317</b>	<b>46,958,483</b>	<b>15,477,231</b>	<b>1,739,404</b>	<b>1,557,677</b>		<b>4,712,656</b>	<b>8,009,737</b>	<b>2,049,232</b>	<b>85,000,000</b>

**Appendix B - GBF Programme Risks (High Risks only)**

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Delivery of GBF project benefits</b>	The economic impact of COVID-19 is likely to reduce the benefits achieved through GBF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the GBF programme.	4	5	20	Following the closure of SELEP, it will be the responsibility of the Upper Tier Local Authorities to ensure that projects continue to offer High value for money. Should any changes to expected GBF benefits be identified, Local Authorities should seek Government approval through the established GBF Change Control process.
<b>Closure of SELEP</b>	<p>In August 2023, Government confirmed that LEPs will no longer receive core funding after 2023/24, and that there is an expectation that LEP activities will be transitioned into local authorities. This means that the oversight of the GBF programme, including any required engagement with Government, will cease at or close to 31 March 2024.</p> <p>It is important that new arrangements are put in place to ensure that oversight of the GBF programme continues. Without appropriate oversight there is a risk that projects may not be delivered in accordance with approved Business Cases and that required programme wide reporting will not be provided to Government.</p>	4	4	16	Following receipt of advice from Government, discussions are ongoing between SELEP, Essex County Council (as Accountable Body for SELEP) and all six Upper Tier Local Authority partners to determine how the management of the capital programme should be taken forward post SELEP. It is intended that a Transition Agreement which covers the transfer of SELEP activities to the Upper Tier Local Authorities will be put in place. This agreement will manage the transfer of responsibilities from SELEP and the Accountable Body to Local Authority Partners.
<b>Operational budgets</b>	Given the current financial climate, there may be financial challenges to the future operation of GBF projects by the private sector, including Higher Education Institutions and Further Education providers. As well as impacting the delivery stage of the projects, this is also likely to impact the operation of the projects once delivered and impact the scale/pace of benefits realisation through the project.	4	4	16	<p>As part of the business case assessment, scheme promoters are required to provide information about the commercial operation of the project post delivery.</p> <p>Any changes to the viability of projects should be actively monitored by Upper Tier Local Authorities following the closure of SELEP in March 2024.</p>
<b>Affordability of GBF projects</b>	There have been widely reported increases in materials costs as a result of COVID-19 and Brexit. These increases alongside rising inflation have resulted in significant cost increases across the programme. This may impact on the deliverability of the projects as set out in the Business Cases.	5	3	15	<p>The risk of project cost increases sits with local authority partners and as such, SELEP encourages all partner authorities to review the financial position of all GBF projects.</p> <p>Early engagement with contractors and the supply chain is advised.</p> <p>The risk to the GBF programme is reducing as the number of completed GBF projects increases, however, this risk has the potential to impact on the five new GBF projects which were approved by the Board in January 2024.</p>

**Appendix B - GBF Programme Risks (High Risks only)**

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<p><b>Inability to complete GBF spend by 31 March 2023 in accordance with Government expectations</b></p>	<p>At the outset of the GBF programme, Government expectations were that the GBF funding would be spent in full by 31 March 2022. Due to challenges faced by a number of the projects, this wasn't achievable and Government revised their expectations to require full GBF spend by 31 March 2023. Inability to meet this expectation represented a reputational risk for both SELEP and the responsible Upper Tier Local Authorities.</p>	<p>3</p>	<p>5</p>	<p>15</p>	<p>As a result of the late cancellation of the Swan Modular Housing Factory project, this risk materialised and Government were advised immediately that this expectation would not be met.</p> <p>Steps were taken to maximise the level of GBF spend achieved by 31 March 2023 and efforts have continued to achieve full GBF spend at the earliest opportunity, with the ability to complete GBF spend within 12 months of funding award forming a key part of the criteria applied to the creation of the new GBF project pipeline.</p> <p>Ongoing GBF projects continue to be closely monitored, with all projects (with the exception of the five new projects) expected to achieve full GBF spend by 31 March 2024.</p>
<p><b>Failure of third-party organisations to deliver GBF projects</b></p>	<p>Local authorities are entering into contract with third party organisations, such as district authorities, private sector companies, further education and higher education providers to deliver GBF projects. If the external organisations experience financial difficulty and are unable to deliver GBF projects, it may not be possible to recover the GBF from these organisations should they enter administration.</p>	<p>5</p>	<p>3</p>	<p>15</p>	<p>SELEP encourages local authorities to complete additional financial checks prior to entering into contract or transferring GBF to third party organisations and to ensure clear processes are in place for the oversight of GBF projects delivered by third party organisations.</p> <p>The risk to the GBF programme is reducing as the number of completed GBF projects increases, however, this risk has the potential to impact on the five new GBF projects which were approved by the Board in January 2024.</p>
<p><b>Extended delivery programmes</b></p>	<p>As a result of the COVID-19 pandemic, there are longer than expected lead-in times for certain materials which could adversely impact on delivery programmes.</p> <p>In addition, extended response times from utility providers and other statutory organisations have been reported which are impacting on project delivery.</p> <p>Labour supply issues have also been reported due to the number of projects which were delayed due to the COVID-19 pandemic.</p>	<p>4</p>	<p>3</p>	<p>12</p>	<p>Early engagement with contractors and the supply chain is advised to ensure that materials are ordered as early as possible in the programme to minimise delay in delivery.</p> <p>Utility providers and other statutory organisations should be engaged at the outset of the project and time built into the programme for this engagement to minimise delays to delivery.</p> <p>The risk to the GBF programme is reducing as the number of completed GBF projects increases, however, this risk has the potential to impact on the five new GBF projects which were approved by the Board in January 2024.</p>

**Appendix B - GBF Programme Risks (High Risks only)**

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Supply Chain Risk</b>	Private sector companies within the supply chain may be vulnerable to the current economic situation. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.	3	3	9	<p>SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts.</p> <p>The risk to the GBF programme is reducing as the number of completed GBF projects increases, however, this risk has the potential to impact on the five new GBF projects which were approved by the Board in January 2024.</p>

Appendix C - Getting Building Fund Delivery and Risk																		
Project	Deliverability								Financial									
	Accountability Board approval	Project Delivery Status	GBF Spend Status (at 31 December 2023)	Expected completion date (per Business Case)	Expected completion date (August 2023)	Expected completion date (January 2024)	Months delay (since Business Case)	Months delay (since last update)	GBF Allocation (£)	Actual spend to 2021/22 (£)	Actual spend 2022/23 (£)	Spend Q1 to Q3 2023/24 (£)	Forecast spend Q4 2023/24 (£)	Forecast spend 2024/25 (£)	Financials RAG rating	Deliverability risk RAG rating	Reputational risk RAG rating	Overall
<b>East Sussex</b>																		
Restoring the Glory of the Winter Garden	Oct-20	In Construction	Complete	May-22	Mar-25	Mar-25	34		1,600,000	1,600,000					2	5	2	3
The Observer Building, Hastings (Phase 2) Option A	Oct-20 and Nov-22	In Construction	Complete	Dec-22	Dec-23	Jun-24	18	6	2,028,000	1,713,000	315,000				2	5	3	3
Charleston's access road: removing the barrier to growth	Nov-20 and Jul-21	Completed	Complete	Mar-21	May-22	May-22	14		329,835	329,835					1	1	2	1
Creative Hub, 4 Fisher Street, Lewes	Nov-20	Completed	Complete	Apr-21	Sep-21	Sep-21	5		250,000	250,000					1	1	1	1
Sussex Innovation Falmer - Covid Secure adaptations	Nov-20	Completed	Complete	Mar-21	Jul-22	Jul-22	16		200,000	200,000					1	1	1	1
UTC Maritime & Sustainable Technology Hub	Nov-20	Completed	Complete	Mar-22	Sep-23	Sep-23	18		1,300,000		1,300,000				2	1	2	2
Food Street, Eastbourne	Feb-22	Completed	Complete	Mar-22	Sep-22	Sep-22	6		100,000		100,000				1	1	1	1
Seven Sisters Country Park Visitor Infrastructure Uplift	Feb-22 and Jan-23	Completed	Complete	Sep-22	Jun-23	Jun-23	9		284,100		284,100				1	1	1	1
<b>Essex</b>																		
Acceleration of full-fibre broadband deployment in very rural or very hard-to reach premises	Oct-20	Completed	Complete	Jun-21	Dec-22	Dec-22	18		680,000		680,000				1	1	1	1
Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach premises	Oct-20, Nov-22 and Jan-23	Completed	Ongoing	Dec-21	Jun-23	Jun-23	18		2,297,256		1,784,600		512,656		4	1	2	2
Enterprise Centre for Horizon 120 Business Park	Nov-20 and Jan-23	Completed	Complete	Jun-22	Jul-22	Jul-22	1		7,641,924	7,000,000		641,924			1	1	1	1
Harlow Library	Nov-20	Completed	Complete	Oct-21	Jun-22	Jun-22	8		977,000	977,000					1	1	1	1
Jaywick Market & Commercial Space	Nov-20, Nov-22 and Jan-23	Completed	Complete	Mar-22	Sep-23	Sep-23	18		2,391,060	243,636	2,029,243	118,181			1	1	1	1
Labworth Car Park, Canvey Island modernisation	Nov-20	Completed	Complete	Jun-21	Aug-21	Aug-21	2		700,000	700,000					1	2	3	2
Modus	Nov-20	Completed	Complete	Mar-21	Mar-21	Mar-21			1,960,000	1,960,000					1	1	1	1
Nexus	Nov-20	Completed	Complete	Jun-21	May-22	May-22	11		1,600,000	1,600,000					1	1	1	1
Remodelling of buildings at Harlow College to provide new 'T'-levels	Nov-20	Completed	Complete	Mar-21	Mar-22	Mar-22	12		1,500,000	1,500,000					1	1	1	1
Rocheway Independent Living	Nov-20	In Construction	Complete	Dec-22	Dec-24	Mar-27	52	27	713,000	713,000					2	5	3	3
Tending Bikes & Cycle Infrastructure	Nov-20 and Jan-23	Completed	Complete	Mar-22	Jun-23	Jun-23	15		2,600,200	518,887	1,781,113	300,200			1	1	1	1
Tindal Square, Chelmsford	Nov-20, Nov-22 and Jan-23	Completed	Complete	Mar-22	Jul-23	Jul-23	16		1,200,000	750,000	331,819	118,181			1	1	1	1
Princess Alexandra Hospital Training and Education Facility	Feb-22	Completed	Complete	Feb-22	May-22	May-22	3		500,000	500,000					1	1	3	2
Braintree Active Travel	Feb-22	Completed	Complete	Sep-22	Dec-23	Dec-23	15		291,000	291,000					1	1	1	1
Mercury Rising 2	Jan-24	Funding awarded	Ongoing	Sep-24	N/A	Sep-24			500,000				500,000		1	1	1	1
<b>Kent</b>																		
Digitally Connecting Rural Kent and Medway	Sep-20	Completed	Complete	Mar-22	Mar-22	Mar-22			2,290,152	2,290,152					1	2	2	2
Javelin Way Development	Nov-20 and Nov-22	Completed	Complete	Mar-22	Jun-23	Jun-23	15		814,452	578,724	235,728				4	1	1	2
Romney Marsh Employment Hub	Nov-20	In Construction	Complete	Feb-22	Sep-23	Mar-24	25	6	3,536,466	2,785,770	750,696				2	5	2	3
Thanet Parkway Railway Station	Nov-20 and Nov-22	Completed	Complete	Dec-22	Jul-23	Jul-23	7		12,874,000	11,999,000	875,000				3	1	3	2
First and Second Floors, Building 500, Discovery Park, Sandwich	Nov-20 and Jan-23	In Construction	Complete	Jul-21	Sep-23	Mar-24	32	6	2,750,000	211,398	2,538,602				1	5	2	3
New Performing & Production Digital Arts Facility @ North Kent College	Nov-20	Completed	Complete	Feb-22	Apr-22	Apr-22	2		12,301,796	12,301,796					1	1	1	1
The Meeting Place Swanley	Nov-20	Completed	Complete	May-22	Mar-23	Apr-23	10		1,490,000	1,490,000					5	1	1	2
St George's Creative Hub	Mar-21	Completed	Complete	Jun-21	Dec-21	Dec-21	6		323,204	323,204					1	2	2	2
The Amelia Scott	Nov-21	Completed	Complete	Mar-22	Mar-22	Mar-22			1,400,000	1,400,000					2	2	2	2

Project	Deliverability								Financial						Deliverability risk RAG rating	Reputational risk RAG rating	Overall	
	Accountability Board approval	Project Delivery Status	GBF Spend Status (at 31 December 2023)	Expected completion date (per Business Case)	Expected completion date (August 2023)	Expected completion date (January 2024)	Months delay (since Business Case)	Months delay (since last update)	GBF Allocation (£)	Actual spend to 2021/22 (£)	Actual spend 2022/23 (£)	Spend Q1 to Q3 2023/24 (£)	Forecast spend Q4 2023/24 (£)	Forecast spend 2024/25 (£)				Financials RAG rating
Techfort	Feb-22	Completed	Complete	Sep-22	Sep-23	Dec-23	15	3	1,009,000		1,009,000				1	1	2	1
Techfort 2	Jan-23	In Construction	Complete	Jun-23	Sep-23	Mar-24	9	6	850,000			850,000			1	4	2	2
Tech Hub Flexible Workspace Gravesend	Jan-24	Funding awarded	Ongoing	Oct-24	N/A	Oct-24			370,000					370,000	1	1	1	1
Maidstone Business Suite - Phase 2	Jan-24	Funding awarded	Ongoing	Sep-24	N/A	Sep-24			300,000					300,000	1	1	1	1
<b>Medway</b>																		
Britton Farm Redevelopment Learning, Skills & Employment Hub	Sep-20	In Construction	Complete	Feb-23	Mar-24	Mar-24	13		1,990,000	1,990,000					4	5	2	4
Innovation Park Medway - Sustainable City of Business	Jul-21 and Nov-22	In Construction	Complete	Mar-22	Sep-23	Feb-24	23	5	1,178,323	778,323	400,000				5	5	5	5
Innovation Hub: Diversification of Chatham Town Centre	Jan-24	Funding awarded	Ongoing	Sep-24	N/A	Sep-24			300,000					300,000	1	1	1	1
<b>Southend</b>																		
Better Queensway	Nov-20	In progress	Ongoing	Mar-34	Mar-34	Mar-34			4,200,000				4,200,000		3	4	4	4
South Essex No Use Empty	Nov-20	Completed	Complete	Mar-22	Jul-23	Jul-23	16		1,200,000		376,405	823,595			1	1	1	1
LFFN - Phase 3	Nov-22	In progress	Complete	Mar-23	Sep-23	Mar-24	12	6	500,000		55,000	445,000			2	4	2	3
The Victoria Centre	Jan-24	Funding awarded	Ongoing	Sep-24	N/A	Sep-24			579,232					579,232	1	1	1	1
<b>Thurrock</b>																		
LFFN - Phase 2	Oct-20	In progress	Complete	Feb-22	Sep-23	Mar-24	25	6	2,500,000	1,869,075	630,925				1	5	2	3
Transport and Logistics Institute	Nov-20	Completed	Complete	Aug-21	Dec-21	Dec-21	4		600,000	600,000					4	2	3	3
<b>TOTAL</b>									<b>85,000,000</b>	<b>59,463,800</b>	<b>15,477,231</b>	<b>3,297,081</b>	<b>4,712,656</b>	<b>2,049,232</b>				

Appendix D - Outstanding post scheme completion Monitoring and Evaluation reports

<b>Project</b>	<b>Area</b>	<b>1 Year Post Completion</b>
Labworth Car Park, Canvey Island modernisation	Essex	Outstanding
Digitally Connecting Rural Kent and Medway	Kent	Outstanding
St George's Creative Hub	Kent	Outstanding
The Amelia Scott	Kent	Outstanding
Transport and Logistics Institute	Thurrock	Outstanding





Innovation Hub: Diversification of Chatham Town Centre	Not contracted	1		£300,000		£300,000		£0																
Southend-on-Sea City Council																								
Better Queensway	GBF Spent - Work Ongoing	4	31/03/2034	£4,200,000	£4,200,000	£0	£17,700,000	£17,700,000	£0	70			445			2500	1669 housing units unlocked 110 housing units delivered							
South Essex No Use Empty	Financially complete	1	31/03/2025	£1,200,000	£1,153,108	£46,892	£1,300,000	£1,300,000	£0	28			706				28 housing units delivered	21			1048		7 housing units delivered 6 businesdes assisted	Process of completing loans takes longer than anticipated, causing delays to defrayal.
ASELA LFFN Phase 3	GBF Spent - Work Ongoing	3	31/03/2025	£500,000	£500,000	£0	£400,000	£0	£400,000	65							150 businesses asisted 2,600 broadband connections							
The Victoria Centre	Not contracted	1		£579,232		£579,232			£0															
Thurrock Council																								
ASELA LFFN Phase 2	Financially complete	3	30/11/2022	£2,500,000	£2,500,000	£0	£5,102,472	£5,910,972	£808,500															
Transport and Logistics Institute	Financially complete	3	30/11/2022	£600,000	£600,000	£0	£399,840	£3,610,356	£3,210,516															

**Project Status**

Term	Definition
Not contracted	Project does not have a signed contract in place
Contracted – All funding in place and delivery about to start	Where a signed contract is in place and the project is ready to commence
On-going delivery	Where the project is ongoing financially and outputs/outcomes are being delivered
GBF Spent - Work Ongoing	Where the project has spent all its GBF funding upfront but other match funding is still to be spent as well as outputs/outcomes being delivered
Financially complete	Where the project has spent all funding including the GBF and all match funding, and outcomes still being delivered
Completed – project complete	Where the project is totally complete both financially and practically with no more outputs/outcomes to report

NB Practical completion dates used for 'Actual/Expected Project completion date'

**Forward Plan reference numbers:** FP/AB/718 and FP/AB/719

<b>Report title:</b> Local Growth Fund Capital Programme Update	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Manager	
<b>Meeting date:</b> 16 February 2024	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:helen.dyer@southeastlep.com">helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> East Sussex, Essex, Kent, Medway, Thurrock and Southend	

## 1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the overall position of the Local Growth Fund (LGF) capital programme, as part of SELEP's Growth Deal with Government.

## 2. Recommendations

- 2.1. The Board is asked to:

2.1.1. **Agree** the reported LGF spend on project delivery in Q1, Q2 and Q3 2023/24 of £1.422m excluding DfT retained schemes and increasing to £1.552m including DfT retained schemes, as set out in Table 1 and Appendix A of the report.

2.1.2. **Agree** the updated completion dates for the following projects which have experienced a delay of more than 6 months:

2.1.2.1. Eastbourne Town Centre LSTF Access and Improvement Package – project completion delayed from May 2024 to May 2026.

2.1.3. **Note** the intention for East Sussex County Council to bring forward a change of scope for the Eastbourne and South Wealden Walking and Cycling Package and note that, following the dissolution of SELEP, this change will be managed through East Sussex County Council governance processes.

2.1.4. **Note** the deliverability and risk assessment, as set out in Appendix B.

2.1.5. **Note** the list of outstanding post scheme completion Monitoring and Evaluation reports, as set out in Appendix D of the report.

## 3. Summary position

## Local Growth Fund Capital Programme Update

- 3.1. The £578.9m SELEP LGF allocation received from the Ministry of Housing Communities and Local Government (MHCLG) (now named the Department for Levelling Up, Housing and Communities (DLUHC)) has been fully awarded to support delivery of projects.
- 3.2. In order to satisfy the commitment made to Government to secure the final tranche of LGF funding in 2020/21, and in accordance with decisions made by the Board, the majority of the remaining unspent LGF funding was transferred to Local Partners in March 2021 in accordance with the official end of the Growth Deal period. The remaining funding was transferred to Local Partners before the end of March 2022.
- 3.3. Delivery of the ongoing LGF projects and spend of the funding transferred to local partners at the end of 2020/21 and during 2021/22 has continued to be monitored by the Board. However, in light of the decision by Government to not provide any further core funding to LEPs and their expectation that LEP activities should transition to Upper Tier Local Authorities by the end of March 2024, responsibility for monitoring ongoing delivery and spend of the LGF funding will be transferred to the relevant Upper Tier Local Authorities. In addition, responsibility for completing the required 6 monthly reporting submissions to Government on all projects within the LGF programme will also transfer to the relevant Upper Tier Local Authorities.
- 3.4. It is intended that the transfer of responsibility for the LGF programme will be formalised through a Transition Agreement which is currently being drafted by Essex County Council (as Accountable Body for SELEP). The Transition Agreement will be accompanied by a Position Statement, which sets out the most up to date position in respect of each of the LGF projects. A draft Position Statement is provided at Appendix E. The Position Statement will be subject to a full review by the SELEP Secretariat following this meeting and will be shared with Upper Tier Local Authorities for their consideration prior to being formalised as part of the Transition Agreement.

## **4. Award of Local Growth Fund**

- 4.1. The Board has approved the award of the full £578.9m SELEP LGF allocation to 106 projects, including DfT retained schemes. The A127 Fairglen junction improvements project, a DfT retained scheme with an LGF allocation of £15m, is still awaiting approval by the DfT (as detailed under Agenda Item 10). Despite this, £1.5m of the LGF allocation has been spent to date following a request from Government to accelerate partial release of the funding.
- 4.2. At the Strategic Board meeting on 11 December 2020, a pipeline of LGF projects was agreed by SELEP Ltd. This pipeline has been used to facilitate the reallocation of LGF funding which has been returned to Essex County Council (as Accountable Body for SELEP).
- 4.3. There are two projects remaining on the LGF project pipeline – University of Essex – Parkside Phase 3 and Dartford Town Centre Improvements. It should be noted that, due to an identified Value for Money risk, there is a requirement

for the Dartford Town Centre Improvements project to provide an updated Business Case demonstrating that the project continues to comply with the requirements of the SELEP Assurance Framework prior to the award of any further LGF funding. To meet this requirement, the scheme promoter would have been required to develop a revised Business Case at risk, without any certainty of further LGF funding becoming available. This step has not been taken and a revised Business Case has not been received and therefore, given the impending dissolution of SELEP, there will no longer be an opportunity for any further LGF funding to be awarded to the project.

- 4.4. Whilst the Board will be presented with updates on all remaining High risk LGF projects during the course of this meeting, there are no recommendations with respect to the removal of LGF funding from these projects. It is therefore expected that no further LGF funding will become available for reallocation at this meeting. However, should the Board choose to propose alternative recommendations in respect of any of the projects which result in the return of LGF funding, an additional Board meeting will need to be scheduled to facilitate the reallocation of the funding. Should the value of any funding returned to Essex County Council (as Accountable Body for SELEP) exceed the value of the funding sought by the project remaining on the LGF pipeline, the GBF prioritised project pipeline will be used to facilitate the reallocation of the remaining funding.
- 4.5. No concerns have been raised regarding the deliverability of the projects remaining on the pipeline, as local partners or the relevant third-party delivery partners plan to meet the increase in project costs if required. It is therefore expected that delivery will continue in accordance with the Business Case if additional LGF funding is not awarded.

### **5. Local Growth Fund spend position**

- 5.1. LGF spend in 2023/24 to the end of Q3 (April to December 2023) is reported to total £1.422m excluding DfT retained schemes, increasing to £1.552m including DfT retained schemes.
- 5.2. The reported 2023/24 spend has been taken from the latest round of LGF quarterly reporting and demonstrates that reported spend in 2023/24 to date is £4.088m (excluding DfT retained schemes) or £3.915m (including DfT retained schemes) below the level forecast at the start of the financial year. This change is shown in Table 1 below.
- 5.3. It should be noted that LGF quarterly reporting was not provided by Medway Council or Thurrock Council in time for inclusion within this report and therefore the information set out within the report and accompanying appendices may not reflect the latest position. However, given that full spend of the LGF funding awarded to Medway Council was reported prior to the last Board meeting, and that Thurrock Council have previously reported full spend of the LGF funding awarded to all their projects, excluding Grays South, and that the Board have agreed that LGF spend on the Grays South project should be placed on hold, it is considered that the LGF spend figures reported

## Local Growth Fund Capital Programme Update

at previous Board meetings remain an accurate reflection of the position for both Medway and Thurrock.

**Table 1: 2023/24 spend position**

LGF (£m)							
	Reflects position shown in Q3 reporting submissions				Reflects forecast position at start of 2023/24		
	Forecast LGF spend 2023/24	Reported Actual spend Q1 to Q3 2023/24	% of Forecast LGF spend achieved in Q1 to Q3 2023/24	Forecast LGF spend Q4 2023/24	Forecast LGF spend 2023/24	Forecast LGF spend Q1 to Q3 2023/24	Variance between forecast LGF spend (Q1 to Q3 2023/24) and Actual spend
East Sussex	0.540	0.384	71.1%	0.156	3.452	1.996	-1.612
Essex	1.270	0.270	21.2%	1.000	1.886	1.257	-0.988
Kent	3.058	0.768	25.1%	2.289	3.719	2.256	-1.488
Medway	0.000	0.000	-	0.000	0.000	0.000	0.000
Southend	0.000	0.000	-	0.000	0.000	0.000	0.000
Thurrock	0.000	0.000	-	0.000	0.000	0.000	0.000
<b>LGF Sub-Total</b>	<b>4.867</b>	<b>1.422</b>		<b>3.445</b>	<b>9.057</b>	<b>5.510</b>	<b>-4.088</b>
Retained	0.131	0.131	100.00%	0.000	0.086	-0.042	0.173
<b>Total Spend</b>	<b>4.998</b>	<b>1.552</b>		<b>3.445</b>	<b>9.142</b>	<b>5.467</b>	<b>-3.915</b>

- 5.4. There are a number of factors which are impacting on the level of LGF spend, including ongoing COVID-19 and Brexit impacts on project delivery. There has been a widespread increase in materials costs which has adversely affected the majority of the ongoing projects and has in some cases resulted in the need for works to be reprocurd. This issue has been further compounded by delays in key material supply chains which have been affected by both the COVID-19 pandemic and Brexit, and labour shortages.
- 5.5. In addition, East Sussex County Council have advised that their previous Highways Contract expired in April 2023, with a new contractor taking over from 1 May 2023. As a result, there has been a need for the new contractor to review all schemes, including costings, prior to construction commencing onsite. This has impacted on a number of the ongoing transport schemes within East Sussex County Council's LGF programme, including the Eastbourne Town Centre LSTF Access and Improvement Package project which is considered in more detail in Section 7.7 of this report.
- 5.6. Thurrock Council has faced well documented challenges which have resulted in a complete review of their Capital Programme being undertaken. This review has particularly impacted on the Grays South project, which continues to hold unspent LGF funding. An update on the status of the Grays South project is provided under Agenda Item 9.
- 5.7. Table 2 below sets out the updated LGF spend forecast for future years.

Table 2: Summary LGF spend forecast – all years

LGF (£m)							
	Actual LGF spend to end of 2021/22	Actual LGF spend 2022/23	Actual LGF spend Q1 to Q3 2023/24	LGF forecast spend Q4 2023/24	LGF forecast spend 2024/25 onwards	Total	% LGF allocation spent by 31 December 2023
East Sussex	71.874	3.448	0.384	0.156	6.158	82.020	92.3%
Essex	93.130	5.786	0.270	1.000	13.806	113.991	87.0%
Kent	119.802	1.717	0.768	2.289	4.079	128.656	95.0%
Medway	32.440	0.000	0.000	0.000	0.000	32.440	100.0%
Southend	32.218	1.496	0.000	0.000	0.000	33.715	100.0%
Thurrock	30.142	0.000	0.000	0.000	5.699	35.840	84.1%
Skills	21.975	0.000	0.000	0.000	0.000	21.975	100.0%
M20 Junction 10a	19.700	0.000	0.000	0.000	0.000	19.700	100.0%
<b>Sub-total</b>	<b>421.279</b>	<b>12.447</b>	<b>1.422</b>	<b>3.445</b>	<b>29.742</b>	<b>468.335</b>	<b>92.9%</b>
DfT retained	96.862	0.107	0.131	0.000	13.500	110.600	87.8%
<b>Total spend forecast</b>	<b>518.141</b>	<b>12.554</b>	<b>1.552</b>	<b>3.445</b>	<b>43.242</b>	<b>578.935</b>	<b>91.9%</b>

- 5.8. Table 2 shows that 91.9% of the total LGF allocation (including DfT retained schemes) had been reported as spent by the end of December 2023. A further 0.6% of the LGF allocation is forecast for spend in Q4 2023/24, leaving 7.5% unspent as at 1 April 2024.
- 5.9. Table 2 demonstrates a slight increase in LGF spend since the last Board meeting and a significant reduction in the forecast level of LGF spend to be achieved by the end of 2023/24. As a consequence, an additional £6.08m LGF (1.1%) is now forecast for spend in 2024/25 and future years. Following the dissolution of SELEP, the onus will be on the Upper Tier Local Authorities to ensure that spend of the LGF funding is completed as soon as possible in line with the agreed business cases.
- 5.10. Delivery of the ongoing LGF projects and spend of the funding transferred to local partners at the end of 2020/21 and during 2021/22 should continue to be monitored until all projects have reached completion. Following the closure of SELEP, responsibility for on-going monitoring will be managed under locally agreed arrangements led by the responsible Upper Tier Local Authority.

## 6. Deliverability and Risk

- 6.1. Appendix B sets out a delivery update and risk assessment for all projects included in the LGF programme. This provides a detailed breakdown of the delivery progress for each LGF project, relative to the expected completion dates, as set out in the original Business Cases. In addition, the risk assessment takes into account whether required post scheme completion Monitoring and Evaluation reports have been submitted and whether spend of the match funding set out in each of the project Business Cases has been achieved (in the case of completed projects) or forecast (in the case of ongoing projects).
- 6.2. Changes to the structure of Appendix B have previously been made to ensure that it is possible to differentiate between those projects which have



completed their LGF spend but which are continuing to deliver against their agreed Business Case and those projects which have completed both LGF spend and delivery in accordance with their agreed Business Case. This change in approach has meant that a small number of projects which were previously reported as complete, due to their LGF allocation having been spent in full, are now being shown as ongoing including North Bexhill Access Road, East Sussex Strategic Growth Package and Bexhill Enterprise Park North.

- 6.3. The North Bexhill Access Road project has achieved practical completion, with construction works complete and the full length of the road opened for use by the public in March 2019. As has been reported previously, ancillary works which are not being funded through the LGF are being undertaken alongside the new road by Sea Change Sussex.
- 6.4. The East Sussex Strategic Growth project was intended to develop strategic business space and utilise its generated income as flexible recyclable investment funding to ensure the continued growth of quality employment space throughout East Sussex. The LGF funding awarded to the project was designed to be seed funding for multi-phase development. Therefore, only a portion of the development outlined within the Business Case was due to be funded through the LGF, with the remaining works being funded by income generated through letting or selling the assets delivered through the initial phase of the project.
- 6.5. The initial works delivered through the LGF funding have been delivered, however, a completion date for the remaining works outlined within the East Sussex Strategic Growth Business Case is not yet known as the timeline for delivery of the later phases of development has been adversely affected by the economic impacts of the COVID-19 pandemic and Brexit which have reduced the income achieved to date through the delivery of the initial phases of development.
- 6.6. Responsibility for monitoring delivery of the remaining works required as per the agreed project Business Case will sit with East Sussex County Council following the dissolution of SELEP.
- 6.7. LGF funding was awarded to the Bexhill Enterprise Park North project to bring forward enabling site and servicing infrastructure which will release the site for development. As outlined in the Business Case, it is expected that private sector investment will be forthcoming to fund the delivery of the planned commercial workspace on the site. Whilst the LGF funded enabling works have now been delivered, commercial workspace is yet to come forward on the site. East Sussex County Council have reported that required utility diversion works are in progress, and that it is understood that the developer will take steps to bring forward the first phase of the commercial workspace following completion of these works.

## Local Growth Fund Capital Programme Update

- 6.8. As the Value for Money offered by the project was calculated based on the existence of the commercial workspace, the project continues to be marked as being in progress.
- 6.9. The summary project risk assessment position is set out in Table 3 below. A score of 5 represents high risk (red) whereas a score of 1 represents low risk (green).
- 6.10. The risk assessment has been conducted for LGF projects based on:
- 6.10.1. **Delivery** – considers project delivery delays and delays in submission of the required post scheme completion Monitoring and Evaluation reports. SELEP has considered the delay between the original expected project completion date (as stated in the project Business Case) and the updated forecast project completion date.
- 6.10.2. To ensure consistency with Government guidance on the assessment of LGF project deliverability risk, all projects with a greater than 3 month delay are shown as having a risk of at least 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the delivery of expected project outcomes.
- 6.10.3. **Finances** – considers changes to project spend profiles, project budget, certainty and spend of match funding contributions and amount of LGF spend forecast beyond 31 December 2023.
- 6.10.4. **Reputation** – considers the reputational risk for the delivery partner, local authority and SELEP Ltd. This also considers delays in submission of required post scheme completion Monitoring and Evaluation reports.

*Table 3: Summary of LGF project risk*

Risk Score	Number of projects	LGF allocation to projects (£m)	LGF spend beyond 31 December 2023 (£m)
Low risk - 1	39	165.370	0.000
Low/Medium risk - 2	24	171.324	0.000
Medium risk - 3	20	83.156	2.806
Medium/High risk - 4	14	96.871	20.566
High risk - 5	9	62.215	23.316
<b>Total</b>	<b>106</b>	<b>578.935</b>	<b>46.687</b>

- 6.11. In total, £23.316m LGF is forecast for spend on high-risk projects beyond the end of Q3 2023/24.

6.12. Updates on 6 of the high-risk projects are provided under Agenda Items 9 and 10. In summary, the position regarding the other 3 high-risk projects is as follows:

- 6.12.1. Innovation Park Medway (2 projects with total LGF investment of £5.219m) – As the Board will be aware, a total of £11.447m of SELEP capital funding has been awarded to enable the delivery of Innovation Park Medway (including the reconfiguration of Rochester Airport and development of both the northern and southern sites) including a total LGF allocation of £9.62m. All SELEP funding has been spent supporting project delivery but limited benefits have been realised to date. Whilst this was identified as a risk, it was acknowledged that Medway Council were taking steps to bring forward development on the site which would facilitate realisation of the forecast benefits.
- 6.12.2. Whilst Medway Council did not provide an update on their LGF programme in time for inclusion within this report, a Medway Council Cabinet paper has been published in respect of the Innovation Park Medway project as a whole. The report sets out the challenges faced by the project, particularly in relation to the current financial climate (both in terms of the impact on borrowing costs for the Council and the financial position of potential occupiers of the site) and the changes to how businesses operate following the COVID-19 pandemic.
- 6.12.3. In June 2019, Medway Council Cabinet agreed that a direct delivery approach should be adopted for both Innovation Park sites. However, there is a concern that this is no longer the most appropriate route through which to develop the site. Therefore, the recommendation set out in the Cabinet paper is that development at Innovation Park Medway should be paused whilst work is undertaken to explore the best options for its future delivery.
- 6.12.4. The Cabinet paper indicates that this review is required to ensure the most sustainable future for Innovation Park Medway and to ensure that the outcomes envisaged (including 60,000sqm of commercial space and 3,000 High GVA jobs) are achieved. Whilst the rationale for this recommendation is understood, it does significantly increase the level of uncertainty with respect to how and when the forecast project benefits will be realised.
- 6.12.5. Queensway Gateway Road (LGF investment: £10m) – an update on the Queensway Gateway Road project was provided at the last Board meeting. An Outline Delivery Plan was provided for Board consideration, but East Sussex County Council were still not in a position to be able to confirm the delivery programme, total project cost or funding package. It was confirmed that East Sussex County Council and Sea Change Sussex (delivery partner) remain

committed to completing delivery of the project and that discussions between the parties continue.

- 6.12.6. The Board agreed that, given the importance of the project to the local area, it should be retained within the LGF programme. Noting that further work was required to confirm the total project cost, full funding package and construction programme and acknowledging the intention to agree with DLUHC that they will have ongoing oversight of the project following the closure of SELEP.
  - 6.12.7. Since the last Board meeting, East Sussex County Council have continued to engage with Sea Change Sussex in order to secure completion of the project. Given the limited amount of time which has passed since the last Board meeting, there are no significant developments to report at this meeting.
- 6.13. It should be noted that the letter detailing the outcome of SELEP's 2022/23 Annual Performance Review with Government expressed concern regarding the ongoing High risk LGF projects and the apparent lack of progress towards delivery. This feedback was, in part, due to the approach taken to reporting on LGF spend to Government but it is considered important that outstanding issues associated with High risk projects are addressed as soon as possible. Following the dissolution of SELEP, the onus will be on each Upper Tier Local Authority to ensure that the High risk projects continue to progress and that required updates are provided to Government in a timely manner.

### **7. Local Growth Fund project delivery beyond September 2021**

- 7.1. In April 2020, the Strategic Board agreed to extend the delivery of the Growth Deal period by six months to 30 September 2021. Any further extensions beyond this date must be considered by the Strategic Board and the Board on a case-by-case basis.
- 7.2. Based on the latest LGF reporting provided by local partners, 30 projects forecast LGF spend beyond 30 September 2021 totalling £76.77m. This included the three Kent County Council projects identified at the September 2022 Board meeting where full LGF spend was achieved prior to 30 September 2021 but could not be reported due to a delay in processing internal Kent County Council charges.
- 7.3. 27 of these projects have been considered and approved for spend beyond 30 September 2021 by both the Board and Strategic Board. The three Kent County Council projects have not sought approval for spend of the LGF funding beyond 30 September 2021 as the reporting of spend in 2022/23 is a reflection of a delay in completing required accounting processes, rather than a delay in spending the funding.
- 7.4. If any of the approved projects report a project completion date which is delayed by more than 6 months, there has been a long-standing requirement for a further decision to be taken by the Board to grant this extension. This

requirement is in line with the change management process set out in the Assurance Framework and Service Level Agreements between SELEP Ltd, Essex County Council (as Accountable Body for SELEP) and the Upper Tier Local Authorities.

- 7.5. At this meeting the Board are asked to consider one project which is reporting delays to its completion date of more than 6 months. The project has previously received Board approval for LGF spend beyond September 2021 and at that time was reporting an expected completion date of March 2022. The Board subsequently in July 2022 agreed an updated completion date for the project of May 2024 and the delays outlined below reflect the difference between the agreed completion date (May 2024) and the completion date provided in the LGF reporting submitted in the lead up to this meeting.
- 7.6. The Eastbourne Town Centre LSTF Access and Improvement Package project has received a total LGF investment of £8m, with £1.08m of this allocation currently reported as unspent.
- 7.7. The Eastbourne Town Centre project is split into two phases, with delivery of Phase 1 of the project completing in January 2020. East Sussex County Council have indicated that additional time is required for delivery of Phase 2. There are two key reasons why an extension to the project completion date has been sought, with details set out below:
  - 7.7.1. As indicated above, East Sussex County Council entered into a new Highways Contract (with a new contractor) which commenced on 1 May 2023. Since the commencement of the contract, work has been undertaken by the contractor to complete a detailed scheme review and gap analysis of the design work completed by the previous contractor. Whilst this work was underway, the project was effectively on hold which has impacted on the delivery programme.
  - 7.7.2. In addition, East Sussex County Council's Highways Contractor has highlighted that as another separately funded public realm improvement scheme is due to be delivered in close vicinity to the Eastbourne Town Centre project in a similar timeframe, extending the delivery programme means there is an increased chance of creating construction programme efficiencies across both sets of work which will help to minimise disruption to businesses in the town centre and along the primary pedestrian route linking the rail station, town centre and seafront.
- 7.8. As a result of these factors, East Sussex County Council are now reporting an expected completion date of May 2026.
- 7.9. Whilst work is not expected to commence onsite until March 2025, required surveys are being undertaken, early engagement with utility companies is under way and traffic management planning is underway with a view to minimising the impact on the town centre and any planned events, including the Eastbourne International Tennis Tournament, during construction.

- 7.10. East Sussex County Council have provided an indicative delivery programme for the remaining elements of the project, and this is set out in Table 4 below.

*Table 4: Indicative delivery programme for Eastbourne Town Centre LSTF Access and Improvement Package*

Milestone	Start Date	End Date
Detailed Design (including finalising the design, the Traffic Regulation Order (TRO) process and mobilisation of utilities companies)	February 2024	March 2025
Procurement (including the tender process and early contractor involvement with the preferred bidder)	December 2024	March 2025
Construction	March 2025	May 2026

- 7.11. The Board is asked to agree the updated completion date for the project.

Eastbourne and South Wealden Walking and Cycling Package

- 7.12. East Sussex County Council have also provided an update on the Eastbourne and South Wealden Walking and Cycling Package project. This update details work which has been ongoing to review the scope of the project following cost increases which have meant that it is no longer possible to deliver the full scope of the project as detailed in the approved LGF Business Case.

- 7.13. In summary, the project focuses on achieving the following objectives:

- 7.13.1. improving traffic congestion to support sustainable economic growth;
- 7.13.2. support the growing demand for improved walking and cycling infrastructure in this area;
- 7.13.3. increasing levels of cycling; and
- 7.13.4. tackling health and wellbeing issues resulting from physical inactivity.

- 7.14. To date, four schemes have been successfully delivered as part of the project:

- 7.14.1. Eastbourne Meads Area Vulnerable Road User Improvement Scheme: providing enhanced connectivity between the town centre, the Devonshire Quarter and the former University of Brighton campus, by making key junctions safer for pedestrians to navigate and slowing traffic speeds.
- 7.14.2. Friday Street Pedestrian Crossing: part of the Stone Cross – Eastbourne Seafront Cycle Route, replacing the existing crossing island with a signalised pedestrian crossing at the junction of Friday Street and Oak Tree Lane in Langney.

- 7.14.3. Eastbourne Town Centre Wayfinding Improvements: including the installation of finger posts and monoliths around Eastbourne town centre.
  - 7.14.4. Horsey Way Cycle Route Phase 3: providing a predominantly off-road cycle route between Lottbridge Drove and Langney roundabout, including an upgraded crossing over Lottbridge Drove to connect into the eastern end of Horsey Way Cycle Route Phase 2.
- 7.15. It has been concluded that there is insufficient funding available to deliver all five remaining elements of the project and therefore, East Sussex County Council have undertaken a full review of the project to determine which elements of the project should be taken forward. This review has taken into account the deliverability, affordability, value for money offered and strategic fit of each of the remaining interventions.
- 7.16. Following completion of the review, East Sussex County Council have concluded that the following three interventions should be taken forward:
- 7.16.1. Eastbourne Cycle Parking Stage 2 – provision of parking for 60 cycles across five locations across Eastbourne designed to make cycle trips more attractive and realistic for cyclists.
  - 7.16.2. Eastbourne Town Centre to Seafront Cycle Route – provision of a signed cycle route between Eastbourne Railway Station and the seafront primarily utilising residential roads with low traffic volumes.
  - 7.16.3. Horsey Way Cycle Route Phase 1b – provision of the final stage of the wider Horsey Way Cycle Route which will run between Eastbourne Railway Station and the Ringwood Route. Once this section is constructed, the full Horsey Way Cycle Route will link the Langney residential area of Eastbourne with the principal employment and commercial areas of Lottbridge Drove and the town centre.
- 7.17. East Sussex County Council have been developing a revised Business Case which considers the change in project scope outlined in this report, however, it has not been possible to bring this forward in time for consideration by the Board. Consequently, all decisions with respect to the change of scope, continued assurance of Value for Money and spend of the remaining LGF allocation (approximately £1.6m) will need to be considered through East Sussex County Council governance processes. This is in line with the process that will need to be adopted by all Upper Tier Local Authorities following the dissolution of SELEP.

## **8. LGF Programme Risks**

- 8.1. In addition to project specific risks, Appendix C sets out the overall programme risks.

- 8.2. Following receipt of confirmation from Central Government that they will not be providing core funding to LEPs after 2023/24 and that LEP activities should be transferred to local authorities from 2024/25, a new risk was added to the LGF programme risk register. This risk relates to the possibility of effective oversight of the LGF programme being lost as a result of the transition of activities to local authorities. This may result in projects not delivering in accordance with their agreed Business Cases and may lead to required reporting not being submitted to Government.
- 8.3. This risk is being mitigated through ongoing discussions between SELEP, Essex County Council (as the Accountable Body for SELEP) and the six Upper Tier Local Authority partners, which are focused on determining how the management of the capital programme should be taken forward post SELEP. As detailed under Agenda Item 13, there is an expectation that the six Upper Tier Local Authorities will enter into a Transition Agreement which will formalise arrangements in respect of the integration of LEP functions.
- 8.4. Another key risk which has been identified across the majority of the ongoing projects is the scale of the cost increases experienced and the extended delivery programmes required as a combined result of the COVID-19 pandemic and Brexit impacts on the labour and materials supply chain and the current high inflation levels. For projects which are still in the process of procuring a contractor, or which are required to re-tender due to delays in progressing the planned works, contractors are returning significantly higher costs than originally anticipated – resulting in either the need for additional funding to be secured or for value engineering to be undertaken. Cost increases are also impacting on projects which are already in delivery, with contractor claims for additional costs being received. There are limited mitigation measures available but purchasing of all materials at the outset of the construction programme has been identified as a mechanism for mitigating the risk of further cost increases as the project progresses onsite.
- 8.5. The other main risks include the impact of the COVID-19 pandemic on the delivery (and pace of delivery) of project outcomes, which could impact the overall value for money achieved through the delivery of the programme. This risk has been closely monitored at all stages of the LGF programme through the requirement placed on Local Authority partners to provide quarterly updates on each of their projects.
- 8.6. Alongside the risk of not realising the expected project outcomes, there is a risk that the benefits will be realised but not measured. There are a significant number of post scheme evaluation reports outstanding, mainly due to resourcing issues experienced by local partners, which mean it is not possible to give the Board and Central Government an accurate indication as to what has been achieved as a result of the LGF investment. It should, however, be noted that at least two Local Partner Authorities have now committed additional resource to bring the outstanding Monitoring and Evaluation reporting up to date.



## Local Growth Fund Capital Programme Update

- 8.7. A commitment to provide the resources needed to complete the required post scheme completion monitoring and evaluation reports is set out in each Business Case considered by the Board. A list of the outstanding post scheme completion evaluation reports is provided at Appendix D.
- 8.8. Following the dissolution of SELEP, Upper Tier Local Authorities will maintain responsibility for monitoring project outcomes but will also take on responsibility for provision of reporting to Government at six monthly intervals through 2024/25.
- 8.9. In early 2023/24, Essex County Council conducted an internal audit which sought to assess the robustness of SELEP's governance over decision making, project delivery and financial/risk management processes. This audit, whilst mostly satisfactory, did identify a required action in relation to the post scheme completion Monitoring and Evaluation reports. The audit identified the important role that these reports play in allowing the Board to effectively monitor project implementation and delivery. In addition, the reports provide assurance that the projects have delivered in accordance with their agreed Business Cases. The audit report places a responsibility on the SELEP Capital Programme Manager to put in place a process to help ensure that priority is given to outstanding Monitoring and Evaluation reports, and to ensure that these reports are presented to the Board.
- 8.10. In order to satisfy this action, the intention was that a greater focus would be placed on updating the Board on project benefits which have been realised and on providing a more comprehensive update on all outstanding Monitoring and Evaluation reports and the actions being taken to secure submission of these reports.
- 8.11. It was intended that a separate report which focused solely on the status of the post scheme completion monitoring and evaluation and which summarised the benefits which have been realised to date across both the LGF and Getting Building Fund (GBF) programmes would be presented at this meeting. However, further time is needed to ensure that the data is sufficiently robust and it is therefore intended that this information will be presented to the Strategic Board in March 2023, as part of a wider SELEP Capital Programme Impact report.
- 8.12. Whilst a full update has not been presented at this meeting, it should be noted that steps are being taken to secure the required post scheme completion reporting. These steps have included increased engagement between the SELEP Capital Programme team and local partner authorities and regular discussions and intelligence gathering on the approach to completing the required post scheme completion monitoring and evaluation reporting at the quarterly Programme Consideration Meetings (Officer meetings held in the lead up to Board meetings bringing together all capital programme leads across the SELEP area). The Programme Consideration Meetings also provided the opportunity for the SELEP Capital Programme team to feedback on any recurring errors or omissions which have been identified in reporting submissions which have been reviewed to date.

## 9. Financial Implications (Accountable Body comments)

- 9.1. Essex County Council, as the Accountable Body, is responsible for ensuring that the funding awarded by Government is utilised in accordance with the conditions set for use of the Grant. LGF is a capital grant awarded by Government and is subject to the following condition:

*The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.*

- 9.2. This condition requires that the grant is used to fund Capital expenditure; no end date for use of the grant is included within the conditions, however, it was the expectation of Government that it was used to fund the LGF projects and that it would be defrayed in full by the end of March 2020. Compliance with the grant conditions and wider reporting and assurance requirements are managed through Service Level Agreements (SLAs) which set out the conditions for use of the grant.
- 9.3. The Accountable Body held a £0 balance of LGF as at the end of 2021/22 as the remaining balance of LGF for each project was transferred to each Local Authority under the terms of the SLA that is in place with each Partner Authority.
- 9.4. The only outstanding LGF funding that remains to be received from Government is in respect of the A127 Fairglen junction improvements project, which is subject to final approval from the Secretary of State for Transport and is not now expected to be received prior to the close of SELEP; any funding approved in respect of this project will now be provided directly to Essex County Council (ECC) as delivery partner.
- 9.5. As the LGF for each project was transferred in advance of spend to the Local Authorities, there was a requirement for the Board to continue to effectively monitor the progress of the LGF projects that remain in delivery in order to provide assurance of delivery in line with the agreed business cases. The SLAs in place set out the Grant responsibilities for the Partner Authorities, which include providing regular reports to the Accountable Body and the SELEP Secretariat in the timescales and format specified by the SELEP Secretariat, to enable quarterly reporting to the Accountability Board and Government. It is noted that two Authorities did not provide the required reporting in time to inform this update and have therefore not fulfilled the requirements of the SLA's; the report indicates limited risks in terms of updates to the previously confirmed positions for these Authorities.
- 9.6. Following the closure of SELEP, this monitoring will continue to be the responsibility of the Upper Tier Local Authority Partner with a requirement to provide update reports and manage any further change requests directly with Government; this requirement will be transferred to the respective Local Authority Partner through the Transition Agreement being developed by the

Accountable Body for the purpose of transferring LEP functions and responsibilities of the Accountable Body, to the respective Partner Authority, in accordance with the expectations and agreement of Government (see Agenda item 13).

- 9.7. Updates on projects should include ongoing monitoring of possible risks which may impact delivery of LGF projects along with proposed mitigations; this is essential due to the current uncertain economic climate and high inflation, together with ongoing impacts experienced following the Covid-19 pandemic and Brexit.
- 9.8. Reporting is also required to include the monitoring and evaluation reports post completion of the respective projects; these reports should provide assurance to the Board that the anticipated outputs and outcomes set out in the business cases are being delivered; or an update should be provided where there are risks to realisation of the outputs and outcomes. This requirement is included in the SLAs in place with each Partner Authority.
- 9.9. Should the funding not be utilised in accordance with the conditions of the SLAs, Partners may be required by the Board to return the funding to the Accountable Body. This may include instances where LGF projects are unable to complete and abortive costs are incurred, as in this example, the costs may no longer meet the condition for the funding to be used only for Capital expenditure purposes.
- 9.10. It is noted that a number of projects that have experienced extended delays are now facing challenges to funding due to cost increases since the original business cases were completed. Under the terms of the SLAs with Partner Authorities, this risk of cost increase is the responsibility of Partners to mitigate and in some circumstances may require a change request or updated business case; moving forwards, following the closure of SELEP, change requirements should form part of the update reporting between the Local Authorities and Government and, where required, approval of Government sought to agree any change.

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

- 10.1. The grant funding has been administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and is required to be used in accordance with the terms of the Service Level Agreements between the Accountable Body and the Partner Authorities. It is a requirement that the Partner Authorities mirror the terms of the SLA within its funding agreements with the delivery partners. Where there are delays to a project end date of more than six months, under the terms of the SLA, Accountability Board approval is required.
- 10.2. Responsibility for LGF projects is to be transferred to the relevant Partner Authorities following the close of SELEP under a Transition Agreement to be entered into between the six upper tier local authorities and DLUHC. This agreement includes provisions for the Partner Authorities to manage the funds

in accordance with the relevant funding conditions and to monitor projects and report to DLUHC as notified to the Partner Authority.

## **11. Equality and Diversity implication**

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

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

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

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

## **12. List of Appendices**

12.1. Appendix A – LGF spend forecast update

12.2. Appendix B – Project deliverability and risk update

12.3. Appendix C – LGF Programme Risks

12.4. Appendix D – Outstanding post scheme completion monitoring and evaluation reports

12.5. Appendix E – Draft Position Statement (to be attached to Transition Agreement)

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

Role	Date
<b>Accountable Body sign off</b>  Michael Neumann  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	12/02/2024

Appendix A LGF spend forecast update

SELEP number	Project Name	Promoter	Spend to 2021/22	2022/23 Total	2023/24 Q1 Actual	2023/24 Q2 Actual	2023/24 Q3 Actual	2023/24 Q4 Forecast	2023/24 Forecast	2024/25 and beyond	All Years
<b>East Sussex</b>											
LGF00002	Newhaven Flood Defences	East Sussex	1.500								1.500
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	1.615	0.485							2.100
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	4.610	0.287	0.005	0.067	0.010	0.053	0.135	1.569	6.600
LGF00036	Queensway Gateway Road	East Sussex	10.000								10.000
LGF00066	Swallow Business Park, Hailsham (A22/A27 Growth Corridor)	East Sussex	1.400								1.400
LGF00067	Sovereign Harbour (aka Site Infrastructure Investment)	East Sussex	1.700								1.700
LGF00085	North Bexhill Access Road and Bexhill Enterprise Park	East Sussex	18.600								18.600
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	4.428	1.096	-0.222	0.013	0.074	0.033	-0.103	3.579	9.000
LGF00043	Hastings and Bexhill LSTF walking and cycling package (combined with above scheme)	East Sussex									
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	5.817	0.664	0.020	0.272	0.145	0.071	0.508	1.011	8.000
LGF00073	A22/A27 junction improvement package	East Sussex									
LGF00068	Coastal Communities Housing Intervention Hastings	East Sussex	0.667								0.667
LGF00097	East Sussex Strategic Growth Project	East Sussex	8.200								8.200
LGF00099	Devonshire Park	East Sussex	5.000								5.000
LGF00108	Bexhill Enterprise Park North	East Sussex	1.940								1.940
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	3.498	0.915							4.413
LGF00110	Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	East Sussex	0.500								0.500
LGF00116	Bexhill Creative Workspace	East Sussex	0.960								0.960
LGF00117	Exceat Bridge Replacement	East Sussex									
LGF00124	Eastbourne Fisherman	East Sussex	1.440								1.440
<b>Essex</b>											
LGF00004	Colchester Broadband Infrastructure	Essex	0.200								0.200
LGF00025	Colchester LSTF	Essex	2.400								2.400
LGF00026	Colchester Integrated Transport Package	Essex	5.000								5.000
LGF00027	Colchester Town Centre	Essex	4.600								4.600
LGF00028	TGSE LSTF - Essex	Essex	3.000								3.000
LGF00031	A414 Pinch Point Package: A414 First Avenue & Cambridge Rd junction	Essex	10.487								10.487
LGF00032	A414 Maldon to Chelmsford RBS	Essex	2.000								2.000
LGF00033	Chelmsford Station / Station Square / Mill Yard	Essex	3.000								3.000
LGF00034	Basildon Integrated Transport Package	Essex	6.586								6.586
LGF00037	Colchester Park and Ride and Bus Priority measures	Essex	5.800								5.800
LGF00048	A131 Chelmsford to Braintree	Essex	3.660								3.660
LGF00049	A414 Harlow to Chelmsford (removed from programme)	Essex									
LGF00050	A133 Colchester to Clacton	Essex	2.740								2.740
LGF00051	A131 Braintree to Sudbury (removed from programme)	Essex									
LGF00063	Chelmsford City Growth Area Scheme	Essex	10.000								10.000
LGF00064	Chelmsford Flood Alleviation Scheme (removed from programme)	Essex									
LGF00070	Beaulieu Park Railway Station	Essex								12.000	12.000
LGF00068	Coastal Communities Housing Intervention (Jaywick)	Essex	0.667								0.667
LGF00095	Gilden Way Upgrading, Harlow	Essex	5.000								5.000
LGF00098	Technical and Professional Skills Centre at Stansted Airport	Essex	3.500								3.500
LGF00100	Innovation Centre - University of Essex Knowledge Gateway	Essex	2.000								2.000
LGF00101	STEM Innovation Centre - Colchester Institute	Essex	5.000								5.000
LGF00102	A127/A130 Fairglen Interchange new link road	Essex	6.235								6.235
LGF00103	M11 Junction 8 Improvements	Essex	2.734	1.000							3.734
LGF00105	Mercury Rising Theatre	Essex	1.228								1.228
LGF00111	Basildon Digital Technologies Campus	Essex	2.150								2.150

Appendix A LGF spend forecast update

SELEP number	Project Name	Promoter	Spend to 2021/22	2022/23 Total	2023/24 Q1 Actual	2023/24 Q2 Actual	2023/24 Q3 Actual	2023/24 Q4 Forecast	2023/24 Forecast	2024/25 and beyond	All Years
LGF00112	Colchester Institute training centre (Groundworks and scaffolding)	Essex	0.050								0.050
LGF00113	USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Essex	0.900								0.900
LGF00114	Flightpath Phase 2	Essex	1.982								1.982
LGF00118	Basildon Innovation Warehouse (removed from programme)	Essex									
LGF00119	University of Essex Parkside (Phase 3)	Essex	0.499	4.501							5.000
LGF00125	New Construction Centre, Chelmsford	Essex	1.295								1.295
LGF00127	Colchester Grow on Space	Essex	0.417	0.285		0.270		1.000	1.270	1.806	3.777
<b>Kent</b>											
LGF00003	I3 Innovation Investment Loan Scheme	Kent	5.644				0.356		0.356		6.000
LGF00006	Tonbridge Town Centre Regeneration	Kent	2.631								2.631
LGF00007	Sittingbourne Town Centre Regeneration	Kent	2.500								2.500
LGF00008	M20 Junction 4 Eastern Overbridge	Kent	2.200								2.200
LGF00009	Tunbridge Wells Jct Improvement Package (formerly - A26 London Rd/ Speldhurst Rd/ Yew Tree Rd, Tun Wells)	Kent	1.177								1.177
LGF00010	Kent Thameside LSTF	Kent	4.500								4.500
LGF00011	Maidstone Gyrotory Bypass	Kent	4.600								4.600
LGF00012	Kent Strategic Congestion Management Programme	Kent	4.800								4.800
LGF00013	Middle Deal transport improvements	Kent	0.800								0.800
LGF00014	Kent Rights of Way improvement plan	Kent	1.000								1.000
LGF00015	Kent Sustainable Interventions Programme	Kent	2.728								2.728
LGF00016	West Kent LSTF	Kent	4.900								4.900
LGF00017	Folkestone Seafront : onsite infrastructure and engineering works	Kent	0.541								0.541
LGF00038	A28 Chart Road - on hold	Kent	2.756								2.756
LGF00039	Maidstone Integrated Transport	Kent	5.494	1.080	0.000	0.078	-0.003	1.252	1.327	1.000	8.900
LGF00040	A28 Sturry Link Road	Kent	1.228	0.218	0.055	0.066	0.217	1.038	1.375	3.079	5.900
LGF00053	Rathmore Road	Kent	4.200								4.200
LGF00054	A28 Sturry Rd Integrated Transport Package (removed from programme)	Kent									
LGF00055	Maidstone Sustainable Access to Employment	Kent	2.000								2.000
LGF00059	Ashford Spurs	Kent	7.885	0.002							7.887
LGF00041	Thanet Parkway	Kent	14.000								14.000
LGF00058	Dover Western Dock Revival	Kent	5.000								5.000
LGF00060	Westenhanger Lorry Park (removed from Programme)	Kent									
LGF00062	Folkestone Seafront (non-transport)	Kent	5.000								5.000
LGF00072	A226 London Road/B255 St Clements Way	Kent	4.200								4.200
LGF00068	Coastal Communities Housing Intervention (Thanet)	Kent	0.667								0.667
LGF00086	Dartford Town Centre Transformation	Kent	4.300								4.300
LGF00088	Fort Halsted (removed from programme)	Kent									
LGF00092	A2500 Lower Road	Kent	1.265								1.265
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	Kent	6.978	0.366							7.344
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from programme)	Kent									
LGF00094	Leigh Flood Storage Area	Kent	2.299	0.051							2.349
LGF00106	Sandwich Rail Infrastructure	Kent	1.913								1.913
LGF00120	M2 J5 improvements	Kent	1.600								1.600
LGF00121	Kent and Medway Medical School	Kent	9.000								9.000
LGF00126	East Malling Advanced Technology Horticultural Zone	Kent	1.998	0.001							1.999
<b>Medway</b>											
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	Medway	1.821								1.821
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	8.600								8.600

Appendix A LGF spend forecast update

SELEP number	Project Name	Promoter	Spend to 2021/22	2022/23 Total	2023/24 Q1 Actual	2023/24 Q2 Actual	2023/24 Q3 Actual	2023/24 Q4 Forecast	2023/24 Forecast	2024/25 and beyond	All Years
LGF00020	Chatham Town Centre Place-making and Public Realm Package	Medway	4.200								4.200
LGF00021	Medway Cycling Action Plan	Medway	2.500								2.500
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	2.200								2.200
LGF00061	Rochester Airport - phase 1	Medway	4.400								4.400
LGF00089	IPM (Rochester Airport - phase 2)	Medway	3.700								3.700
LGF00091	Strood Civic Centre - flood mitigation	Medway	3.500								3.500
LGF00122	IPM 2 (Rochester Airport - phase 3)	Medway	1.519								1.519
<b>Southend</b>											
LGF00005	Southend Growth Hub	Southend	0.720								0.720
LGF00107	Southend Forum 2	Southend									
LGF00029	TGSE LSTF - Southend	Southend	1.000								1.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	Southend	7.000								7.000
LGF00057	London Southend Airport Business Park Phase 1 and 2 (including Southend and Rochford Joint Area Action Plan)	Southend	23.163	0.207							23.370
LGF00115	Southend Town Centre	Southend	0.336	1.289							1.625
<b>Thurrock</b>											
LGF00030	TGSE LSTF - Thurrock	Thurrock	1.000								1.000
LGF00046	Thurrock Cycle Network	Thurrock	5.000								5.000
LGF00047	London Gateway/Stanford le Hope	Thurrock	7.500								7.500
LGF00052	A13 Widening - development	Thurrock	5.000								5.000
LGF00056	Purfleet Centre	Thurrock	5.000								5.000
LGF00104	Grays South	Thurrock	5.142							5.699	10.840
LGF00123	Tilbury Riverside (removed from programme)	Thurrock									
	A13 widening - additional funding	Thurrock	1.500								1.500
<b>Managed Centrally</b>											
LGF00001	Skills		21.975								21.975
LGF00071	M20 Junction 10a		19.700								19.700
<b>Sub-total</b>			<b>421.279</b>	<b>12.447</b>	<b>-0.142</b>	<b>0.765</b>	<b>0.799</b>	<b>3.445</b>	<b>4.867</b>	<b>29.742</b>	<b>468.335</b>

**DfT retained schemes**

LGF00079	A127 Fairglen Junction Improvements	Essex	1.500							13.500	15.000
LGF00080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	Essex	4.000								4.000
LGF00081	A127 Kent Elms Corner	Southend	4.300								4.300
LGF00082	A127 The Bell	Southend	4.062	0.107	0.131				0.131		4.300
LGF00083	A127 Essential Bridge and Highway Maintenance - Southend	Southend	8.000								8.000
LGF00084	A13 Widening	Thurrock	75.000								75.000
<b>Sub-total retained schemes</b>			<b>96.862</b>	<b>0.107</b>	<b>0.131</b>				<b>0.131</b>	<b>13.500</b>	<b>110.600</b>

<b>Total all schemes</b>			<b>518.141</b>	<b>12.554</b>	<b>-0.011</b>	<b>0.765</b>	<b>0.799</b>	<b>3.445</b>	<b>4.998</b>	<b>43.242</b>	<b>578.935</b>
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Appendix B - Local Growth Fund Delivery and Risk

Project	Accountability Board approval	Delivery Status	Deliverability							Financial					Overall RAG rating	
			Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (November 2023)	Expected completion date (January 2024)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of 2022/23 (£)	Spend Q1 to Q3 2023/24 (£)	Forecast LGF spend from Q4 2023/24 onwards (£)	Financials RAG rating		Reputational risk RAG
<b>East Sussex</b>																
Newhaven Flood Defences	Jun-15	LGF project delivered	Complete	Feb-20	Mar-22	Mar-22	26		1	1,500,000	1,500,000			4	1	2
Hailsham, Polegate and Eastbourne Movement and Access Transport scheme	Feb-17	Design in progress	Complete	Mar-20	Mar-25	Mar-25	61		5	2,100,000	2,100,000			3	3	4
Eastbourne and South Wealden Walking and Cycling LSTF package	Nov-15 and Feb-19	Construction in progress	Ongoing	Mar-21	Dec-24	Dec-24	46		5	6,600,000	4,896,233	82,498	1,621,270	3	3	4
Queensway Gateway Road	Mar-15	Construction in progress	Complete	Mar-16	TBC	TBC			5	10,000,000	10,000,000			5	5	5
Swallow Business Park, Hailsham	Feb-16	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			3	1,400,000	1,400,000			4	3	3
Sovereign Harbour	Feb-16	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			1	1,700,000	1,700,000			1	1	1
North Bexhill Access Road and Bexhill Enterprise Park	Nov-15	Construction in progress	Complete	Mar-18	TBC	TBC			5	18,600,000	18,600,000			1	3	3
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	Ongoing	Mar-21	Mar-26	Jul-26	65	4	5	9,000,000	5,524,458	135,561	3,611,103	3	3	4
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	Ongoing	Mar-21	Dec-24	May-26	63	17	5	8,000,000	6,481,329	436,906	1,081,765	3	3	4
Coastal Communities Housing Intervention Hastings	Feb-17	LGF project delivered	Complete	Apr-20	Mar-20	Mar-20			3	666,667	666,667			4	3	3
East Sussex Strategic Growth Project	Jan-17	Project in progress	Complete	Mar-21	TBC	TBC			5	8,200,000	8,200,000			4	3	4
Devonshire Park	Mar-17	LGF project delivered	Complete	Mar-20	Nov-19	Nov-19			3	5,000,000	5,000,000			5	3	4
Bexhill Enterprise Park North	Jun-19	Project in progress	Complete	Mar-20	TBC	TBC			5	1,940,000	1,940,000			4	3	4
Skills for Rural Businesses Post-Brexit (Plumpton College)	Jun-19 and Feb-21	LGF project delivered	Complete	Mar-21	Mar-23	Mar-23	24		1	4,413,000	4,413,000			3	1	2
Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	Jun-19	LGF project delivered	Complete	Mar-21	Mar-23	Mar-23	24		1	500,000	500,000			2	1	1
Bexhill Creative Workspace	Sep-19	LGF project delivered	Complete	May-20	Apr-22	Apr-22	23		1	960,000	960,000			4	1	2
Eastbourne Fisherman's Quayside and Infrastructure Development project	Jul-20 and Feb-21	LGF project delivered	Complete	Jul-21	Mar-22	Mar-22	8		1	1,440,000	1,440,000			1	3	2
<b>Essex</b>																
Colchester Broadband Infrastructure	Mar-15	LGF project delivered	Complete	Mar-16	Mar-16	Mar-16			1	200,000	200,000			1	1	1
Colchester LSTF	Mar-15	LGF project delivered	Complete	Mar-16	Dec-16	Dec-16	9		1	2,400,000	2,400,000			1	1	1
Colchester Integrated Transport Package	Mar-15	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			1	5,000,000	5,000,000			2	1	1
Colchester Town Centre	Mar-15	LGF project delivered	Complete	Mar-16	Jan-18	Jan-18	22		1	4,600,000	4,600,000			1	1	1
TGSE LSTF - Essex	Mar-15	LGF project delivered	Complete	Aug-16	Mar-17	Mar-17	7		1	3,000,000	3,000,000			1	1	1
A414 Pinch Point Package	Jun-15	LGF project delivered	Complete	Mar-17	Mar-19	Mar-19	24		1	10,487,000	10,487,000			1	1	1
A414 Maldon to Chelmsford RBS	Jun-15	LGF project delivered	Complete	Mar-17	Dec-16	Dec-16			1	2,000,000	2,000,000			1	1	1
Chelmsford Station/Station Square/Mill Yard	Jun-15	LGF project delivered	Complete	Dec-17	May-19	May-19	17		1	3,000,000	3,000,000			1	1	1
Basildon Integrated Transport Package	Mar-15, May-17 and Feb-19	LGF project delivered	Complete	Mar-21	May-21	May-21	2		1	6,586,000	6,586,000			1	1	1
Colchester Park and Ride and Bus Priority measures	Mar-15	LGF project delivered	Complete	Apr-15	Apr-15	Apr-15			1	5,800,000	5,800,000			1	1	1
A127 Fairglen junction improvements	Pending	Approval pending	Ongoing	Sep-22	TBC	Jan-27	54		5	15,000,000	1,500,000		13,500,000	5	5	5
A127 capacity enhancements	Jun-15	LGF project delivered	Complete	Dec-20	Nov-18	Nov-18			1	4,000,000	4,000,000			1	1	1
A131 Chelmsford to Braintree	Feb-17	LGF project delivered	Complete	Mar-20	Apr-20	Apr-20	1		1	3,660,000	3,660,000			1	1	1
A133 Colchester to Clacton	Nov-17	LGF project delivered	Complete	Mar-20	Jun-20	Jun-20	3		1	2,740,000	2,740,000			1	1	1
Chelmsford City Growth Area Scheme	Dec-17	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	6		1	10,000,000	10,000,000			1	1	1
Beaulieu Park Railway Station	Feb-19	Construction in progress	Ongoing	Mar-24	Dec-25	Dec-25	21		5	12,000,000			12,000,000	5	3	4
Coastal Communities Housing Intervention Jaywick	Feb-17	LGF project delivered	Complete	Jun-19	Jun-19	Jun-19			3	666,667	666,667			1	3	2
Gilden Way upgrading	Dec-17	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	6		1	5,000,000	5,000,000			1	1	1
Technical and Professional Skills Centre at Stansted Airport	May-17	LGF project delivered	Complete	Sep-18	Sep-18	Sep-18			1	3,500,000	3,500,000			1	1	1

Appendix B - Local Growth Fund Delivery and Risk

Project	Deliverability									Financial						
	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (November 2023)	Expected completion date (January 2024)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of 2022/23 (£)	Spend Q1 to Q3 2023/24 (£)	Forecast LGF spend from Q4 2023/24 onwards (£)	Financials RAG rating	Reputational risk RAG	Overall RAG rating
Innovation Centre - University of Essex Knowledge Gateway	Sep-17	LGF project delivered	Complete	Jan-19	Apr-19	Apr-19	3		1	2,000,000	2,000,000			1	1	1
STEM Innovation Centre - Colchester Institute	Dec-17	LGF project delivered	Complete	Jan-19	Apr-20	Apr-20	15		1	5,000,000	5,000,000			1	1	1
A127/A130 Fairglen Interchange new link road	Feb-19	Design in progress	Complete	Apr-22	TBC	Jan-27	59		5	6,235,000	6,235,000			4	4	4
M11 junction 8 improvements	Nov-17 and Mar-21	Construction in progress	Complete	Mar-21	Mar-25	May-25	51	2	5	3,733,896	3,733,896			3	2	3
Mercury Rising Theatre	Nov-17 and Sep-21	LGF project delivered	Complete	Mar-20	Mar-22	Mar-22	24		1	1,228,000	1,228,000			1	1	1
Basildon Digital Technologies Campus	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		1	2,150,000	2,150,000			1	1	1
Colchester Institute training centre (Groundworks and scaffolding)	Jun-19	LGF project delivered	Complete	Jan-20	Mar-21	Mar-21	14		1	50,000	50,000			1	1	1
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		1	900,000	900,000			1	1	1
Flightpath Phase 2	Jun-19 and Feb-21	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		1	1,981,500	1,981,500			1	1	1
University of Essex Parkside (Phase 3)	Feb-20	Construction in progress	Complete	Mar-21	Mar-24	Mar-24	37		5	5,000,000	5,000,000			2	2	3
New Construction Centre, Chelmsford College	Jul-20	LGF project delivered	Complete	Sep-21	Mar-23	Mar-23	18		1	1,295,200	1,295,200			1	1	1
Colchester Grow on Space, Queen Street	Feb-21	Construction in progress	Ongoing	Jul-22	May-25	Jun-25	36	1	5	3,777,451	702,040	269,565	2,805,846	3	2	3
<b>Kent</b>																
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	LGF project delivered	Complete	Mar-21	Nov-23	Nov-23	32		1	6,000,000	5,643,546	356,454		4	2	2
Tonbridge Town Centre Regeneration	Mar-15	LGF project delivered	Complete	Mar-17	Apr-17	Apr-17	1		3	2,631,269	2,631,269			1	3	2
Sittingbourne Town Centre Regeneration	Nov-15	LGF project delivered	Complete	Sep-16	Mar-21	Mar-21	55		3	2,500,000	2,500,000			4	3	3
M20 junction 4 Eastern Overbridge	Mar-15	LGF project delivered	Complete	Feb-17	Feb-17	Feb-17			3	2,200,000	2,200,000			2	3	3
Tunbridge Wells junction improvement package	Jun-15 and Sep-17	LGF project delivered	Complete	Sep-19	Mar-19	Mar-19			3	1,176,611	1,176,611			3	4	3
Kent Thameside LSTF	Mar-15	LGF project delivered	Complete	Mar-21	Sep-22	Sep-22	18		1	4,500,000	4,500,000			1	1	1
Maidstone Gytratory Bypass	Mar-15	LGF project delivered	Complete	Feb-17	Dec-16	Dec-16			3	4,600,000	4,600,000			1	3	2
Kent Strategic Congestion Management programme	Mar-15, Apr-16, Feb-17 and Feb-18, and Feb-21	LGF project delivered	Complete	Mar-21	May-22	May-22	14		1	4,800,000	4,800,000			3	1	2
Middle Deal transport improvements	Feb-16	LGF project delivered	Complete	Dec-16	Sep-21	Sep-21	58		1	800,000	800,000			1	1	1
Kent Rights of Way improvement plan	Mar-15	LGF project delivered	Complete	Mar-21	Mar-23	Mar-23	24		1	1,000,000	1,000,000			4	1	2
Kent Sustainable Interventions Programme	Mar-15, Apr-16, Feb-17 and Feb-18	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			3	2,727,586	2,727,586			4	3	3
West Kent LSTF	Apr-16	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	6		1	4,900,000	4,900,000			3	1	2
Folkestone Seafroont: onsite infrastructure	Mar-15	LGF project delivered	Complete	Sep-15	Mar-16	Mar-16	6		3	541,145	541,145			1	3	2
A28 Chart Road	Nov-15	Project on hold	Complete	Mar-20	TBC	TBC			5	2,756,283	2,756,283			5	4	5
Maidstone Integrated Transport Package	Nov-15 and Jun-18	Construction in progress	Ongoing	Feb-20	Dec-24	Dec-24	59		5	8,900,000	6,573,420	74,860	2,251,720	3	3	4
A28 Sturry Link Road	Jun-16	Design in progress	Ongoing	Oct-21	Dec-26	Dec-26	63		5	5,900,000	1,445,982	337,040	4,116,978	5	5	5
Rathmore Road	Nov-15	LGF project delivered	Complete	Nov-17	Feb-18	Feb-18	3		3	4,200,000	4,200,000			2	3	3
Maidstone Sustainable Access to Employment	Nov-15	LGF project delivered	Complete	Mar-16	Jun-17	Jun-17	15		1	2,000,000	2,000,000			1	1	1
Ashford Spurs	Sep-16 and May-17	LGF project delivered	Complete	Apr-18	Apr-20	Apr-20	24		1	7,886,830	7,886,830			1	3	2
Thanet Parkway	Apr-19	LGF project delivered	Complete	Dec-21	Jul-23	Jul-23	19		1	14,000,000	14,000,000			3	3	2

Appendix B - Local Growth Fund Delivery and Risk

Project	Deliverability									Financial						
	Accountability Board approval	Delivery Status	Spend status of LGF funding award	Expected completion date (as stated in Business Case)	Expected completion date (November 2023)	Expected completion date (January 2024)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of 2022/23 (£)	Spend Q1 to Q3 2023/24 (£)	Forecast LGF spend from Q4 2023/24 onwards (£)	Financials RAG rating	Reputational risk RAG	Overall RAG rating
Dover Western Docks revival	Feb-17	LGF project delivered	Complete	Feb-17	Apr-17	Apr-17	2		1	5,000,000	5,000,000			1	1	1
Folkestone Seafront (non-transport)	Feb-16	LGF project delivered	Complete	Dec-17	Mar-18	Mar-18	3		3	5,000,000	5,000,000			4	3	3
A226 London Road/B255 St Clements Way	Nov-16	LGF project delivered	Complete	Mar-20	May-19	May-19			3	4,200,000	4,200,000			2	3	3
Coastal Communities Housing Intervention (Thanet)	Feb-16	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			1	666,666	666,666			1	1	1
Dartford Town Centre Transformation	Apr-18	Construction in progress	Complete	Mar-21	Dec-26	Dec-26	70		5	4,300,000	4,300,000			2	3	3
A2500 Lower Road	Sep-17	LGF project delivered	Complete	Dec-19	Mar-19	Mar-19			3	1,264,930	1,264,930			1	3	2
Kent and Medway EDGE hub	Sep-17, Mar-21 and Sep 21	LGF project delivered	Complete	Aug-20	Dec-22	Dec-22	28		1	7,344,000	7,344,000			2	1	1
Leigh Flood Storage Area and East Peckham - unlocking growth	Sep-18	Construction in progress	Complete	Jul-23	Mar-26	Mar-26	32		5	2,349,000	2,349,000			2	2	3
Sandwich Rail Infrastructure	Nov-17	LGF project delivered	Complete	Mar-20	Feb-20	Feb-20			1	1,913,170	1,913,170			2	1	1
M2 Junction 5	Feb-20	Construction in progress	Complete	Jan-23	Dec-24	Dec-24	23		5	1,600,000	1,600,000			3	3	4
Kent and Medway Medical School	Nov-19, Jul-20 and Feb-21	LGF project delivered	Complete	Sep-20	Jun-21	Jun-21	9		1	9,000,000	9,000,000			1	1	1
East Malling Advanced Technology Horticultural Zone	Jun-20 and Feb-21	LGF project delivered	Complete	Jul-21	May-22	May-22	10		1	1,998,600	1,998,600			1	1	1
<b>Medway</b>																
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	Complete	Dec-20	TBC	TBC			4	1,821,046	1,821,046			5	4	4
Strood Town Centre	Mar-15	LGF project delivered	Complete	Jun-18	Mar-22	Mar-22	46		3	8,600,000	8,600,000			4	3	3
Chatham Town Centre	Mar-15	LGF project delivered	Complete	Jul-17	Dec-19	Dec-19	29		3	4,200,000	4,200,000			1	3	2
Medway Cycling Action Plan	Mar-15	LGF project delivered	Complete	Mar-18	Mar-19	Mar-19	12		3	2,500,000	2,500,000			2	3	3
Medway City Estate	Mar-15	LGF project delivered	Complete	Mar-21	Apr-22	Apr-22	13		1	2,200,000	2,200,000			1	3	2
Rochester Airport - phase 1	Jun-16	LGF project delivered	Complete	Mar-18	Nov-21	Nov-21	45		3	4,400,000	4,400,000			1	3	2
Innovation Park Medway (phase 2)	Feb-19	Construction in progress	Complete	Dec-20	Jul-23	Feb-24	38	7	5	3,700,000	3,700,000			4	5	5
Strood Civic Centre - flood mitigation	Feb-18	LGF project delivered	Complete	Apr-19	Jun-19	Jun-19	2		3	3,500,000	3,500,000			5	3	4
Innovation Park Medway (phase 3)	Jul-20	Construction in progress	Complete	Dec-21	Jul-23	Feb-24	26	7	5	1,518,500	1,518,500			4	5	5
<b>Southend</b>																
Southend Growth Hub	2015	LGF project delivered	Complete	Dec-16	Mar-17	Mar-17	3		3	720,000	720,000			1	3	2
TGSE LSTF - Southend	Mar-15	LGF project delivered	Complete	Aug-16	Mar-17	Mar-17	7		3	1,000,000	1,000,000			1	3	2
A127 Kent Elms Corner	Jun-16	LGF project delivered	Complete	May-17	May-19	May-19	25		3	4,300,000	4,300,000			2	3	3
A127 The Bell	Nov-18 and Feb-19	Construction in progress	Complete	Mar-21	Mar-24	Mar-24	37		5	4,300,000	4,169,284	130,716		3	2	3
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19 and Feb 2021	LGF project delivered	Complete	Mar-21	Aug-21	Aug-21	5		1	8,000,000	8,000,000			1	1	1
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	LGF project delivered	Complete	Mar-21	Jun-22	Jun-22	15		1	7,000,000	7,000,000			1	1	1
London Southend Airport Business Park	Feb-16, Sep-17, Sep-18 and Sep-21	LGF project delivered	Complete	Mar-21	Jul-23	Jul-23	28		1	23,369,517	23,369,517			1	1	1
Southend Town Centre Interventions	Jul-20 and Feb-21	LGF project delivered	Complete	Mar-21	Jan-24	Jan-24	35		5	1,625,000	1,625,000			1	2	3
<b>Thurrock</b>																
TGSE LSTF - Thurrock	Mar-15	LGF project delivered	Complete	Mar-16	Mar-20	Mar-20	49		3	1,000,000	1,000,000			1	3	2
Thurrock Cycle Network	Apr-16	LGF project delivered	Complete	Mar-19	Mar-19	Mar-19			3	5,000,000	5,000,000			1	3	2
London Gateway/Stanford le Hope	Feb-17	Design in progress	Complete	Dec-18	TBC	Jun-25	79		5	7,500,000	7,500,000			5	5	5
A13 - widening development	Feb-17	LGF project delivered	Complete	Dec-19	Dec-20	Dec-20	12		1	5,000,000	5,000,000			1	1	1
Purfleet Centre	Jun-16	On hold	Complete	Sep-27	TBC	TBC			5	5,000,000	5,000,000			4	5	5
Grays South	Feb-19	On hold	Ongoing	Jul-22	TBC	Sep-28	75		5	10,840,274	5,141,603	5,698,671		5	5	5
A13 widening	Apr-17, Jul-20 and Mar-21	LGF project delivered	Complete	Dec-19	Sep-23	Sep-23	46		1	76,500,000	76,500,000			3	3	2
<b>Managed Centrally</b>																
Capital Skills	Mar-15	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			3	21,974,561	21,974,561			4	4	4
M20 Junction 10a	Feb-17	LGF project delivered	Complete	Sep-20	Dec-19	Dec-19			3	19,700,000	19,700,000			1	3	2
<b>TOTAL</b>										<b>578,935,369</b>	<b>530,695,539</b>	<b>1,552,478</b>	<b>46,687,353</b>			

Appendix C - LGF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Delivery of LGF project benefits</b>	Local partners have made substantial progress towards the delivery of LGF projects, including the outputs identified in the project business cases. However, the economic impact of COVID-19 is likely to substantially reduce the benefits achieved through LGF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the LGF programme.	4	5	20	Following the closure of SELEP, it will be the responsibility of the Upper Tier Local Authorities to ensure that projects continue to offer High value for money and to monitor the level of benefits expected to be realised as a result of project delivery.
<b>Closure of SELEP</b>	In August 2023, Government confirmed that LEPs will no longer receive core funding after 2023/24, and that there is an expectation that LEP activities will be transitioned into local authorities. This means that the oversight of the LGF programme, including any required engagement with Government, will cease at or close to 31 March 2024.  It is important that new arrangements are put in place to ensure that oversight of the LGF programme continues. Without appropriate oversight there is a risk that projects may not be delivered in accordance with approved Business Cases and that required programme wide reporting will not be provided to Government.	4	4	16	Following receipt of advice from Government, discussions are ongoing between SELEP, Essex County Council (as Accountable Body for SELEP) and all six Upper Tier Local Authority partners to determine how the management of the capital programme should be taken forward post SELEP. It is intended that a Transition Agreement which covers the transfer of SELEP activities to the Upper Tier Local Authorities will be put in place. This agreement will manage the transfer of responsibilities from SELEP and the Accountable Body to Local Authority Partners.
<b>Operational budgets</b>	Given the current financial climate, there may be financial challenges to the future operation of LGF projects by the private sector, including Higher Education Institutions and Further Education providers. As well as impacting the delivery stage of the projects, this is also likely to impact the operation of the projects once delivered and impact the scale/pace to benefits realisation through the project.	4	4	16	As part of the business case assessment, scheme promoters are required to provide information about the commercial operation of the project post delivery.  Any changes to the viability of projects should be actively monitored by Upper Tier Local Authorities following the closure of SELEP in March 2024.
<b>Affordability of LGF projects</b>	There are likely to be substantial delays to LGF projects at each stage of project delivery as a result of COVID-19, with an impact on the total cost of LGF projects. This is likely to be further exacerbated by increasing materials costs and rising inflation levels, which has been widely reported across the LGF programme.  In addition, there is also a risk to S106 funding contributions which have previously been committed towards LGF projects. Local authority budgets are likely to come under increased pressure and private sector contributions may not be available to the scale/timescales originally anticipated.	5	3	15	The risk of project cost increases sits with the local authority partners and as such, SELEP encourages all partner authorities to review the financial position of all LGF projects.  Early engagement with contractors and the supply chain is advised.  The risk to the LGF programme is reducing as the number of completed LGF projects increases, however, this risk has the potential to impact on all ongoing LGF projects.
<b>Failure of third-party organisations to deliver LGF projects</b>	Local authorities have entered into contract with third party organisations, such as district authorities, private sector companies, further education and higher education providers to deliver LGF projects. If the external organisations experience financial difficulty and are unable to deliver LGF projects, it may not be possible to recover the LGF from these organisations should they enter administration.	5	3	15	SELEP encourages local authorities to complete additional financial checks prior to entering into contract or transferring LGF to third party organisations and to ensure clear processes are in place for the oversight of LGF projects delivered by third party organisations.  The risk to the LGF programme is reducing as the number of completed LGF projects increases, however, this risk has the potential to impact on all ongoing LGF projects.

Appendix C - LGF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Supply Chain Risk</b>	Private sector companies within the supply chain may be vulnerable to the current economic situation. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.	3	3	9	<p>SELEP encourages local authorities to complete additional financial checks for contractors and sub-contractors prior to entering into any new contracts and reviewing the financial position as part of the contract management for existing contracts.</p> <p>The risk to the LGF programme is reducing as the number of completed LGF projects increases, however, this risk has the potential to impact on all ongoing LGF projects.</p>
<b>LGF spend beyond the Growth Deal period</b>	Based on the LGF spend figures reported at the end of 2020/21, LGF totalling £106.351m will be spent beyond the original Growth Deal deadline of 31 March 2021.	3	3	9	<p>All projects which are forecasting LGF spend beyond the revised Growth Deal deadline are required to meet five criteria, to help ensure that LGF spend beyond the Growth Deal is only permitted on an exceptional basis.</p> <p>SELEP used Option 4 Capital Swaps to demonstrate the spend of all but £4.656m of the LGF at the end of 2020/21. The remaining funding was reported as spent in 2021/22. Whilst this approach is permitted under the terms of the grant from Central Government, there is a potential reputational risk to SELEP's delivery track record. This may impact SELEP's ability to successfully secure future funding from Central Government.</p>

Appendix D - Outstanding post scheme completion Monitoring and Evaluation reports

<b>Project</b>	<b>Area</b>	<b>1 Year Post Completion</b>	<b>3/5 Year Post Completion</b>
Swallow Business Park	East Sussex	Received	Outstanding
Coastal Communities Housing Intervention	East Sussex	Outstanding	Outstanding
Devonshire Park	East Sussex	Outstanding	Outstanding
Coastal Communities Housing Intervention	Essex	Outstanding	Outstanding
Tonbridge Town Centre	Kent	Received	Outstanding
Sittingbourne Town Centre Regeneration	Kent	Outstanding	Not due
M20 Junction 4	Kent	Received	Outstanding
Tunbridge Wells Junction Improvement Package	Kent	Outstanding	Outstanding
Maidstone Gyratory Bypass	Kent	Received	Outstanding
Kent Sustainable Interventions Programme	Kent	Outstanding	Not due
Folkestone Seafront: onsite infrastructure and Engineering Works	Kent	Outstanding	Outstanding
Rathmore Road	Kent	Received	Outstanding
Folkestone Seafront (non-transport)	Kent	Received	Outstanding
A226 London Road/B255 St Clements Way	Kent	Received	Outstanding
A2500 Lower Road	Kent	Outstanding	Outstanding
Strood Town Centre journey time and accessibility improvements	Medway	Outstanding	Not due
Chatham Town Centre Placemaking	Medway	Outstanding	Outstanding
Medway Cycling Action Plan	Medway	Received	Outstanding
Rochester Airport - Phase 1	Medway	Outstanding	Not due
Strood Civic Centre – flood mitigation	Medway	Outstanding	Outstanding
Southend Growth Hub	Southend	Received	Outstanding
TGSE LSTF Southend	Southend	Outstanding	Outstanding
A127 Kent Elms Corner	Southend	Received	Outstanding

<b>Project</b>	<b>Area</b>	<b>1 Year Post Completion</b>	<b>3/5 Year Post Completion</b>
TGSE LSTF Thurrock	Thurrock	Outstanding	Outstanding
Thurrock Cycle Network	Thurrock	Received	Outstanding
M20 Junction 10a	Central	Outstanding	Not due

LOCAL GROWTH FUND Position Statement														Forecast project outputs/outcomes										Project outputs/outcomes realised to date						Additional Commentary (if applicable)
Project	Status of project	Project Risk RAG rating	Actual/Expected project completion date	LGF funding allocation	LGF spend to date	Remaining LGF spend	Match funding committed	Match funding spend to date	Remaining match funding spend	Forecast project outputs/outcomes							Project outputs/outcomes realised to date													
										Jobs created	Homes delivered	Commercial floorspace (sqm)	Learning/training floorspace (sqm)	Newly built roads (km)	Newly built cycleways (km)	Other outputs/outcomes	Jobs created	Homes delivered	Commercial floorspace (sqm)	Learning/training floorspace (sqm)	Newly built roads (km)	Newly built cycleways (km)		Other outputs/outcomes						
<b>East Sussex County Council</b>																														
Newhaven Flood Defences	Financially complete	2	31/03/2022	£1,500,000	£1,500,000	£0	TBC	TBC		0	437	16440						444	498											
Hailsham, Polgate and Eastbourne Movement and Access Transport Scheme	Financially complete	4	31/03/2025	£2,100,000	£2,100,000	£0	TBC	TBC		1557	1332	27000						276	1219	0						Design review following contract handover in 2023 will be completed by Feb 2024.				
Eastbourne and South Wealden Walking and Cycling L5TF Package	Financially complete	4	31/12/2024	£6,600,000	£4,978,731	£1,621,269	TBC	TBC		5430	6273	70000			2			0	180	0			2			Business Case review underway due to rising costs.				
Queensway Gateway Road	Financially complete	5	TBC	£10,000,000	£10,000,000	£0	TBC	TBC		900		12000		0.8	0.8	5.9ha site reclaimed 0.8km cabling/piping		36		0		0.65	0.65	5.9ha site reclaimed 0.65km cabling/piping		Contract and costs for delivery to be finalised.				
Swallow Business Park, Hailsham	Financially complete	3	31/03/2017	£1,400,000	£1,400,000	£0	TBC	TBC		242		14829		0		3.4ha site reclaimed		116		3000		0.5		3.4ha site reclaimed						
Sovereign Harbour (A16 Site Infrastructure Investment)	Financially complete	1	31/03/2017	£1,700,000	£1,700,000	£0	TBC	TBC		2884		37950		0.46	0.46	14.1ha site reclaimed 0.46km cabling/piping		0				0.46	0.46	728sqm commercial floorspace occupied 14.1ha site reclaimed 0.46km cabling/piping						
North Bexhill Access Road and Bexhill Enterprise Park	Financially complete	3	TBC	£18,600,000	£18,600,000	£0	TBC	TBC		2225	780	38000		2.4	2.4	3.6km cabling/piping		23	0	38000		2.4	2.4	3.6km cabling/piping		Ancillary works are currently being undertaken.				
Hastings and Bexhill Movement and Access Package	Financially complete	4	31/07/2026	£9,000,000	£5,388,897	£3,611,103	TBC	TBC																		Outputs and outcomes to be updated following Business Case review.				
Eastbourne Town Centre L5TF Access and Improvements Package	Financially complete	4	31/12/2024	£8,000,000	£6,918,235	£1,081,765	TBC	TBC		3783	3530							20	0							ESCC seeking an extension to the project timeline at the February 2024 Accountability Board meeting.				
Coastal Communities Housing Intervention (Hastings)	Completed - project complete	3	31/03/2020	£666,667	£666,667	£0	TBC	TBC																						
East Sussex Strategic Growth Project	Financially complete	4	TBC	£8,200,000	£8,200,000	£0	TBC	TBC		2894		4750						219		2375										
Devonshire Park	LGF Spent - Work Ongoing	4	30/11/2019	£5,000,000	£5,000,000	£0	TBC	TBC		57		0						389		1140										
Bexhill Enterprise Park North	Financially complete	4	TBC	£1,940,000	£1,940,000	£0	TBC	TBC		487		19200		0.39	0.39	0.39km cabling/piping		8		0		0.39	0.39	0.39km cabling/piping						
Skills for Rural Businesses Post-Brexit	Financially complete	2	31/03/2023	£4,413,000	£4,413,000	£0	TBC	TBC		7		1506	0	0.35		610 businesses receiving non-financial support		6	0	1016	0			610 enterprises supported						
Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	Financially complete	1	31/03/2023	£500,000	£500,000	£0	TBC	TBC		74		887						14		887										
Bexhill Creative Workspace	Financially complete	2	30/04/2022	£960,000	£960,000	£0	TBC	TBC		76		1599						3		0										
Eastbourne Fisherman's Quayside and Infrastructure Development project	Financially complete	2	31/03/2022	£1,440,000	£1,440,000	£0	TBC	TBC		4								4												
<b>Essex County Council</b>																														
Colchester Broadband Infrastructure	Financially complete	1	31/03/2016	£200,000	£200,000	£0	TBC	TBC		645								580								192 enterprises receiving non-financial support				
Colchester L5TF	Financially complete	1	31/12/2016	£2,400,000	£2,400,000	£0	TBC	TBC		1293	1368				1.17			213	537					1.17						
Colchester Integrated Transport Package	Financially complete	1	31/03/2021	£5,000,000	£5,000,000	£0	TBC	TBC		1268	8295		0.25	0.25				2500	7173			0.25	0.25							
Colchester Town Centre	Financially complete	1	31/01/2018	£4,600,000	£4,600,000	£0	TBC	TBC		860	810				0.09			1755	537					0.09						
TGSE L5TF - Essex	Financially complete	1	31/03/2017	£3,000,000	£3,000,000	£0	TBC	TBC		21392	11868			0.7	1.8km resurfaced road			881	5472			0	0	1.8km resurfaced road						
A414 Finch Point Package: A414 First Avenue and Cambridge Road junction	Financially complete	1	31/03/2019	£10,487,000	£10,487,000	£0	TBC	TBC		6000	2500			0.83		0.5km resurfaced road		300	2730					0	0	0.5km resurfaced road				
A414 Maldon to Chelmsford Route Based Scheme	Completed - project complete	1	31/12/2016	£2,000,000	£2,000,000	£0	TBC	TBC		1352	3280			1.13	2.71	28.88km resurfaced road 2.9ha reclaimed land 2.9ha reduced flooding likelihood		1352	1145			1.13	0							
Chelmsford Station/Station Square/Mill Yard	Completed - project complete	1	31/05/2019	£3,000,000	£3,000,000	£0	TBC	TBC		3480	1800				0.5	0.17km resurfaced road		2401	4927				0.5	0	0.17km resurfaced road					
Basilston Integrated Transport Package	Financially complete	1	31/05/2021	£6,586,000	£6,586,000	£0	TBC	TBC		7150	3710				0.25	0.05km resurfaced road		2176	1802				0.25	0	0.05km resurfaced road					
Colchester Park and Ride and Bus Priority Measures	Financially complete	1	30/04/2015	£5,800,000	£5,800,000	£0	TBC	TBC		1168	3443			0.3	0.46			213	537			0.3	0.46							
A127 Farleigh Junction Improvements (DfT retained scheme)	Financially complete	5	31/01/2027	£15,000,000	£1,500,000	£13,500,000	TBC	TBC		9569	5670							0	0							Significant delays due to tender process				
A127 Capacity Enhancements, Road Safety and Network Resilience (DfT retained scheme)	Financially complete	1	30/11/2018	£4,000,000	£4,000,000	£0	TBC	TBC		57100	37100			0.25		0.44km resurfaced road		1718	1242			0.25								
A131 Chelmsford to Brantree	Financially complete	1	31/12/2020	£3,640,000	£3,640,000	£0	TBC	TBC		250	4350			2.06		0.65km resurfaced road		1776	4740			1.9		0.65km resurfaced road						
A133 Colchester to Clacton	Financially complete	1	30/04/2020	£2,740,000	£2,740,000	£0	TBC	TBC		700	2450			0.66				1325	243			0								
Chelmsford City Growth Area Scheme	Financially complete	1	30/09/2021	£10,000,000	£10,000,000	£0	TBC	TBC		600	5900			1.53	5.1	2.43km resurfaced road 3.35km cabling/piping		1826	4927					0	0					
Beaulieu Park Railway Station	LGF Spent - Work Ongoing	4	31/12/2025	£12,000,000	£0	£12,000,000	TBC	TBC		4100	2600	40000						0	0	0										
Coastal Communities Housing Intervention (Ipswich)	Completed - project complete	2	30/06/2019	£666,667	£666,667	£0	TBC	TBC																						
Gilden Way Upgrading, Harlow	Completed - project complete	1	30/09/2021	£5,000,000	£5,000,000	£0	TBC	TBC		840	980			1.8	1.8km resurfaced road			1025	2852					0						
Technical and Professional Skills Centre at Stansted Airport	Financially complete	1	30/09/2018	£3,500,000	£3,500,000	£0	TBC	TBC		2672		2000						405		2000										
Innovation Centre - University of Essex Knowledge Gateway	Financially complete	1	30/04/2019	£2,000,000	£2,000,000	£0	TBC	TBC		423		2017						50		3885										
STEM Innovation Centre - Colchester Institute	Financially complete	1	30/04/2020	£5,000,000	£5,000,000	£0	TBC	TBC		660		1000						0		1352										
A127/A130 Farleigh Interchange New Link Road	Financially complete	4	31/12/2025	£6,235,000	£6,235,000	£0	TBC	TBC		26000	25000							0	0							Delays due to tender process				
M11 Junction 8 Improvements	Financially complete	3	31/05/2025	£3,733,896	£3,733,896	£0	TBC	TBC		2550	2500							0	0											
Mercury Rising (Mercury Theatre, Colchester)	Financially complete	1	31/03/2022	£1,228,000	£1,228,000	£0	TBC	TBC		11		338	412					0		338	412					116 enterprises receiving non-financial support				
Basilston Digital Technologies Campus	Completed - project complete	1	30/09/2021	£2,150,000	£2,150,000	£0	TBC	TBC		22		3200				0.54ha site reclaimed		29		3200						0.54ha site reclaimed				
Colchester Institute Training Centre (groundworks and scaffolding)	Financially complete	1	31/03/2021	£50,000	£50,000	£0	TBC	TBC		108		1200						25		1200										
USP Cottage Centre of Excellence for Digital Technologies and Immersive Learning, Benfleet	Financially complete	1	30/09/2021	£900,000	£900,000	£0	TBC	TBC		192						0.06ha site reclaimed 300 enterprises receiving non-financial support		0		626						0.06ha site reclaimed 115 enterprises receiving non-financial support				



Project	Status of project	Project Risk RAG rating	Actual/Expected project completion date	LGF funding allocation	LGF spend to date	Remaining LGF spend	Match funding committed	Match funding spend to date	Remaining match funding spend	Forecast project outputs/outcomes							Project outputs/outcomes realised to date						Additional Commentary (if applicable)				
										Jobs created	Homes delivered	Commercial Floorpace (sqm)	Learning/training Floorpace (sqm)	Newly built roads (km)	Newly built cycleways (km)	Other outputs/outcomes	Jobs created	Homes delivered	Commercial Floorpace (sqm)	Learning/training Floorpace (sqm)	Newly built roads (km)	Newly built cycleways (km)		Other outputs/outcomes			
Flightpath Phase 2	Financially complete	1	30/09/2021	£1,981,500	£1,981,500	£0	TBC	TBC		144		3636				2272 commercial floorpace refurbished 0.4ha site reclaimed 3km cabling/piping	0		3716					0.37ha site reclaimed			
University of Essex Parkside (Phase 3)	Financially complete	3	30/09/2023	£5,000,000	£5,000,000	£0	TBC	TBC		300		3775					0										
New Construction Centre, Chelmsford	Financially complete	1	31/03/2023	£1,295,200	£1,295,200	£0	TBC	TBC					520														
Colchester Grow On Space, Queen Street	Financially complete	3	31/06/25	£3,777,451	£971,605	£2,805,846	TBC	TBC		180		698							0								
<b>Kent County Council</b>																											
£3 Innovation Investment Loan Scheme (previously referred to as the Kent and Medway Growth Hub)	On-going delivery	2	01/03/2024	£6,000,000	£6,000,000	£0	TBC	TBC		450						60 enterprises receiving financial support other than grants; 100% financial return on access to finance scheme.	226								0		
Tonbridge Town Centre Regeneration	Financially complete	2	30/04/2017	£2,631,269	£2,631,269	£0	TBC	TBC		438	1000					0.4km resurfaced road	340	838					3.1				
Sittingbourne Town Centre Regeneration	LGF Spent - Work Ongoing	3	31/03/2021	£2,500,000	£2,500,000	£0	TBC	TBC		1120	215						0	0							0.12km resurfaced road	Scheme complete, but associated housing development not delivered in full.	
M20 Junction 4 Eastern Overbridge	LGF Spent - Work Ongoing	3	28/02/2017	£2,200,000	£2,200,000	£0	TBC	TBC		1635	1695					0.12km resurfaced road	263	1071							0.12km resurfaced road		
Tunbridge Wells Junction Improvement Package	Financially complete	3	31/03/2019	£1,176,611	£1,176,611	£0	TBC	TBC		125	85					0.3km resurfaced road	91	106							0.3km resurfaced road	Phase 1 delivered. Remaining LGF allocation returned as Phase 2/3 redesign not approved by S&L/PA/CC.	
Kent Thameside L&T	Financially complete	1	31/08/2022	£4,500,000	£4,500,000	£0	TBC	TBC		846	657						122	32							2.5		
Maidstone Gyratory Bypass	Financially complete	2	31/12/2016	£4,600,000	£4,600,000	£0	TBC	TBC		2000	5050			0.4		0.6km resurfaced road 0.9km cabling/piping	732	519						0			
Kent Strategic Congestion Management Programme	Financially complete	2	31/03/2022	£4,800,000	£4,800,000	£0	TBC	TBC		0	2230						123	209									
Middle Deal Transport Improvements	Financially complete	1	30/09/2021	£800,000	£800,000	£0	TBC	TBC		150	160			0.68		4.7ha site reclaimed	23	0	1616					0			
Kent Rights of Way Improvement Plan	LGF Spent - Work Ongoing	2	31/03/2023	£1,000,000	£1,000,000	£0	TBC	TBC		140							33							6.4			
Kent Sustainable Interventions Programme	LGF Spent - Work Ongoing	3	31/03/2021	£2,727,586	£2,727,586	£0	TBC	TBC		0	0						26	298						1.8			
West Kent L&T	LGF Spent - Work Ongoing	2	30/09/2021	£4,900,000	£4,900,000	£0	TBC	TBC		405	443						83	34						7	4km resurfaced road		
Folkestone Seaford: Onsite Infrastructure and engineering works	Completed - project complete	2	31/03/2016	£541,145	£541,145	£0	TBC	TBC																0.1	0.5km resurfaced road		
A28 Chart Road	LGF Spent - Work Ongoing	5	TBC	£2,756,283	£2,756,283	£0	TBC	TBC		1000	5750					1.9km road resurfaced 3.5km cabling/piping	0	0						0			Trigger point for S106 contribution expected 2024/25. Work on the design is progressing to ensure that scheme delivery can commence asap following receipt of funding.
Maidstone Integrated Transport Package	On-going delivery	4	31/12/2024	£9,900,000	£6,648,280	£2,251,720	TBC	TBC		0	0						678	233								Delays to a linked non-LGF scheme has impacted project timeline.	
A28 Sturry Link Road	On-going delivery	5	31/12/2026	£5,900,000	£1,783,022	£4,116,978	TBC	TBC		250	720			2	2	0.2km resurfaced road	54	0					0	0		Various issues causing significant slippage.	
Rathmore Road	Financially complete	3	31/10/2017	£4,200,000	£4,200,000	£0	TBC	TBC		2270	190			0.25	0.2	0.35km resurfaced road	127	77				0.25	0.2	0.35km resurfaced road			
Maidstone Sustainable Access to Employment	Financially complete	1	30/06/2017	£2,000,000	£2,000,000	£0	TBC	TBC		350	475						50	53						10			
Ashford Spurs	Financially complete	2	30/04/2020	£7,886,830	£7,886,830	£0	TBC	TBC		1000	0						239	307									
Thanet Parkway Station	LGF Spent - Work Ongoing	2	31/07/2023	£14,000,000	£14,000,000	£0	TBC	TBC		2100	2400			0.05	0.32	3ha site reclaimed	150	0					0.05	0.32	3ha site reclaimed	Remaining risks associated with ongoing cost discussions between KCC and Network Rail	
Dover Western Docks Revival	Financially complete	1	30/04/2017	£5,000,000	£5,000,000	£0	TBC	TBC		1685	500						139	34									
Folkestone Seaford (non-transport)	LGF Spent - Work Ongoing	3	31/03/2018	£5,000,000	£5,000,000	£0	TBC	TBC		1000	450						290	24									
A26 London Road/B255 St Clements Way	Financially complete	3	31/05/2019	£4,200,000	£4,200,000	£0	TBC	TBC		2395	890				0	0.15	0.6km resurfaced road 0.3km cabling/piping	745	597				0.36	0.72	1.57km resurfaced road 0.3km cabling/piping		
Coastal Communities Housing Intervention (Thanet)	Financially complete	1	31/03/2021	£666,666	£666,666	£0	TBC	TBC		0	12						3	3									
Dartford Town Centre Transformation	Financially complete	3	31/12/2026	£4,300,000	£4,300,000	£0	TBC	TBC		1811	2341						630	630								Statutory service connections requiring resource coordination in Phase 2.	
A250 Lower Road	Financially complete	2	31/03/2019	£1,264,930	£1,264,930	£0	TBC	TBC		1500	892			0.25	0.4		51	291					0.25	0.4			
Kent and Medway Engineering and Design Growth and Enterprise Hub	Completed - project complete	1	31/12/2022	£7,344,000	£7,344,000	£0	TBC	TBC		56		3588					72								3588		
Leigh Flood Storage Area	LGF Spent - Work Ongoing	3	31/03/2026	£2,349,000	£2,349,000	£0	TBC	TBC		24	850						11	0									
Sandwich Railway Infrastructure	Completed - project complete	1	28/02/2020	£1,913,170	£1,913,170	£0	TBC	TBC																			
M2 Junction 5 improvements	LGF Spent - Work Ongoing	4	31/12/2024	£1,600,000	£1,600,000	£0	TBC	TBC			1903							0									
Kent and Medway Medical School	Financially complete	1	30/06/2021	£9,000,000	£9,000,000	£0	TBC	TBC		131			4796				74								4796		
East Malling Advanced Technology Horticultural Zone	Completed - project complete	1	30/04/2022	£1,998,000	£1,998,000	£0	TBC	TBC		14			1468				0								1468		
<b>Medway Council</b>																											
A289 Four Elms Roundabout to Medway Turned Journey Time and Network Improvements	Financially complete	4	TBC	£1,821,046	£1,821,046	£0	TBC	TBC		9628	5284				0.545	1.735	2.38km road resurfaced	1000	157					0	0		Medway Council continues to liaise with DLUHC and Homes England, and is exploring other funding opportunities to deliver the scheme.
Strood Town Centre Journey Time and Accessibility Enhancements	Financially complete	3	31/03/2022	£8,600,000	£8,600,000	£0	TBC	TBC		400	700						15	252						0.2	1.382 road resurfaced		
Chatham Town Centre Placemaking and Public Realm Package	Financially complete	2	31/12/2019	£4,200,000	£4,200,000	£0	TBC	TBC		6271	3682						766	655							0.53 km road resurfaced		
Medway Cycling Action Plan	Financially complete	3	31/03/2019	£2,500,000	£2,500,000	£0	TBC	TBC		392	263				13.75		282	46							13.75		
Medway City Estate Connectivity Improvement Measures	Financially complete	2	31/04/2022	£2,200,000	£2,200,000	£0	TBC	TBC		392	263			0.36		0.23 km road resurfaced	234	34						0	0.23 km road resurfaced		
Rochester Airport (Innovation Park Medway - Phase 1)	Completed - project complete	2	31/11/21	£4,400,000	£4,400,000	£0	TBC	TBC		37							37										
Innovation Park Medway (Phase 2)	Financially complete	5	31/07/2023	£3,700,000	£3,700,000	£0	TBC	TBC		1544		38500					53								0		
Strood Civic Centre - Flood mitigation	Financially complete	4	30/06/2019	£3,500,000	£3,500,000	£0	TBC	TBC		1033	564	1615					3.4ha land with reduced likelihood of flooding.	56	0	0						3.4ha land with reduced likelihood of flooding.	

Project	Status of project	Project Risk RAG rating	Actual/Expected project completion date	LGF funding allocation	LGF spend to date	Remaining LGF spend	Match funding committed	Match funding spend to date	Remaining match funding spend	Forecast project outputs/outcomes						Project outputs/outcomes realised to date						Additional Commentary (if applicable)				
										Jobs created	Homes delivered	Commercial floorspace (sqm)	Learning/training floorspace (sqm)	Newly built roads (km)	Newly built cycleways (km)	Other outputs/outcomes	Jobs created	Homes delivered	Commercial floorspace (sqm)	Learning/training floorspace (sqm)	Newly built roads (km)		Newly built cycleways (km)	Other outputs/outcomes		
Innovation Park Medway (Phase 3)	Financially complete	3	31/07/2023	£1,518,500	£1,518,500	£0	TBC	TBC		1300		38500		0.46	0.46	0.46km cabling/ piping	52		0		0	0				
Southern-on-Sea City Council																										
Southend Growth Hub	Financially complete	2	31/03/2017	£720,000	£720,000	£0	TBC	TBC		75							0									
TGSE L51F - Southend	Financially complete	2	31/03/2017	£1,000,000	£1,000,000	£0	TBC	TBC																		
A127 Kent Elms Corner (DfT retained scheme)	Financially complete	3	31/05/2019	£4,300,000	£4,300,000	£0	TBC	TBC			1512			0.62	0.14	0.97km road resurfaced 1km cabling/ piping		531			0.62	0.14	3.67km road resurfaced 5km cabling/ piping			
A127 The Bell (DfT retained scheme)	Financially complete	3	31/08/2021	£4,300,000	£4,300,000	£0	TBC	TBC			0			0.5		0.82ha resurfaced road 2km cabling/ piping		1813			0.09		0.34ha resurfaced road 1km cabling/ piping	Landscaping, footway, drainage works and electrical connections to be completed		
A127 Essential Bridge and Highway Maintenance (DfT retained scheme)	Financially complete	1	31/08/2021	£8,000,000	£8,000,000	£0	TBC	TBC								7.71km resurfaced road							7.63km resurfaced road			
Southend Central Area Action Plan (SCAAP) - Transport Package	Completed - project complete	1	30/06/2022	£7,000,000	£7,000,000	£0	TBC	TBC							0.4	0.7km resurfaced road 1km cabling/ piping 1ha land with reduced flooding expected						0.41	0.75km resurfaced road 7km cabling/ piping 1ha land with reduced flooding expected			
London Southend Airport Business Park Phases 1 and 2 (including Southend and Rochford Joint Area Action Plan)	Financially complete	1	31/07/2023	£23,369,517	£23,369,517	£0	TBC	TBC		1100							789									
Southend Town Centre Interventions	Financially complete	3	31/01/2024	£1,625,000	£1,625,000	£0	TBC	TBC				33440		4	5	19ha site reclaimed 4km cabling/ piping 1 broadband access			24251			4	0	19ha site reclaimed 4km cabling/ piping 16 broadband access		
Thurrock Council																										
TGSE L51F - Thurrock	Financially complete	2	31/03/2020	£1,000,000	£1,000,000	£0	TBC	TBC																	Historic return used to populate.	
Thurrock Cycle Network	Financially complete	2	31/03/2019	£5,000,000	£5,000,000	£0	TBC	TBC		650	400				30		282	101						0	Historic return used to populate.	
London Gateway/Stamford le Hope	Financially complete	5	TBC	£7,500,000	£7,500,000	£0	TBC	TBC		1300	1200						0	0							Historic return used to populate.	
A13 Widening - Development	Financially complete	1	31/12/2020	£5,000,000	£5,000,000	£0	TBC	TBC																	Historic return used to populate.	
Purfleet Centre	Financially complete	1	31/12/1930	£5,000,000	£5,000,000	£0	TBC	TBC																	Historic return used to populate.	
Grays South	Financially complete	6	TBC	£10,840,274	£5,141,603	£5,698,671	TBC	TBC		200	84	2009				1.2ha site reclaimed	1	0	0						Historic return used to populate.	
A13 Widening (DfT retained scheme)	Financially complete	2	31/03/2023	£75,000,000	£75,000,000	£0	TBC	TBC		4045	3340						284	0							Historic return used to populate.	
A13 Widening (DLUHC funding)	Financially complete	2	01/03/2023	£1,500,000	£1,500,000	£0	TBC	TBC																	Historic return used to populate.	
Managed Centrally																										
Capital Skills	Completed - project complete	4		£21,974,561	£21,974,561	£0	TBC	TBC																		
M20 Junction 10a	Completed - project complete	2		£19,700,000	£19,700,000	£0	TBC	TBC																		

**Forward plan reference number:** FP/AB/720  
and FP/AB/721

<b>Report title:</b> Stanford le Hope/London Gateway and Grays South LGF project update	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Helen Dyer, SELEP Capital Programme Manager	
<b>Meeting date:</b> 16 February 2024	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:helen.dyer@southeastlep.com">helen.dyer@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Thurrock Council	

## 1. Purpose of report

- 1.1. The purpose of the report is to provide the Accountability Board (the Board) with an update on the Stanford le Hope/London Gateway and Grays South Local Growth Fund (LGF) projects which have been identified as High risk.
- 1.2. The Board are asked to consider the updated Business Case for the Stanford le Hope/London Gateway project which, following significant cost increases, seeks to demonstrate ongoing compliance with the SELEP Assurance Framework.
- 1.3. In addition, the Board are asked to consider a Change Request in relation to the Grays South project which is seeking approval for an extension to the delivery programme.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** the update on delivery of the Stanford le Hope/London Gateway and Grays South projects.
  - 2.1.2. **Agree** that, following consideration of the updated Business Case, the £7.5m LGF funding allocation can be retained against the Stanford le Hope/London Gateway project, subject to the following also being agreed:
    - 2.1.2.1. **Agree** that the delivery programme for the Grays South project can be extended following the decision by Thurrock Council to explore alternative scheme proposals. Noting that the expected project completion date is now September 2028.
    - 2.1.2.2. **Agree** that Thurrock Council can employ an Option 4 Capital Swap allowing £5.4m of the currently unspent LGF allocation awarded to the Grays South project to be temporarily transferred to the Stanford le Hope/London Gateway project to support project delivery. Noting that Thurrock Council have committed to returning capital funding of

the same value to the Grays South project at a later date to enable project delivery.

### **3. Summary Position**

#### Stanford le Hope/London Gateway

- 3.1. The Stanford le Hope/London Gateway project seeks to deliver a new railway station at Stanford le Hope which offers increased capacity and a new transport interchange outside the station which will connect bus, rail, cycle, taxi and pedestrian modes of travel.
- 3.2. It is expected that these works will help to unlock the next phase of development at London Gateway/Thames Enterprise Park. In addition, the works will provide improvements to public transport infrastructure and service reliability to new housing developments and to major employment growth in the local area.
- 3.3. A total of £7.5m LGF was awarded to Thurrock Council in February 2017 to support delivery of the project and this allocation has been spent in full.
- 3.4. Previous updates to the Board have highlighted significant cost increases which have arisen since the Business Case was approved, with costs rising from £12.05m in February 2017 to £29.09m in November 2021. The original Business Case demonstrated High value for money with a Benefit Cost Ratio (BCR) of 9.4:1. However, due to the scale of the cost increase identified between February 2017 and November 2021 (£17.04m), there is a requirement for submission of an updated Business Case to demonstrate that the project continues to offer High value for money and that the requirements of the SELEP Assurance Framework continue to be met.
- 3.5. In June 2023, the Board agreed that the updated Business Case for the Stanford le Hope/London Gateway project could be submitted for consideration at this meeting. It was noted that if this deadline was not met that the LGF funding would be removed from the project and would need to be returned to Essex County Council (as Accountable Body for SELEP) within 4 weeks by Thurrock Council for reallocation to alternative projects.
- 3.6. In addition to the increasing costs, the project has faced a number of challenges including the need to redesign the station building proposals, failed procurement processes and delays in progressing the design for the transport interchange. Delivery of the project has been further impacted by a number of staffing changes at Thurrock Council which have resulted in the management of the project being passed between a number of different consultants and officers resulting in a lack of consistency in approach and forward momentum.

#### Grays South

- 3.7. The Grays South project forms part of the Grays South Regeneration Area (GSRA) scheme which consists of a number of interventions designed to support the economic and social vitality of Grays Town Centre. The LGF funding was specifically sought to support the creation of an underpass to replace the existing level crossing and for the creation of a public square at each end, designed to provide active urban spaces suited to a wide range of events, markets and similar activities.

## Stanford le Hope/London Gateway and Grays South LGF project update

- 3.8. A total of £10.84m LGF was awarded to Thurrock Council in February (£3.7m) and November 2019 (£7.1m) to support delivery of the new underpass and associated public realm.
- 3.9. Previous updates to the Board have highlighted significant cost increases which have arisen since the Business Case was approved, with costs rising from £28.7m in November 2019 to £37.9m in February 2022. This cost increase reduced the BCR for the project from 2.4:1 to 2:1 – which is on the limit of what is acceptable under the terms of the SELEP Assurance Framework.
- 3.10. In April 2023, the Board were advised that Thurrock Council had taken the decision to place delivery of the project on hold following the identification of significant concerns around budget, cost, programme and affordability. In addition, it was noted that a full review of the project and the wider GSRA scheme was underway. The outcome of this review was presented at the last Board meeting, with the conclusion being that the project should not be delivered in its current form as it no longer offered value for money for Thurrock Council and no longer supported future growth forecasts.
- 3.11. It should also be noted that in April 2023, the Board agreed to place spend of the remaining LGF funding allocation awarded to the Grays South project on hold due to the deliverability and affordability concerns identified. It was agreed that LGF spend should remain on hold until it could be demonstrated that the project continued to comply with the requirements of the SELEP Assurance Framework.

## **4. Stanford le Hope/London Gateway**

- 4.1. As outlined above, the requirement for a new Business Case for the Stanford le Hope/London Gateway project was identified in November 2021. A revised Business Case was submitted for Board consideration in September 2022; however, it did not provide the required assurances to allay the deliverability and affordability concerns that had previously been reported to the Board. In addition, following a review of the Business Case, the Independent Technical Evaluator (ITE) concluded that they were unable to assure the Value for Money offered by the project or the realisation of benefits.
- 4.2. In line with the decision taken by the Board in June 2023, Thurrock Council have submitted a further revision to the Business Case for consideration by the Board at this meeting. The revised Business Case indicates that the updated forecast project cost is £34.71m, which reflects a further increase of £5.62m compared to the figure provided in November 2021.
- 4.3. It should be noted that the approach to calculating the BCR offered by the project has changed since submission of the original Business Case and therefore the BCR's are not comparable. In the original Business Case, the jobs enabled through the delivery of the project were the focus of the Economic Case and this produced a BCR of 9.4:1. However, in the revised Business Case submission, the project has been assessed as a transport scheme which has resulted in a BCR of 2.09:1. Despite the significant reduction in the BCR due to the increased cost and the different approach adopted, the Business Case demonstrates that the project continues to offer High value for money.
- 4.4. The Business Case has been subject to a review by the ITE and they have concluded that the project offers High value for money with a Medium certainty of achieving this value for

money. Whilst satisfied that the project demonstrates reasonable strategic alignment with SELEP priorities in terms of facilitating business growth and job creation at the nearby DP World/London Gateway major logistics hub, the ITE has identified three outstanding risks which could impact on the project's ability to achieve High value for money. These risks are as follows:

- 4.4.1. The Business Case does not provide assurance that the current scheme design can accommodate the updated passenger demand growth forecasts. In addition, current problems at the site (i.e. the inadequacy of facilities following the demolition of the existing station building) could have been better evidenced.
  - 4.4.2. Planning consent for the transport interchange has not yet been secured. It is expected that the planning application will be determined in March 2024.
  - 4.4.3. Limited detail has been provided with regard to the proposed procurement strategy and the allocation of risk between delivery partners.
- 4.5. The report of the ITE can be found at Appendix A.
- 4.6. Whilst it is acknowledged that Thurrock Council have been unable to mitigate all key delivery risks at this stage, it should be noted that the Business Case is significantly more robust than that submitted in September 2022.
- 4.7. The last full update on the Stanford le Hope/London Gateway project was presented to the Board in September 2023. The primary focus since this Board meeting has been on developing the revised Business Case and therefore limited progress towards project delivery has been reported. However, Thurrock Council have now confirmed their intention to transfer project delivery to Network Rail through an Implementation Agreement, rather than the Council delivering the project directly as originally intended. This approach will be taken as previous failed procurement attempts have demonstrated that the Council does not have sufficient resources to deliver the project directly. Network Rail has access to greater levels of resource and has significant previous experience of delivering similar schemes and therefore this approach would appear to reduce the level of risk associated with project delivery.
- 4.8. In light of the proposed change in approach, Thurrock Council have provided an updated indicative programme for the project (as set out in Table 1). Thurrock Council have also confirmed that the planning application for the transport interchange was submitted in October 2023 following identification of the preferred option as was detailed at the September 2023 Board meeting. It is expected that the planning application will be determined in March 2024.

*Table 1: Indicative Delivery Programme for the Stanford le Hope/London Gateway project*

Activity	Timescale
<b>Railway Station</b>	
Network Rail GRIP4 Assurance activities	January to March 2024
GRIP5 Contract Award	August 2024
GRIP6 Construction start on site	July 2025
Project completion	June 2026
<b>Transport Interchange</b>	
Determination of Planning Application	March 2024
Handover to proposed delivery partner (Network Rail)	January to March 2024
GRIP5 procurement	April to June 2024
Detailed Design	July to September 2024
GRIP6 Construction start on site	October 2024
Project completion	June 2025

- 4.9. It is noted within the revised Business Case that delivery of the Transport Interchange may be delayed to allow use of the site during the construction of the new railway station. The approach to be taken will be determined by Network Rail (as delivery lead) as the project progresses.
- 4.10. As set out above, Thurrock Council have provided an updated forecast total project cost and funding package as part of the revised Business Case (as set out in Table 2 below). It is apparent that Thurrock Council have taken steps to secure alternative funding sources to complete the required funding package, however, confirmation of the full funding package remains subject to a decision by the Board at this meeting.
- 4.11. In addition, Thurrock Council have put forward two proposed options for securing £14.86m which represents 43% of the funding package. It is intended that this funding will either be secured through capital borrowing by Thurrock Council or through local Retention of Business Rates from the Freeport. It is acknowledged that there may be challenges associated with securing the capital borrowing due to additional requirements placed on Thurrock Council as a consequence of their Section 114 Notice. The proposed borrowing would require consent from both the Department for Levelling Up, Housing and Communities (DLUHC) and the Treasury. The Business Case suggests that the Business Rates from the Freeport would be available to support project delivery through to 2025/26, however, no further detail has been provided to allow an assessment as to the confidence of this forecast.

*Table 2: Funding package for the Stanford le Hope/London Gateway project (£m)*

Funding Source	Actual Spend to 2022/23	Forecast – 2023/24	Forecast – 2024/25	Forecast – 2025/26	Total
SELEP – LGF (Stanford le Hope/London Gateway)	7.500	-	-	-	<b>7.500</b>
SELEP – LGF (transfer from Grays South Project)	-	-	3.300	2.100	<b>5.400</b>
C2C/National Stations Improvement Programme	0.740	3.060	-	-	<b>3.800</b>
DP World	-	-	0.550	-	<b>0.550</b>
Section 106 contributions	1.533	0.067	-	-	<b>1.600</b>
Freeport – Business Rates/Capital Borrowing	3.453	0.434	5.773	5.200	<b>14.860</b>
Thames Freeport Seed Fund (Active Travel)	-	-	1.000	-	<b>1.000</b>
<b>Total</b>	<b>13.226</b>	<b>3.561</b>	<b>10.623</b>	<b>7.300</b>	<b>34.710</b>

- 4.12. It is important that ongoing compliance with the LGF Grant Conditions (as specified by Government) can be demonstrated by Thurrock Council. This is particularly important given the time that has passed since the LGF funding allocation was spent (full LGF spend was achieved in 2020/21) and the ongoing development of the scheme proposals.
- 4.13. The LGF Grant Conditions specify that the LGF funding can only be applied to capital expenditure and therefore assurance has been sought from Thurrock Council’s Section 151 Officer that ‘in the event that any historic expenditure becomes abortive revenue spend, there is sufficient other capital expenditure within the project to confirm that the requirement to only apply the LGF funding to capital expenditure can still be met and that appropriate records of any required adjustments will be maintained and provided, if requested to do so, to the Accountable Body.’
- 4.14. In summary, Thurrock Council are being asked to confirm that the funding package for the project affords them the flexibility to ensure that the LGF funding is only applied to capital expenditure, therefore ensuring that the grant conditions continue to be met.
- 4.15. A copy of the revised Business Case for the Stanford le Hope/London Gateway project is available on the SELEP website: [Stanford le Hope/London Gateway revised LGF project Business Case](#)

## **5. Grays South**

- 5.1. Whilst Thurrock Council have concluded that the current scheme proposals as set out in the approved Business Case for the Grays South Project are no longer viable (see section 3.10), they have indicated that there is still a need to address the significant safety concerns posed by the existing railway crossing. To this end, Thurrock Council are developing an alternative ‘Station Quarter’ scheme. This scheme will focus on delivering a new bridge over the railway line as part of a wider mixed-use development containing a new station, homes and commercial space.



- 5.2. Thurrock Council have indicated an intention to enter into a strategic partnership with Network Rail and other partners to facilitate delivery of the revised scheme. Whilst limited details about the proposals have been provided by Thurrock Council, it is understood that this scheme is expected to deliver similar benefits to the original project but will require less third-party land, will be less technically challenging and will allow for a more equitable risk sharing strategy to be implemented.
- 5.3. Thurrock Council have indicated that an advisor has been appointed to lead discussions with Network Rail in respect of the Grays South project with a view to formalising the partnership through a Memorandum of Understanding. Initial discussions have taken place and it is expected that a meeting involving all parties will be held in February 2024 to further progress matters. In addition, Thurrock Council have indicated that feasibility work will be undertaken between March and June 2024, enabling approval to be sought from Thurrock Council Cabinet in July 2024.
- 5.4. The indicative delivery programme is set out in Table 3 below.

*Table 3: Indicative Delivery Programme – Grays South*

Milestone	Start	Completion
Network Rail Memorandum of Understanding developed and implemented	December 2023	April 2024
Feasibility Stage	March 2024	June 2024
Thurrock Council Cabinet approval	July 2024	July 2024
Full design and planning consent	August 2024	March 2026
Contractor procurement	September 2025	February 2026
Construction	March 2026	September 2028

- 5.5. To date, £5.14m of the LGF funding allocation has been spent supporting development of the project. As referenced above, the Board agreed in April 2023, that spend of the remaining LGF allocation (£5.7m) should be placed on hold until it can be demonstrated that the project continues to comply with the requirements of the SELEP Assurance Framework. Given that it has been confirmed that the works outlined in the approved Business Case will not be delivered, that alternative scheme proposals are being developed and that there is insufficient time for a revised Business Case to be considered by the Board prior to the dissolution of SELEP, it will not be possible for Thurrock Council to demonstrate that the project continues to comply with the requirements of the Assurance Framework and therefore spend of any LGF funding which remains allocated to the Grays South project must remain on hold until the requirements of the SELEP Assurance Framework cease to apply.
- 5.6. At the last Board meeting it was noted that, in light of the proposed change to the Grays South design, it would be necessary for Thurrock Council to demonstrate (to the satisfaction of the Accountable Body) that LGF spend to date can continue to be capitalised and that the spend supports delivery of the revised scheme proposals. It was also noted that if spend to date cannot be applied to the new scheme proposals, this is likely to be considered as abortive revenue spend and will therefore not comply with the grant conditions which require the funding to be spent solely on capital expenditure.

- 5.7. A full review of the LGF spend to date on the Grays South project has not been undertaken as planned due to time constraints, however, assurance has been sought from Thurrock Council's Section 151 Officer that 'in the event that any historic expenditure becomes abortive revenue spend, there is sufficient other capital expenditure within the project to confirm that the requirement to only apply the LGF funding to capital expenditure can still be met and that appropriate records of any required adjustments will be maintained and provided, if requested to do so, to the Accountable Body.'
- 5.8. In summary, Thurrock Council are being asked to confirm that the funding package for the project affords them the flexibility to ensure that the LGF funding is only applied to capital expenditure, therefore ensuring that the grant conditions continue to be met.

## 6. Recommendations presented to the Board

- 6.1. Three recommendations are set out in this report for Board consideration as detailed below:

6.1.1. **Agree** that, following consideration of the updated Business Case, the £7.5m LGF funding allocation can be retained against the Stanford le Hope/London Gateway project, subject to the following also being agreed:

6.1.1.1. **Agree** that the delivery programme for the Grays South project can be extended following the decision by Thurrock Council to explore alternative scheme proposals. Noting that the expected project completion date is now September 2028.

6.1.1.2. **Agree** that Thurrock Council can employ an Option 4 Capital Swap allowing £5.4m of the currently unspent LGF allocation awarded to the Grays South project to be temporarily transferred to the Stanford le Hope/London Gateway project to support project delivery. Noting that Thurrock Council have committed to returning funding of the same value to the Grays South project at a later date to enable project delivery.

- 6.2. The three recommendations are inter-linked and must all be agreed if the Stanford le Hope/London Gateway and Grays South projects are to progress in accordance with plans developed by Thurrock Council.
- 6.3. The over-arching recommendation relates to the revised Business Case for the Stanford le Hope/London Gateway project and considers whether the LGF funding award should remain allocated to the project.
- 6.4. As outlined in this report, a revised Business Case was required to demonstrate that the project continues to meet the requirements of the SELEP Assurance Framework following significant cost increases and to provide assurances to the Board regarding the ability of the project to progress to delivery.
- 6.5. A key requirement of the SELEP Assurance Framework is that projects should offer High value for money with a BCR of at least 2:1. The revised Business Case demonstrates that the project offers a BCR of 2.09:1. A number of sensitivity tests have been undertaken which consider different scenarios, including how behaviour change (or otherwise) and

differing levels of optimism bias impact on the value for money offered by the project. In total seven sensitivity tests have been undertaken, with four of these tests returning a BCR of less than 2:1. This suggests that the BCR is quite susceptible to change and should therefore be revisited as the project progresses. This is particularly important as neither element of the project – the railway station nor the transport interchange – has reached the detailed design stage and procurement has not yet been undertaken to deliver the project and therefore there is a significant risk of further cost increases. It should, however, be noted that a Quantitative Risk Assessment has been undertaken by Thurrock Council, which has resulted in a substantial risk and contingency allowance being included within the budget which should serve to offset any reasonably foreseeable cost increases without adversely impacting on the value for money offered by the project.

- 6.6. It was originally intended that the project would be managed by Thurrock Council, and to that end, two procurement processes have been undertaken to appoint a contractor to deliver the new railway station. Neither of these procurement processes were successful, with a key factor being consideration of how risk should be shared between Thurrock Council and the appointed contractor. The revised Business Case indicates that, moving forward, it is intended that Network Rail will take over direct project delivery with Thurrock Council taking on the role of funder. It is intended that this arrangement will be formalised through an Implementation Agreement, which will also consider the allocation of risk between all involved parties.
- 6.7. Whilst the Implementation Agreement with Network Rail is not yet in place, the intention to adopt this route to delivery provides greater assurance of project delivery. This assurance primarily stems from the fact that Network Rail have substantial experience of delivering similar schemes, including Beaulieu Park Railway Station in Chelmsford which is currently progressing to programme and budget.
- 6.8. Despite the progress which has been made, uncertainties do remain which could impact on the ability of Thurrock Council to deliver the project in accordance with the stated programme. Planning consent for the transport interchange has not yet been secured; the planning application has been submitted and is expected to be determined in March 2024. Thurrock Council have advised that all comments/objections received in relation to the planning application have been resolved and therefore determination of the planning application is considered to be low risk.
- 6.9. Planning consent has been granted for the new railway station; however, the planning permission expires in July 2024. According to the programme set out in the Business Case, the GRIP5 contract award (Detailed Design) is not expected until August 2024 and therefore there would appear to be a significant risk that the planning permission will expire before it is possible for work to commence onsite. Thurrock Council have indicated that they are intending to mitigate this risk by planning and collaborating with all partners to ensure that construction can commence before July 2024, however, it is unclear how this will be achieved. Whilst this does present a risk which will need to be addressed, construction of the railway station is not expected to start onsite until July 2025 which does allow time for a new planning application to be submitted and determined without adversely impacting on the programme. This would also offer Thurrock Council the opportunity to update the planning application to reflect any planned changes to the design.

- 6.10. As detailed above, the current forecast total project cost is £34.71m. It is intended that the project will be funded through a variety of funding sources, including National Stations Improvement Programme (NSIP), Section 106 contributions from DP World and other parties and the Thames Freeport Seed Fund (Active Travel). The funding package detailed in the Business Case also includes £14.86m which will be secured through either Retained Business Rates from the Freeport or capital borrowing by Thurrock Council (or potentially a combination of both sources). Whilst it is currently unclear whether the Business Rates or capital borrowing will be pursued in the first instance, it should be noted that due to Thurrock Council being subject to a Section 114 notice, capital borrowing will require consent from both DLUHC and the Treasury.
- 6.11. Finally, it should be noted that the stated funding package includes £5.4m LGF which is currently allocated to the Grays South project. The temporary transfer of the LGF funding between the projects is subject to Board agreement and will be covered later in this report.
- 6.12. The second recommendation considers a Project Change Request (see Appendix B) which has been submitted by Thurrock Council in relation to the Grays South project. The primary purpose of the Change Request is to seek approval from the Board for a significant extension to the delivery programme, with a revised expected completion date of September 2028.
- 6.13. At the time of Business Case submission, it was expected that the project would be completed in February 2024. However, as the Board are aware, the project has been subject to a number of delays and cost increases in recent years culminating, in a full review of the project being undertaken in 2023. As set out above, this review concluded that the project as detailed in the approved LGF Business Case was no longer the right option to be pursuing and an alternative scheme proposal was put forward for consideration by Thurrock Council. Consequently, Thurrock Council have reverted to the feasibility stage of project development and therefore require more time to develop and deliver the project.
- 6.14. Thurrock Council have indicated that they remain committed to delivering a Grays South scheme which addresses the pedestrian safety issue posed by the railway crossing and which improves the connection between the High Street and the river. However, given the timing of the project review, it will not be possible to provide the Board with any further detail or assurances regarding ongoing delivery of the Grays South project prior to the dissolution of SELEP. It is clear that the project outlined within the approved LGF Business Case will not be delivered, although Thurrock Council have provided a commitment to delivering similar benefits through their revised scheme proposal. It is also not possible to confirm that the new scheme proposal is affordable, that a full funding package can be secured or that the project will offer High value for money.
- 6.15. It is apparent that the project remains important to Thurrock Council and that steps need to be taken to address the safety issues posed by the railway crossing and to improve connectivity between different modes of travel within Grays Town Centre. If the Board agree the Project Change Request, responsibility for assuring Value for Money, deliverability and ongoing compliance with LGF grant conditions as the project progresses will be passed to Thurrock Council from 1 April 2024. There will also be an ongoing obligation for Thurrock Council to provide bi-annual reporting to Government during 2024/25.

## Stanford le Hope/London Gateway and Grays South LGF project update

- 6.16. The final recommendation considers whether Thurrock Council can employ an Option 4 Capital Swap allowing £5.4m of the currently unspent LGF allocation awarded to the Grays South project to be temporarily transferred to the Stanford le Hope/London Gateway project to support project delivery.
- 6.17. As outlined above, the total forecast project cost of the Stanford le Hope/London Gateway project has further increased to £34.71m. Thurrock Council have taken steps to secure the additional funding needed in order to complete the funding package, however, there remains a £5.4m funding gap.
- 6.18. To date, Thurrock Council have spent £5.14m of the £10.84m LGF allocation awarded to the Grays South project, leaving £5.7m unspent.
- 6.19. The SELEP Assurance Framework outlines a range of options which have been approved by the Board to enable slippage in spend of the LGF to be managed, and these options are also embedded within the LGF Service Level Agreements which are in place between SELEP Ltd, Essex County Council (as Accountable Body for SELEP) and each Upper Tier Local Authority. Whilst these measures are typically used to manage slippage of funding between financial years, they can also be used to enable accelerated LGF spend on projects within a financial year.
- 6.20. Option 4 allows Upper Tier Local Authorities to re-profile spend between the LGF projects to which the funding was awarded and their wider Capital Programme. In this instance, Thurrock Council are seeking to temporarily transfer funding between two of their LGF projects – Grays South and Stanford le Hope/London Gateway.
- 6.21. Application of Option 4 must be accompanied by a commitment from the Upper Tier Local Authority to return funding of the same value to the impacted project at a future date to allow project delivery.
- 6.22. Thurrock Council are proposing the temporary transfer of the LGF funding from the Grays South project to the Stanford le Hope/London Gateway project as this will bridge the identified funding gap and will allow the project to progress without further delay. As set out in this report, the Grays South project is at a much earlier stage of development and is not currently in a position to commence delivery onsite.
- 6.23. As has been previously reported to the Board, the letter detailing the outcome of SELEP's 2022/23 Annual Performance Review with Government expressed concern regarding the ongoing High risk LGF projects and the apparent lack of progress towards delivery. Allowing the temporary transfer of LGF funding to the Stanford le Hope/London Gateway project will not only allow a High risk LGF project to progress but will also accelerate spend of the LGF funding in line with Government expectations.
- 6.24. Thurrock Council have committed to seeking alternative sources of funding to allow the return of £5.4m capital funding to the Grays South project at a later date to support project delivery. It is envisaged that this funding will be sought from the capital funding streams available to Network Rail and its partners to deliver homes in and around transport hubs. Whilst this assurance has been provided, it is important to remember that the Grays South project is at an early stage of development, with a significant amount of work still to be

undertaken to demonstrate that the proposed scheme is viable. This does present a potential risk to the future return of funding to the Grays South project.

- 6.25. If the temporary transfer of funding to the Stanford le Hope/London Gateway project is not approved by the Board, a funding gap will remain which will impact on the ability of the project to progress to delivery. It is noted that there are limited other options available to Thurrock Council at the current time due to their financial position and the additional restrictions which are in place due to the issuing of the Section 114 notice. Consequently, Thurrock Council have been unable to detail an alternative funding plan should the Board choose not to agree the Option 4 transfer of funding between projects at this meeting. Should this situation arise, the Board will be asked to consider whether the Stanford le Hope/London Gateway project should remain within the LGF programme.
- 6.26. The temporary transfer of £5.4m to the Stanford le Hope/London Gateway project would leave £0.3m unspent LGF allocated to the Grays South project. Thurrock Council have indicated that they intend to use this funding to support the feasibility stage of the project. It should, however, be noted that the Board have agreed that LGF spend on the Grays South project should be placed on hold until ongoing compliance with the SELEP Assurance Framework can be confirmed. Given the current status of the project, it will not be possible for Thurrock Council to demonstrate that the Grays South project meets the requirements of the Assurance Framework prior to the dissolution of SELEP and therefore LGF spend should remain on hold until the requirement to comply with the SELEP Assurance Framework has been removed.
- 6.27. The required assurances from Thurrock Council's Section 151 Officer have not yet been received, however, further efforts will be made to secure these assurances prior to the Board meeting.

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

- 7.1. Essex County Council, as the Accountable Body, is responsible for ensuring that the funding awarded by Government is utilised in accordance with the conditions set for use of the Grant. LGF is a capital grant awarded by Government and is subject to the following condition:

*The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.*

- 7.2. This condition requires that the grant is used to fund Capital expenditure; no end date for use of the grant is included within the conditions, however, it was the expectation of Government that it was used to fund the LGF projects and that it would be defrayed in full by the end of March 2020.
- 7.3. All LGF in respect of the two Projects considered in this report has been transferred to Thurrock Council, as the Project Lead Authority; the funding has been transferred, under the terms of a Service Level Agreement (SLA) which makes clear that funding can only be used in line with the agreed terms. It is also clear that ensuring sufficient funding is secured to support delivery of the Projects is the responsibility of Thurrock Council.

- 7.4. The report recommends the proposal to agree the updated business case for the Stanford le Hope/ London Gateway Project; although it has been assessed by the ITE as providing medium assurance of being High Value for Money, a number of risks to delivery remain. Similarly, a number of key risks have been identified in respect of the Project Change Request to extend the delivery time for the Grays South Project. However, Thurrock Council has demonstrated a commitment to delivering both projects and solutions continue to be investigated by the Council to ensure delivery.
- 7.5. A priority solution for the Stanford le Hope/ London Gateway Project is to address the outstanding funding gap with a temporary funding transfer, referenced as an Option 4 Capital funding swap, from the Grays South project, of £5.4m.
- 7.6. The proposal to apply an 'Option 4 Capital Swap' of LGF from the Grays South Project to the Stanford le Hope/ London Gateway Project are in line with the requirements of the SELEP Assurance Framework and Service Level Agreement with Thurrock Council; the primary conditions of this transfer will be that the LGF is applied in line with the Grant Conditions, i.e. that it must be used to support Capital expenditure on the Stanford Le Hope/ London Gateway Project; and that there is a commitment from Thurrock Council to identify alternative funding to reinvest the equivalent amount of Capital expenditure back into the Grays South Project when it is brought forward for delivery.
- 7.7. This approach supports the expectation of Government for SELEP to use its freedoms and flexibilities to apply spend of LGF at the earliest opportunity; additionally it will support delivery of the revised Stanford Le Hope/ London Gateway Project and assist in realising the value of the investment already applied to that Project to date. There are, as identified in the report, a number of risks and uncertainties with delivery of both Projects that should be considered. Following the closure of SELEP, oversight of delivery and management of these risks will be the responsibility to Thurrock Council; a Transition Agreement is being established between each of the Upper Tier Local Authority Partners in SELEP that will incorporate the requirements of the existing Service Level Agreement in place, including compliance with the conditions of the grant. Also, it is anticipated that oversight of existing high risk projects will be monitored by DLUHC through their reporting processes to be established with Partners following closure of SELEP.
- 7.8. There remains a risk that the spend incurred to date on either Project could no longer meet the conditions of the grant should any spend be identified as abortive and be required to be reclassified as revenue. Assurances have been sought from the Section 151 Officer of Thurrock council that for either Project, there will be sufficient alternative Capital expenditure that the LGF can reapplied against to ensure the condition remains met. This is required to be confirmed and should continue to be monitored through the on-going LGF reporting requirements, to DLUHC.
- 7.9. Given the potential risks associated with successful completion of both of these Projects, should the Board be minded to agree the recommendations, with the forthcoming closure of SELEP, on-going monitoring by DLUHC is advised to ensure funding requirements and delivery expectations continue to be assured.

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

8.1. Reporting requirements and grant funding conditions for the LGF expenditure are still ongoing despite the cessation of Local Enterprise Partnerships. A legal agreement amongst the Upper Tier Local Authorities will be prepared. The agreement will require that all LGF funds are used in accordance with the grant terms and conditions. The agreement will also require the Upper Tier Local Authorities to comply with any and all reporting requirements as notified to them by DLUHC.

## 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:

9.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act

9.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.

9.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

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

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

## 10. List of Appendices

10.1. Appendix A – Report of the Independent Technical Evaluator

10.2. Appendix B – Grays South Project Change Request

## 11. List of Background Papers

11.1. [Stanford le Hope/London Gateway revised LGF project Business Case](#)

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

Role	Date
<b>Accountable Body sign off</b>  <b>Michael Neumann</b>  <b>(on behalf of Nicole Wood, S151 Officer, Essex County Council)</b>	<b>08/02/2024</b>



# Independent Technical Evaluator – Business Case Assessment – Q4 2023/24

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Prepared by:

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Prepared for:

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Our ref: 22790514

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# 1 Independent Technical Evaluation of Local Growth Fund Schemes

## Overview

- 1.1 Steer was reappointed as the South East Local Enterprise Partnership’s Independent Technical Evaluator in April 2023. It is a requirement of Central Government that every Local Enterprise Partnership subjects its business cases and investment decisions to independent scrutiny.
- 1.2 Recommendations will be made for funding approval 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 ‘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 assessments are based on adherence of scheme business cases to Her Majesty’s Treasury’s *Green Book: Central Government Guidance on Appraisal and Evaluation*<sup>1</sup>, and related departmental guidance such as the Department for Transport’s TAG (Transport Analysis Guidance, formerly WebTAG) or the DLUHC 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, DfT’s TAG, DLUHC’s Appraisal Guide, and other departmental guidance.

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<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/685903/The\\_Green\\_Book.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf)

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

## Local Growth Fund

### High value for money, Medium certainty

- 1.11 The following schemes are estimated to represent **High value for money** with a **Medium certainty** of achieving this level of value for money.
- Stanford-le-Hope Station & Transport Interchange Development*
- 1.12 The scheme proposes developing a transport interchange connecting bus, rail, cycle, taxi and pedestrians at Stanford-le-Hope railway station to support passenger growth. This interchange will also provide secure cycle parking spaces / e-bike spaces and charging points. A new station building will be constructed (after the old one was demolished in 2019) to ensure there are adequate facilities at the station and platforms will be widened to accommodate forecast growth in passenger demand. Accessibility standards will be improved by ensuring level access to all platforms as well as the new station building and through the provision of real time information screens.
- 1.13 The following key outputs and outcomes have been identified:
- New station building with new toilets, level access standards and real time information screens
  - Widened train platforms
  - Bus turnaround solution and waiting facilities
  - Car drop off spaces with a landing island and a small taxi rank (two ‘positions’ with a shelter)
  - Secure cycle parking spaces / e-bike spaces and charging points
  - Public footpath connected to the transport interchange from nearby residential developments
- 1.14 The scheme shows reasonable strategic alignment with SELEP/LGF priorities in terms of facilitating business growth and job creation at the nearby DP World/London Gateway major logistics hub. It also aligns with delivering clean growth as it aims to reduce reliance on single occupancy car trips to get to and from the site or move around the wider area. However, there are several outstanding risks which preclude the scheme from being rated as higher than ‘Medium’ certainty of delivering ‘High’ Value for Money.
- 1.15 In the Strategic Case, the scheme promoter has included information from a survey done in 2023 which found that passenger demand is already exceeding pre-Covid-19 pandemic levels. More information should be given about this survey and how representative it is, as well as what it means for passenger demand growth forecasts. There should be assurance that current scheme design can cope with higher than expected passenger demand growth. Other current problems at the site, such as the inadequacy of facilities after the old station building was demolished, could have been better evidenced e.g. by carrying out/using data from existing passenger satisfaction surveys.
- 1.16 Planning approval for phase 2 of the scheme (the transport interchange elements) has been delayed to March 2024 so it outstanding as of the time of writing. This has to be flagged as an uncertainty and potential risk. Objections were received to the planning application in January 2024 which have now been resolved.
- 1.17 The proposed procurement strategy could have been described in more detail. An implementation agreement has been signed with Network Rail, who will therefore be responsible for “design, management and coordinating both phases”, but it is unclear exactly how they will go about procuring the works or what contractual terms they will seek to agree

(especially in terms of allocating risks between Network Rail/delivery partners and the contractor(s)).

**Table 1.1: Gate 1 & 2 Assessment of Local Growth Fund Business Case(s) for Q4 2023/24**

Scheme	SELEP / LGF Allocation	Strategic Dimension Rating	Economic Dimension Rating	Commercial Dimension Rating	Financial Dimension Rating	Management Dimension Rating	Reasonableness of Analysis	Assurance of Value for Money	Robustness of Analysis
Stanford-le-Hope Station & Transport Interchange Development	Existing: £7,500,000 Additional sought: £5,400,000	Amber / Green	Amber / Green	Amber	Green	Amber / Green	Relatively minor issues have been identified in terms of business case compliance, e.g. the scheme objectives could have been more comprehensive in their coverage of all the key outputs and outcomes, some additional lessons learnt from Network Rail's previous procurement/project experience would have provided additional assurance of their availability and suitability of resources and the Benefits Realisation Plan should be distinct from the Monitoring and Evaluation Plan and illustrate the approach to monitoring all the benefits monetised in the Economic case (e.g. journey quality benefits).	Risk allowance and optimism bias should not be included together in scheme costs in the Economic Case, sensitivity testing shows that the BCR may be moderately sensitive to uncertainties. The information presented in the Economic Case should be quality checked to ensure consistency with the Economic Appraisal Technical Annex appended to the business case.	

## Control Information

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### Steer project/proposal number

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22790514

### Client contract/project number

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### Author/originator

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ASN

### Reviewer/approver

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ETC

### Other contributors

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Scheme assessors

### Distribution

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Client: SELEP

Steer: Project team

### Version control/issue number

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V1.0 Draft for Internal Review  
V2.0 Draft for Client

### Date

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17 January 2024  
19 January 2024



## Project Change Request

### Section A – Details

Project Name	Grays South (the Project)
Lead Officer	George McCullough – Interim Head of Regeneration
Lead Authority	Thurrock Council
Date Submitted	5 February 2024

### Section B – Justification

Description of Change	<p>Primary Change:</p> <ul style="list-style-type: none"> <li>Extension of The Project’s delivery programme and diversion from the timescales set out within the original business case.</li> </ul> <p>Other planned actions:</p> <ul style="list-style-type: none"> <li>Retention of the funding already invested into the Project to enable the delivery of an alternate scheme, in addition to retention of £200,000 of the remaining unspent LGF funding allocated to the Project to fund the feasibility stage of the alternate approach.</li> <li>Reallocation of £5.4m of unspent SELEP funding from the Project Grays South to the Stanford Le Hope/London Gateway Project.</li> </ul>
Reason for Making Change	<p>Following a number of reviews into the project. Thurrock Council’s cabinet has made the decision that the project in its current form does not represent value for money for the Council. The Council is pursuing an alternate proposal to deliver the project outcomes via a different route. This is a partnership with Network Rail to deliver a new Station Quarter and over line bridge crossing rather than underpass. This solution offers less risk in engineering terms and will reduce cost to resolve the crossing.</p>
Alternative Options Considered	<p>Do nothing – Not considered as the existing crossing is not fit for purpose and represents significant risk to pedestrians.</p> <p>Underpass option – discounted due to the cost, engineering challenge and value for money</p>
Stakeholders Consulted	<p>SELEP Network Rail Homes England C2C</p>

### Section C - Impact

Impact on total project cost (include updated spend profile)	<p>The total project cost is to be assessed upon completion of the alternate scheme feasibility stage during Q4 2023-2024.</p>
Impact on LGF allocation	<p>£5.4m of funding to be temporarily reallocated from the Project to the Stanford Le Hope/London Gateway project. This is a project already in receipt of LGF funding and the additional allocation will bridge the viability gap and enable this vital project to be delivered. This project will begin in 2024 allowing the funding to be spent within funding timescales.</p> <p>Thurrock Council commits to seeking alternate sources of funding to return capital of the same value back into the Project. It is envisaged that this funding will be sought from the capital funding streams available to</p>

	Network Rail and its partners to deliver homes in and around transport hubs																								
Impact on project delivery timescales (include updated delivery programme)	<p>The project timescales have been revised from the prior programme due to the alteration in approach. The Council has appointed an advisor to lead discussions with Network Rail to formalise the partnership moving forward via an MOU. Initial discussions have taken place and an all-party meeting will take place in February 2024.</p> <p>The current estimate is as follows</p> <table border="1"> <thead> <tr> <th>Milestone</th> <th>Start</th> <th>Completion</th> </tr> </thead> <tbody> <tr> <td>SELEP approval</td> <td>December 2023</td> <td>February 2023</td> </tr> <tr> <td>Network Rail MOU</td> <td>December 2023</td> <td>April 2024</td> </tr> <tr> <td>Feasibility stage</td> <td>March 2024</td> <td>June 2024</td> </tr> <tr> <td>Thurrock Council Cabinet approval</td> <td>July 2024</td> <td>July 2024</td> </tr> <tr> <td>Full design and planning</td> <td>August 2024</td> <td>March 2026</td> </tr> <tr> <td>Contractor procurement</td> <td>September 2025</td> <td>February 2026</td> </tr> <tr> <td>Construction</td> <td>March 2026</td> <td>September 2028</td> </tr> </tbody> </table>	Milestone	Start	Completion	SELEP approval	December 2023	February 2023	Network Rail MOU	December 2023	April 2024	Feasibility stage	March 2024	June 2024	Thurrock Council Cabinet approval	July 2024	July 2024	Full design and planning	August 2024	March 2026	Contractor procurement	September 2025	February 2026	Construction	March 2026	September 2028
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Full design and planning	August 2024	March 2026																							
Contractor procurement	September 2025	February 2026																							
Construction	March 2026	September 2028																							
Impact on project outputs/outcomes	The Council is committed to delivering the original project outputs and outcomes through the alternate scheme																								
Impact on Value for Money offered by the project	The VFM will be updated upon conclusion of the feasibility stage.																								
Impact on SELEP objectives	None expected																								

**Section D – To be completed by Senior Responsible Officer**

I am content for information supplied here to be stored electronically, shared with the South East Local Enterprise Partnerships Independent Technical Evaluator, Steer, and other public sector bodies who may be involved in considering the project change request.

I understand that a copy of this document will be made available on the South East Local Enterprise Partnership website one month in advance of consideration of the change by SELEP Accountability Board. Redactions to the document will only be acceptable where they fall within a category for exemption.

I understand that if I give information that is incorrect or incomplete, funding may be withheld or reclaimed and action taken against me. I declare that the information I have given on this form is correct and complete. Any expenditure defrayed in advance of project change approval is at risk of not being reimbursed and all spend of Local Growth Fund must be compliant with the Grant Conditions and in accordance with the signed Local Growth Fund Service Level Agreement.

Signature:

Print full name:

Position within organisation:

**Section E – To be completed by Section 151 Officer**

In submitting this Project Change Request, I confirm on behalf of [Insert name of County or Unitary Authority] that:

- The information presented in this document is accurate and correct as at the time of writing.
- The funding has been identified to deliver the project and project benefits, as specified within the Business Case or as set out in this document if amended. Where sufficient funding has not been identified to deliver the project, this risk has been brought to the attention of the SELEP Secretariat through the SELEP quarterly reporting process.
- All known risks to project delivery are outlined within this document or remain as detailed in the Business Case.
- The delivery body has considered the public sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision-making process. This includes the development of an Equality Impact Assessment at the outset of the project which will remain as a live document through the projects development and delivery stages.
- The delivery body has access to the skills, expertise and resource to support the delivery of the project as set out in the Business Case and as amended above.
- Adequate revenue budget remains allocated to support the post scheme completion monitoring and benefit realisation reporting.
- The project will be delivered under the conditions of the signed Local Growth Fund Service Level Agreement or other grant agreement with SELEP Ltd. and the SELEP Accountable Body.

I note that this document will be made available on the SELEP website one month in advance of consideration of the project change by the Accountability Board, subject to the removal of any information which is commercially sensitive and confidential as agreed with the SELEP Accountable Body.

Signature:

Print full name:

**Section F - To be completed by SELEP**

<b>Section F - To be completed by SELEP</b>			
SELEP Project Number			
Change Request Number			
Has a review of the Business Case been completed?			
<b>Change agreed with SELEP:</b>	Choose an item.	<b>Date</b>	Click here to enter a date.
Comment			

SELEP LGF Change Request Template

Is Accountability Board approval required?		Choose an item.	
<b>Approved by Accountability Board</b>	Choose an item.	<b>Date</b>	Click here to enter a date.
Comment			

Guidance

1. When is a change request required?

The types of scheme change to be reported include, but are not limited to:

Financial	<ul style="list-style-type: none"> <li>- Change to total LGF spend</li> <li>- Change to total cost of a project</li> <li>- Reallocation of LGF</li> </ul>
Scope	<ul style="list-style-type: none"> <li>- Change to project from original scope as agreed in Outline Business Case submitted to Government for the provisional allocation of Local Growth Fund</li> <li>- Change to project scope from Business Case approved by Accountability Board</li> <li>- Change to intended scheme benefits</li> </ul>
Outcomes	<ul style="list-style-type: none"> <li>- Change to the expected outcomes agreed in the project Business Case or as reported to Government through reporting submissions</li> </ul>

Where LGF funding is being reallocated from one LGF project to another, then two change requests will be required. The first will reduce the LGF allocation to a project and the second will increase the LGF allocation to a project.

If you are unclear whether a change request is required or not please speak to the SELEP Capital Programme Manager.

2. Accountability Board approvals

Where a project change includes one or more of the changes listed below, then SELEP Accountability Board approval will be required automatically.

- (a) *Cancellation of a project which has received a provisional funding allocation;*
- (b) *Inclusion of a new project within the LGF programme which has been identified within the LGF Project Pipeline;*
- (c) *Acceleration of a project previously programmed to start in later years;*
- (d) *Delays to project start or end dates of more than six months;*
- (e) *All changes to project capital grant allocations above the 10% threshold;*
- (f) *Any re-profiling of capital grant between financial years;*
- (g) *Any changes to total project costs above 30% or a £500,000 threshold which are identified prior to the construction contract award;*
- (h) *Any substantial changes to the expected project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the value for money assessment. In such circumstances, it is expected that the business case should be re-evaluated by the ITE; and*
- (i) *Any further changes as may be defined by Government.*

For other project changes where the SELEP Secretariat or Accountable Body advises that the completion of a change request is required, it will be at the discretion of the SELEP Secretariat to

## SELEP LGF Change Request Template

decide whether the change requires Accountability Board approval. SELEP Accountability Board will be made aware of all change requests as part of the LGF update.

**Forward Plan reference numbers:**  
 FP/AB/723, FP/AB/724, FP/AB/725,  
 FP/AB/726 and FP/AB/727

<b>Report title:</b> LGF High Risk Projects Update Report	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Howard Davies, SELEP Capital Programme Officer	
<b>Meeting date:</b> 16 February 2024	<b>For:</b> Information
<b>Enquiries to:</b> <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Essex, Kent, and Thurrock	

## 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the current delivery status of five Local Growth Fund (LGF) projects which have been identified as High Risk; A28 Sturry Link Road, Beaulieu Park Station, A28 Chart Road, Purfleet Centre, and A127 Fairglen Junction Improvements. The latest position for other projects identified as High risk in previous reporting to the Board are considered as part of the LGF update report.
- 1.2. It should be noted, as previously reported at the Board meeting on 12 January 2024, that the letter detailing the outcome of SELEP’s 2022/23 Annual Performance Review with Government expressed concern regarding the ongoing High risk LGF projects and the apparent lack of progress towards delivery. This feedback was, in part, due to the approach taken to reporting on LGF spend to Government but it is considered important that outstanding issues associated with High risk projects are addressed prior to March 2024, wherever possible, whilst established monitoring processes remain in place.
- 1.3. The report will give the Board the opportunity to consider whether the risks previously highlighted for each project have been satisfactorily mitigated or whether clear mitigation plans are in place to ensure that the project progresses to delivery.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** that there are on-going risks across all of the projects set out in this report that will extend beyond the end of SELEP. Provisions are to be implemented in the Transition Agreement that will set out arrangements for on-going monitoring of project delivery with the Department for Levelling Up Housing and Communities (DLUHC) from April 2024. The following is highlighted to note for each project:

### A28 Sturry Link Road

- 2.1.2. **Note** that there remain significant risks to the project, however, progress has been made on a number of identified issues but mitigations are required to be put in place by Kent County Council to ensure successful delivery.

### **Beaulieu Park Station**

- 2.1.3. **Note** that a significant risk in relation to the Homes England HIF has been fully mitigated by the signing of the Deed of Variation and delivery of the project continues.
- 2.1.4. **Note** that risks remain in relation to further delays and cost escalation, but that Essex County Council will closely monitor these.

### **A28 Chart Road**

- 2.1.5. **Note** that, although there remains a significant risk to the project, Kent County Council has provided assurances that they remain committed to its delivery and will need to ensure that satisfactory mitigation plans are in place and continue to be monitored.

### **Purfleet Centre**

- 2.1.6. **Note** that, although there remains a significant risk to the project and realisation of the benefits, Thurrock Council has provided assurances that they remain committed to its delivery and will need to ensure that satisfactory mitigation plans are in place and continue to be monitored.

### **A127 Fairglen Interchange**

- 2.1.7. **Note** that approval of the full Business Case cannot be confirmed by Department for Transport until the agreed tender costs are included, and that the new tender process is due to complete in June 2024.

## **A28 Sturry Link Road - Kent** (total LGF allocation £5.9m)

### **3. Background**

- 3.1. The project is delivering a new link road between the A291 and A28, to the southwest of Sturry, Canterbury to combat traffic congestion. The LGF contribution is allowing for the construction of a bridge over the railway line and the Great Stour River to enable traffic to avoid the Sturry level crossing and the congested road network in the area. Further information on the project can be found in Appendix A.
- 3.2. In June 2016, the Board approved the award of £5.9m LGF to the project, however, various planning complications and delivery risks have meant that the project has progressed more slowly than originally anticipated.
- 3.3. A key facet of the project involves the acquisition of the land necessary to deliver the project, but this process has been delayed. In November 2021, the Board agreed that the deadline for the completion of the land acquisition could be extended to 31 August 2023, and that the remaining £4.656m LGF could be transferred to Kent County Council on the condition that this updated land acquisition deadline is met.



- 3.4. At the April 2023 meeting, the Board were advised of a risk in relation to the Sturry development which was outlined in a confidential appendix. This risk had resulted in a significant delay to the publication of the Compulsory Purchase Order (CPO) and had pushed the timeline for the completion of the land acquisition out beyond 31 August 2023. Additionally, the Board were advised that environmental surveys were ongoing and would continue as a mitigation strategy was developed.
- 3.5. The Board agreed to further extend the deadline for completion of the land acquisition to 7 April 2025 and the completion date for the project to 31 December 2026.

#### **4. Project Update**

- 4.1. Site clearance and environmental mitigation works are ongoing. The presence of beavers identified along the section of the river Stour through Sturry meant that additional surveys were required to better understand their activity. Fieldwork for the archaeological investigation was undertaken in July 2023 with reports being finalised to enable the discharge of the respective planning condition. Other surveys related to the presence of Desmoulin's whorl snails, otters and badgers also required a mitigation strategy that will be in place throughout the duration of the project.
- 4.2. The notification to award the Design and Build contract was issued on 21 April 2023. There were delays in signing the contract, however, the contract has been signed by the contractor and is now in the process of being sealed by Kent County Council. A verbal update will be given at the meeting.

#### Dependent developments

- 4.3. There are three main dependent development sites with each development having a commitment to financially contribute to the delivery of the project. These are as follows:

#### Broad Oak

- 4.3.1. This development continues to be built out and instalments of Section 106 (S106) funds are being paid to Kent County Council.
- 4.3.2. Construction commenced in 2022 and continues to date.

#### Sturry

- 4.3.3. The S106 agreement is in place to provide the developer contributions and to deliver the part of the Sturry Link Road that runs through the site.
- 4.3.4. Heads of Terms have been agreed between the promoter of the Sturry site and the housebuilder, however, issues have arisen as set out to the Board in a confidential appendix at the April 2023 meeting. It was initially reported that these negotiations would be concluded by the end of June 2023, however these discussions were protracted leading to an extension, and this remains to be the case.
- 4.3.5. Progression has been seen with Natural England having accepted the proposed mitigation for Nutrient Neutrality and Canterbury City Council planners preparing an 'appropriate assessment' to close out the planning condition.

- 4.3.6. A reserved matters application is being prepared, but a programme for commencement of the Sturry development is still to be confirmed.

#### North Hersden

- 4.3.7. A planning application has been submitted to Canterbury City Council for determination. The decision has been delayed due to a resolution being sought in relation to nutrient neutrality issues with Natural England. This issue has now been resolved and Canterbury City Council are proposing to take the application to planning committee in March 2024 or April 2024, at the latest.
- 4.3.8. A S106 agreement is being prepared in line with the agreed Heads of Terms between the developer Persimmon Homes and Kent County Council.
- 4.3.9. Should the planning application be refused, the requirement for Kent County Council borrowing to forward fund the project will be increased, whilst alternative funding sources are identified.

#### Land acquisition – CPO and Voluntary Negotiation

- 4.4. Publication of the CPO was confirmed on the 30 November 2023 and the consultation period has now closed. Six objections were received, and these are being reviewed with an action plan being formulated.
- 4.5. Carter Jonas continues to work on the voluntary land acquisition negotiations with impacted landowners with a view to obtaining the majority of the required land through voluntary negotiation.

### **5. Finances**

- 5.1. Value engineering will be undertaken during the Detailed Design phase of the project to ensure the scheme cost is in line with the budget. Further funding opportunities will be explored to reduce the forward funding required by Kent County Council in light of the recent financial pressures being experienced by Local Authorities.
- 5.2. Sufficient developer contributions and the LGF funding are banked to enable the design phase of the design and build contract to proceed.
- 5.3. The £1.38m spend in 2023/24 includes approximately £0.9m for land acquisition. It is possible that some of this could slip into 2024/25 if the land acquisition is not concluded by 31 March 2024, although this is currently considered to be unlikely.



Table 1: Financial Breakdown

Application in Year (£m)										
Funding Source	Prior to 2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
<b>Local Growth Fund</b>	1.11	0.12	0.22	1.38	3.08					<b>5.90</b>
<b>KCC forward funding</b>					0.00	7.00	-6.00	-1.00	0.00	<b>0.00</b>
<b>Herne Bay S106</b>	0.25									<b>0.25</b>
<b>Hopland S106</b>	1.20							-1.20	0.00	<b>0.00</b>
<b>Colliery Site s106</b>					1.20	1.20	1.20	-1.00	-2.60	<b>0.00</b>
<b>Sturry S106</b>					0.83	2.06	2.06	2.06	1.79	<b>8.80</b>
<b>Broad oak S106</b>			0.17	2.06	2.06	2.06	2.06	0.39		<b>8.80</b>
<b>North Hersden S106</b>					2.00	2.00	0.90	0.93		<b>5.83</b>
<b>Annual Total</b>	2.56	0.12	0.39	3.07	9.53	14.32	0.22	0.18	-0.81	<b>29.58</b>

## 6. RAG Risk Template

Table 2: Summary of key project risks

Risk	RAG rating (November 2023)	Change since last Board meeting	Current RAG rating (February 2024)	Progress & Actions
Project programme – Delays connected to procurement of Design and Build contractor, increased levels of environmental surveys required, and additional time required for land acquisition due to a delay in progressing the Sturry site.	Red	↓	Amber	<p>Design and Build contract now signed by contractor and being sealed by Kent County Council.</p> <p>Additional Environmental surveys and mitigation are on-going in advance of main work as planned. Minor risk of changes in ecological activity within the site.</p> <p>CPO published with low level of objections which will hopefully be managed without the need for a Public Inquiry which would reduce the time require for a decision on the CPO.</p>
Project budget/cost increase	Amber	↓	Green	The revised budget has been updated based on the successful tender. There is an increase in budget that is offset by indexation of developer contributions through the S106 agreements. Value engineering will be explored during the detailed design phase to ensure the project cost is in line with the available budget.
Land acquisition – risk that land acquisition will not be completed in accordance with the timeline agreed by the Board.	Amber	↓	Green	CPO was published on 30 November 2023. The Secretary of State decision is expected no later than 7 April 2025 prior to construction in April 2025.
Delay to the programme of the Sturry Development delivering part of the Sturry Link Road.	Red	→	Red	The site owner and developer still need to close out some of the conditions on the planning consent for the Sturry site. This may mean a further delay on their programme, which would have a potential consequence on the programme for the delivery of

				the Kent County Council section of the project, but the two programmes are still aligned.
Nutrient neutrality strategy submission delaying determination of planning application of North Hersden development.	Amber		Amber	A revised nutrient neutrality mitigation has been submitted by the developers for review by Natural England. Canterbury City Council planners are anticipating taking to planning committee for a decision by April 2024. S106 negotiations are progressing in line with the agreed Heads of Terms.
Forward funding requirement – to enable the programme to progress there is a need for forward funding to be provided ahead of receipt of all agreed developer contributions. The current financial climate means that there are other pressures on Kent County Council for its resources alongside the need to facilitate forward funding for the project.	Amber		Amber	To meet the current programme there is a need for forward funding as the project spend will be greater than the rate of recovery of the Developer Contributions. Kent County Council to continue to monitor predicted spend against income from developer contribution, as well as opportunities for further developer contributions and or gap funding.

## **7. SELEP Key Risks**

- 7.1. There have been several delays to the project spanning a significant length of time which raises concerns from both a delivery and reputational risk perspective and the project remains High Risk as a result.
- 7.2. The award of a Design and Build contract has been protracted since the intent to award was issued in April 2023, however, it has been signed by the contractor and is currently being sealed by Kent County Council. An update will be given at the meeting.
- 7.3. The negotiations between the developer and landowner on the Sturry site are still on-going, adding further delay to the project.
- 7.4. Canterbury City Council has not yet granted planning permission for the North Hersden development, and the decision has been delayed to April 2024. Refusal of this application could create a funding gap which Kent County Council may need to address through further borrowing. This element of the project does not have any impact on the CPO completion date.
- 7.5. Although it is considered a relatively small risk, there is still a possibility that the Secretary of State may not approve the CPO. If the CPO is not approved, by the Secretary of State, the project would not be able to progress. Following the closure of the consultation period this risk is seen as reducing.

## 8. Project Milestones

Table 3: Summary of key project milestones

	<b>Milestone Completion Date (November 2023)</b>	<b>Milestone Completion Date (February 2024)</b>	<b>Change in milestone date (RAG rating)</b>	<b>Commentary</b> (To include: % of milestone achieved to date)
Publication of CPO	November 2023	November 2023	Green	100%. The CPO was published in November 2023.
Assess and award the Design and Build contract	December 2023	February 2024	Amber	Contracts signed by contractor and currently being sealed by Kent County Council
Completion of negotiations around how planning conditions would be met between the developer and landowner of the Sturry site	December 2023	April 2024	Red	The promoter for the site is progressing with the reserved matters application. Details from the developers still to be confirmed.
Determination of the North Hersden Planning application	December 2023	April 2024	Red	The planning application has been submitted and is due to be determined by April 2024 following the submission of the mitigation strategy for Nutrient Neutrality. This does not prevent the project being delivered but Kent County Council may need to review borrowing requirements if project spend is faster than income from developer contributions. It is possible the application might be determined at the March 2024 meeting.

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Completion of design phase	September 2024	September 2024	Green	The design phase is on track to be completed in line with the revised programme.
Approval of design and confirm price	October 2024	October 2024	Green	This approval aligns with the revised work programme.
Environmental mitigation works	March 2025	March 2025	Green	60% Complete – Continued work is underway on the environmental mitigation works and will require ongoing updates throughout the design process. This does not impact on the programme for delivery of the project. Engagement with Kent Wildlife Trust and the East Kent Beaver Advisory Group continues to agree a mitigation strategy for this recently protected species
Completion of required land acquisition, including CPO process and Secretary of State decision	April 2025	April 2025	Green	The land acquisition negotiations and CPO processes continued to be actioned. CPO was published in November 2023. Full completion has been designated for April 2025, to allow for a worst-case scenario, but prior to works commencing on site.  60% of the land has been committed by way of a S.106 agreement.
Construction commencement	April 2025	April 2025	Green	This timeline is still expected to be met with no change from agreed programme.
Completion of works	December 2026	December 2026	Green	This timeline is still expected to be met with no change from agreed programme.



## **9. Next Steps**

- 9.1. The design and build contractor (Volker Fitzpatrick) is progressing the detailed design phase of the contract. The earliest start of construction remains April 2025.
- 9.2. Ecological surveys and Advance Environmental mitigation ongoing.
- 9.3. Kent County Council are in discussion with the Department for Transport around the next steps, with regard to the Compulsory Purchase Agreement. Both parties are confident that matters can be dealt with via a written representation which should be sufficient, meaning a full public enquiry will not be necessary. This will need to be confirmed.
- 9.4. The North Hersden planning application to go to Planning Committee in March or April 2024, at the latest.
- 9.5. The programme for the Sturry development still needs to be confirmed. The developer is actively continuing to pursue the discharge of planning conditions and reserved matters. Kent County Council are due to meet with the developer in the near future.
- 9.6. A new funding source from the development at Popes Lane, Sturry has been identified, that could assist with managing the cashflow which will reduce Kent County Council's borrowing requirement.

### **Beaulieu Park Station - Essex** (total LGF allocation £12m)

## **10. Background**

- 10.1. The project aims to build a new railway station in Chelmsford. The new station is to be situated on the existing Great Eastern Main Line (GEML), on the eastern side of Beaulieu, adjacent to the A12/A138/B1137 junction 19. The vision is to create a new transport hub facilitating sustainable modes of transport which will serve growth in North Chelmsford alongside areas of Maldon, Braintree and Uttlesford districts which are not currently well served by rail.
- 10.2. Significant funding for the project delivery was secured through the Housing Infrastructure Fund (HIF) and Essex County Council has entered into a Grant Determination Agreement (GDA) with Homes England, which sets out the terms of the funding. There are defined processes within the GDA that allow the contract conditions to be varied, subject to the agreement of Homes England.
- 10.3. The GDA covers the HIF funding for delivery of both Beaulieu Park Station and for the Chelmsford North-East Bypass project. The total HIF allocation awarded is £218m, which is split between the two projects as follows: Beaulieu Park Station - £124.5m and Chelmsford North-East Bypass - £93.5m.
- 10.4. The Board were advised at the January 2024 meeting, that although a solution to the risk involving the HIF funding had been identified, there was still the need for this to be formalised through the signing of a Deed of Variation.

## **11. Project Update**

- 11.1. Essex County Council is required to fund the project to the value of £8.418m. This is to be funded by identified mitigating reductions across the current Capital Programme, and is

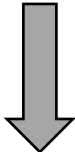

## LGF High Risk Projects Update report

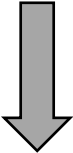


included in the final Capital Programme for 2024/25 which is due to be approved at the Full Council meeting on 13 February 2024.

- 11.2. The project is being delivered by Network Rail under a New Engineering Contract (NEC) Option E contract which is a cost reimbursable contract with Essex County Council liable to pay all reasonable costs incurred by the contractor. There is currently a risk allocation of £12.062m which represents 7% of the total project cost. This contingency is held by Network Rail to cover potential unforeseen risks.
- 11.3. Progress since the last update to the Board has been excellent, especially over the Christmas break when the railway line was closed and all expected works were completed, with minimal issues.
- 11.4. The Deed of Variation between Essex County Council and Homes England was completed on 21 December 2023. This removed a substantial risk to project delivery and the project is no longer flagged as High Risk in the LGF update report.
- 11.5. Work continues within the Chelmsford North-East Bypass project to obtain control of the land on which the bypass will be built. Proposed Heads of Terms were issued to the relevant landowners during September 2023, and one is outstanding but expected to finalise by February 2024.
- 11.6. Design, procurement activity and close integrated working with developers responsible for other infrastructure works in the immediate area have continued, including progress on two major pieces of enabling works; the conveyor bridge, which should complete by the end of February 2024 and the silt lagoon works where the tenders are being assessed. Tenders for Chelmsford North-East Bypass works have been issued, with a return date of 15 May 2024.

## 12. Project Risks

Table 4: Summary of key project risks

Risk	RAG rating (November 2023)	Change since last Board meeting	Current RAG rating (February 2024)	Progress & Actions
<p>The HIF GDA jointly covers the Chelmsford North-East Bypass and Beaulieu Park Station projects and requires delivery of both elements to secure drawdown of the funding.</p>	Amber		Green	<p>Essex County Council completed the Deed of Variation with Homes England on 21 December 2023.</p>
<p>Maintaining satisfactory progress on the work during track possessions to avoid delays, associated costs, and the need for further periods of possession which are the highest areas of cost to the project.</p>	Amber		Amber	<p>The nine-day closure of the main line in December 2023/January 2024 was a success and all works expected to be completed were a success. The next longer period of closure will be over the Easter and May Bank Holiday break. The required possessions have been secured and planning for this is underway.</p>

<p>Notice of Default – Essex County Council has been in default since October 2022 and unable to claim back costs on the project.</p>	<p>Amber</p>		<p>Green</p>	<p>The Deed of Variation formalising the agreed proposals to remove the default has now been completed which removes this risk.</p>
<p>Level of Contingency – Contingency to cover risks has been included in costings for the station but Essex County Council has not had visibility or control over the application of contingency funds. Whilst the level of contingency is significant Essex County Council will have little control on how it is used. There is a risk that costs escalate beyond the current contingency level.</p>	<p>Amber</p>		<p>Amber</p>	<p>Network Rail report on use of contingency at project meetings. The Implementation Agreement contains provisions to allow for Essex County Council's visibility (although not control) of the use of contingency funds going forward.</p>
<p>Timescales for Delivery – Homes England have stated that no further extensions beyond the current deadlines of 31 March 2025 (the station) and 31 March 2026 (Bypass) will be granted. This means that any expenditure unclaimed by that date will have to be funded by Essex County Council.</p>	<p>Amber</p>		<p>Amber</p>	<p>Essex County Council has actively sought to increase visibility on the key decisions and drivers on how the project progresses and will now be represented at all project progress and risk assessment meetings. This monitoring will ensure that any delays or issues can be promptly addressed to ensure the project remains on schedule.</p>

**13. SELEP Key Risks**

- 13.1. The HIF Deed of Variation has now been completed and removes a substantial risk from the project.
- 13.2. The total cost of delivering the project has already increased during the project life and the risk of further cost escalation is still a significant risk. This must be closely monitored to avoid budgetary issues in the future. Although the project costs are under the control of Network Rail, Essex County Council has secured the ability to monitor closely this critical element of the project.

**14. Project Milestones***Table 5: Summary of key project milestones*

<b>Milestone</b>	<b>Milestone Completion Date (November 2023)</b>	<b>Milestone Completion Date (February 2024)</b>	<b>Change in milestone date (RAG rating)</b>	<b>Commentary</b> (To include: % of milestone achieved to date)
Deed of Variation agreed and signed	November 2023	December 2023	Amber	100% Complete. Essex County Council completed the Deed of Variation with Homes England on 21 December 2023
Capital Programme Review completed and decision on source of £8.4m of funding required	January 2024	February 2024	Amber	Decision to be agreed at Full Council on 13 February 2024
Project completion date	December 2025	December 2025	Green	Ongoing. The contractor has indicated completion by December 2025

## 15. Next Steps

- 15.1. J. Murphy & Son to continue construction work including the ongoing rail shutdowns associated with the project.
- 15.2. The focus of activity is on the works to be undertaken during the Easter and May Bank Holiday period where further possessions have been secured.
- 15.3. Chelmsford North-East Bypass section 1A detailed design and actions for Essex County Council to take control of the land to be progressed following issue of the Heads of Terms during September 2023. All agreements are expected to be finalised in February 2024.
- 15.4. Continuation of the conveyor bridge and silt lagoon works, both key enabling projects for the Bypass. The conveyor bridge is well advanced on site and due to be completed by the end of February 2024. The silt lagoons are currently being procured with tenders currently being assessed.
- 15.5. Tenders for Chelmsford North East Bypass works have been issued, with a return date of 15 May 2024.

### **A28 Chart Road - Kent** (total LGF allocation £2.756m)

## 16. Background

- 16.1. The A28 is the main route serving south and west Ashford. The route runs north-south on the western side of the town and connects to the A20/A292 to the north. The project scope includes the dualling of the A28 Chart Road carriageway with two lanes being provided in both directions between Matalan (Brookfield Road) and Tank (Templer Way) roundabouts, separated by a central island. A new bridge over the railway line is proposed to take the southbound traffic, with the existing bridge carrying the northbound traffic. The Matalan and Tank junctions will both be enlarged to accommodate increased capacity stemming from the carriageway upgrade. The project is linked with the Chilmington Green development, with the highway works required to support the development.
- 16.2. At the Board meeting on the 7 June 2019, it was agreed that there was compelling justification for SELEP not to recover the £2.829m LGF spent on the project to date.
- 16.3. The Board were advised at the January 2024 meeting that the project remains on hold whilst waiting for the Chilmington developer to reach their planning obligation to provide funding for the project, under the terms of the S106 agreement. This planning obligation is expected to be reached once 400 homes have been occupied on the site, however, it is understood that the developer has requested a change of terms in relation to the S106 agreement which may delay the trigger point for receipt of the required S106 contributions. Further clarification on this point is expected at this meeting.

## 17. Project Update

- 17.1. Despite ongoing delays regarding the delivery of the project, Kent County Council have confirmed to SELEP that they remain committed to delivering this key strategic improvement. Traffic surveys undertaken in 2023 have shown that traffic congestion has worsened since the need for the improvement was identified as mitigation for the Chilmington Development in 2013, and therefore this project remains a very necessary

## LGF High Risk Projects Update report

improvement to mitigate the traffic impacts from Chilmington. Kent County Council continue to work with Ashford Borough Council and Hodson Developments to find a solution that will unlock the delivery of the project.

- 17.2. Work has progressed in relation to a listed wall that requires relocation, with detailed design and commissioning of the works moving forward.
- 17.3. No milestones to delivery are provided with this project as currently the project remains on hold.



**18. Project Risks**

*Table 6 – Summary of key project risks*

Risk	RAG rating (November 2023)	Change since last Board meeting	Current RAG rating (February 2024)	Progress & Actions
Developers request to review the change of terms in relation to the S.106 agreement.	N/A	N/A	Amber	Kent County Council continue to work with Ashford Borough Council and Hodson Developments to find a solution that will unlock the delivery of the project

## 19. SELEP Key Risks

- 19.1. It is unclear from the report what the issues are concerning the developer's request to review the change of terms in relation to the S106 agreement. It is hoped that the discussions currently being arranged between Kent County Council, Ashford Borough Council, and the developer (Hodson Developments) are positive and bring matters to a conclusion in order that the project can begin to move forward to a completion.
- 19.2. Kent County Council have confirmed their commitment to bring the project forward and complete delivery.

## 20. Next Steps

- 20.1. Works to the listed wall to be actioned and completed in preparation for the wider scheme.
- 20.2. Discussions between Kent County Council, Ashford Borough Council and the developer will continue to work to find a solution that will unlock the delivery of the project.

### Purfleet Centre – Thurrock (total LGF allocation £5m)

## 21. Background

- 21.1. The Purfleet Centre project is seeking to secure the comprehensive redevelopment of a 140-acre site to provide a new town centre for Purfleet featuring: c.2,500 new homes, a 600,000 sq ft film and television studio complex, and supporting infrastructure including a new primary school, health centre, supermarket, and community spaces within a high-quality public realm. The LGF funding was awarded to support the acquisition of the required land, and this element of the project has been completed and the LGF funding has been spent in full.
- 21.2. As has been reported previously, Thurrock Council have identified concerns regarding progress towards achieving the forecast project benefits. This primarily stems from the failure of Purfleet Centre Regeneration Limited (PCRL) (lead developer) to secure the funding required to bring forward the planned redevelopment of the site.
- 21.3. HIF funding totalling £75m was awarded to the project by Homes England, however, failure of PCRL to secure other required funding and associated delays in progressing delivery resulted in a material risk that the development milestones set out within the HIF GDA could not be achieved. The failure to meet the requirements of the GDA resulted in a significant risk that Homes England would invoke the provisions within the GDA and would withdraw the HIF funding and commence legal proceedings against Thurrock Council to clawback grant expenditure to date. In order to mitigate this risk, Thurrock Council Cabinet agreed to mutually withdraw, with Homes England, from the GDA in October 2023 thereby foregoing the drawdown of any further HIF funding.
- 21.4. The Board have previously been advised that work was continuing to address the funding situation and alternative funding options were being considered. The Board were previously advised that discussions were taking place with Homes England in relation to the English Cities Fund and this remains an option.

## **22. Project Update**

- 22.1. In January 2024 Thurrock Council finalised the termination of the HIF funding agreement with Homes England. Homes England had agreed to not clawback HIF funding already spent on the project to date.
- 22.2. Thurrock Council also terminated the Development Agreement with Purfleet Centre Regeneration Ltd. This means they will no longer be involved in the project.
- 22.3. Thurrock Council are in active discussion with alternative developers and identifying the most efficient procurement route to appoint a new partner to deliver the scheme.
- 22.4. Phase 1a1 is currently onsite and Sanctuary Housing Association is expected to complete this phase in April 2024 which will deliver 34 homes. Sanctuary Housing Association will also deliver Phase 1a2 which will deliver 27 homes.
- 22.5. The project is extensive with delivery over a protracted time period towards 2035. Thurrock Council have advised that expected benefits set out in the original Business Case are achievable.

**23. Project Risks***Table 7 – Summary of key project risks*

Risk	RAG rating (November 2023)	Change since last Board meeting	Current RAG rating (February 2024)	Progress & Actions
Inability to secure substantial funding to bring the project forward now that HIF has been returned.	N/A	N/A	Red	As set out in the report ongoing discussion are taking place with Homes England investigating alternative funding streams to bring the project forward. An options paper will be presented to the March 2024 Thurrock Cabinet meeting.
Inability to secure a development partner	N/A	N/A	Red	Thurrock Council is in active discussion with alternative developers and identifying the most efficient procurement route to appoint a new partner to deliver the scheme.

## 24. SELEP Key Risks

- 24.1. The project is at a difficult stage with both HIF funding and a development partner no longer involved, albeit delivery of Phase 1a1 and 1a2 are progressing. Thurrock Council have advised that productive discussions are taking place with Homes England around potential funding opportunities and discussions around the best way to procure an alternative development partner.
- 24.2. A decision pertaining to both these elements will not be made until later in March 2024; any future monitoring of this project will be transferred to Thurrock Council, as the responsible upper tier local authority following the closure of SELEP through a Transition Agreement – see Agenda item 13.
- 24.3. There remain considerable concerns as to whether the full suite of benefits set out in the original Business Case will be delivered. If this were to be the case, then the Value for Money envisaged by the project might fall below the requirements of the SELEP Assurance Framework which states that projects should have a Benefit Cost Ratio (BCR) of at least 2:1.

## 25. Next Steps

- 25.1. Thurrock Council will confirm the procurement route to appoint an alternate developer to deliver the scheme and its outcomes.
- 25.2. Ongoing dialogue with Homes England will continue.
- 25.3. It is understood that a report will be presented to the Thurrock Council Cabinet in March 2024 to update Members on progress to date.
- 25.4. Sanctuary Housing Association to complete Phase 1a1 in April 2024.

**A127 Fairglen Junction Improvements - Essex** (LGF allocation £15m) (DfT retained scheme) and **A127/A130 Fairglen Interchange New Link Road - Essex** (LGF allocation £6.235m)

## 26. Background

- 26.1. The A127/A130 Fairglen interchange is the primary interchange to and from the Southend Central Area. Every weekday, the interchange carries over 110,000 vehicles in a 12-hour period. It suffers significant congestion and journey time delays during peak periods. The interchange comprises of the Fairglen roundabout at the junction of the A127 and the A1245 to the north of the interchange, and the Rayleigh Spur roundabout at the junction of the A130 and the A1245 to the south of the interchange.
- 26.2. The A127/A130 Fairglen Interchange scheme was awarded LGF funding following two successful bids:
  - 26.2.1. The £15m Local Growth Fund 1 (LGF1), Department for Transport (DfT) retained bid for the improvements to the A127 Fairglen Junction Improvements, and;
  - 26.2.2. The £6.235m Local Growth Fund 3 (LGF3), SELEP bid for the A130/A127 Fairglen Interchange new link road.

- 26.3. Although there were two separate bids for LGF and it was originally understood that the link road would come forward in advance of the main scheme, this was subsequently reviewed and both schemes now form one delivery project. However, funding from the A130/A1245 New Link Road has been fully spent on initial works as part of the overall project.
- 26.4. At the January 2024 meeting the Board were advised that Essex County Council had confirmed that all land matters were now resolved. All objections to the Compulsory Purchase Order had been removed, DfT has now confirmed the Order and the High Court Challenge Period expired with no challenge received.
- 26.5. A repricing of tenders had taken place and were being assessed by the project team.

## **27. Project Update**

- 27.1. The repricing exercise did not receive sufficient bids to continue the process. A new tender process, through the Pagabo Framework, will recommence in March 2024 and complete in June 2024.
- 27.2. Approval of the full Business Case and confirmation of the remaining LGF funding cannot be given by DfT until the agreed tender costs are fed into the Economic Case within the Business Case.
- 27.3. £1.5m of retained DfT funding has already been issued to Essex County Council through SELEP to develop the full Business Case.

**28. Project Risks***Table 8 – Summary of key project risks*

Risk	RAG rating (November 2023)	Change since last Board meeting	Current RAG rating (February 2024)	Progress & Actions
Going through another tender process could mean that costs could increase further.	N/A	N/A	Red	A 9 month delay will inevitably run the risk of increased costs, but this will be managed as closely as possible to minimise any increases.
No contractors may bid during further tender process.	N/A	N/A	Amber	The Pagabo Framework includes mandatory processes of submitting Expressions of Interest and rigorous engagement with contractors on the framework.
Reputational risk of further delays from the public.	N/A	N/A	Amber	Manage the process through media information

## **29. SELEP Key Risks**

- 29.1. The project has experienced a number of delays since LGF funding was allocated and it would seem that a further delay will risk further price increases.
- 29.2. There is a key reputational risk that this further delay will cause, and this will need to be managed through media networks.
- 29.3. The, A130/A127 Fairglen Interchange new link road, which has separately received LGF funding, to deliver a new link road, has been delayed. It is proposed that this work will now be undertaken as part of the larger A127 Fairglen Interchange works. It is noted that the LGF allocated to this project has been spent in full on preliminary works, including design works. Benefits associated with this element will not be achieved during the lifetime of SELEP.

## **30. Next Steps**

- 30.1. The further tender process will recommence in March 2024 with tender returns due in July 2024. This will allow the Economic Case of the full Business Case to be completed and submitted to DfT for their approval of the Business Case.
- 30.2. Once completed and signed off by DfT the balance of the £15m DfT retained funding (£13.5m) will be released to Essex County Council, as the Upper Tier Local Authority whereas historically funding from the DfT would have been released to Essex County Council, as the Accountable Body for SELEP.

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

- 31.1. Essex County Council, as the Accountable Body, is responsible for ensuring that the funding awarded by Government is utilised in accordance with the conditions set for use of the Grant. LGF is a capital grant awarded by Government and is subject to the following condition:

*The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.*

- 31.2. This condition requires that the grant is used to fund Capital expenditure; no end date for use of the grant is included within the conditions, however, it was the expectation of Government that it was used to fund the LGF projects and that it would be defrayed in full by the end of March 2020.
- 31.3. All LGF in respect of the projects considered in this report has been transferred to the respective Upper Tier Local Authority Partner; the funding has been transferred, under the terms of a Service Level Agreement (SLA) which makes clear that funding can only be used in line with the agreed terms. It is also clear that ensuring sufficient funding is secured to support delivery of the projects is the responsibility of the Partner Council.
- 31.4. There are, as identified in the report, a number of risks and uncertainties with delivery of all projects that should be considered. Following the closure of SELEP, oversight of delivery and management of these risks will be the responsibility of the Partner Council; a Transition



Agreement is being established between each of the Upper Tier Local Authority Partners in SELEP that will incorporate the requirements of the existing Service Level Agreement in place, including compliance with the conditions of the grant. Also, it is anticipated that oversight of existing high risk projects will be monitored by DLUHC through their reporting processes to be established with Partners following closure of SELEP.

- 31.5. Given the potential risks associated with successful completion of these projects, with the forthcoming closure of SELEP, on-going monitoring by DLUHC is advised to ensure funding requirements and delivery expectations continue to be assured.

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

The funding is administered in accordance with the Service Level Agreements in place between Essex County Council, as Accountable Body of SELEP, SELEP Ltd and the Partner Authority. The SLA contains provisions for monitoring and evaluating of the projects. The reporting requirements and grant funding conditions for LGF are still ongoing despite the cessation of Local Enterprise Partnerships. A legal agreement amongst the Upper Tier Local Authorities will be prepared. The agreement will require that all LGF funds are used in accordance with the grant terms and conditions and also require the Upper Tier Local Authorities to comply with any and all reporting requirements as notified to them by DLUHC.

## **33. Equality and Diversity Implications**

- 33.1. 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:
- 33.1.1. Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act.
  - 33.1.2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - 33.1.3. Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 33.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 33.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision-making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **34. List of Appendices**

- 34.1. Appendix A – A28 Sturry Link Road Project Background Information
- 34.2. Appendix B – Beaulieu Park Station Project Background Information
- 34.3. Appendix C – Chart Road Project Background Information

LGF High Risk Projects Update report

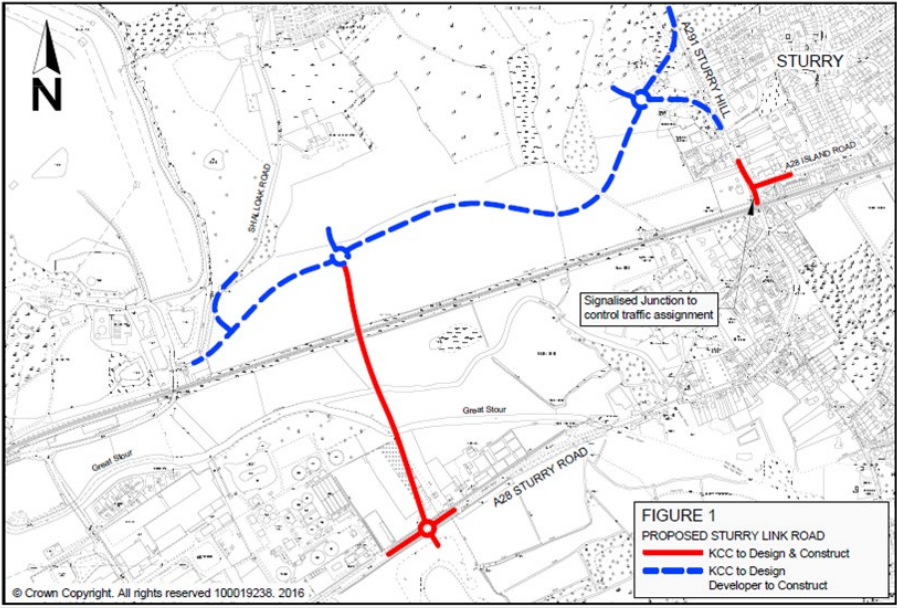
34.4. Appendix D – Purfleet Centre Project Background Information

34.5. Appendix E – A127/A130 Fairglen Interchange Project Background Information

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

Role	Date
<b>Accountable Body sign off</b>  Michael Neumann (on behalf of Nicole Wood, S151 Officer, Essex County Council)	12/02/2024

## Appendix A - LGF Project Background Information

<b>Name of Project</b>	<b>A28 Sturry Link Road, Kent</b>  Kent County Council
<b>Local Growth Fund (LGF) allocation</b>	£5.9m - Awarded in June 2016
<b>Description of what Project delivers</b>	<p>The Project is for the delivery of the new link road between the A291 and A28, to the south west of Sturry, Canterbury. The LGF is due to contribute to the cost of constructing a bridge over a railway line and the Great Stour River, to enable traffic to avoid the Sturry level crossing and the congested road network in the area. The sections shown in red in Figure 1 below show the sections of road included as part of the scope of the LGF Project.</p> <p>To connect the Project to the existing highway, the developers will be delivering a spine road through the new development site to connect the bridge with the A291 to the North East of the residential and commercial development. This connection is essential to enable traffic to use the new bridge funded as part of the LGF Project. The spine road to be funded and delivered by the developers is shown in blue in Figure 1.</p> <p><b>Figure 1 A28 Sturry Link Road</b></p>  <p>The overall objective of the Project is to tackle the existing congestion problem which currently exists at the Sturry level crossing and at the A28/A291 junction. Queuing traffic affects adjacent junctions and can extend 1km in peak periods. The A28 road currently carries 20,000 vehicles per day, but with 6 trains passing per hour, the level crossing is closed for up to 20 minutes/hour during peak times, causing severe</p>

	congestion to trips along the A28. This level of congestion is a major constraint on development to the north east of Canterbury.																																																																																																																																														
<b>Project benefits</b>	<p>Through tackling this congestion pinch point and increasing the capacity of this part of the network, the Project is expected to unlock new development sites to the North East of Canterbury, delivering 4,220 new homes and 1,700 jobs.</p> <p>The scale of development unlocked by the Project includes residential development at the following sites:</p> <ul style="list-style-type: none"> <li>• Broad Oak Farm and Sturry - 1106 homes;</li> <li>• Hoplands Farm, Hersden - 250 homes;</li> <li>• Colliery Site, Hersden - 370 homes;</li> <li>• North Hersden - 800 homes;</li> <li>• Other sites in the north eastern quadrant of Canterbury District</li> </ul>																																																																																																																																														
<b>Funding Package</b>	<table border="1"> <thead> <tr> <th colspan="12">Application in Year (£m)</th> </tr> <tr> <th>Funding Source</th> <th>Prior to 2021/22</th> <th>2021/22</th> <th>2022/23</th> <th>2023/24</th> <th>2024/25</th> <th>2025/26</th> <th>2026/27</th> <th>2027/28</th> <th>2028/29</th> <th colspan="2">Total</th> </tr> </thead> <tbody> <tr> <td>Local Growth Fund</td> <td>1.11</td> <td>0.12</td> <td>0.22</td> <td>1.38</td> <td>3.08</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>5.90</td> </tr> <tr> <td>KCC forward funding</td> <td></td> <td></td> <td></td> <td></td> <td>0.00</td> <td>7.00</td> <td>-6.00</td> <td>-1.00</td> <td>0.00</td> <td></td> <td>0.00</td> </tr> <tr> <td>Herne Bay S106</td> <td>0.25</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0.25</td> </tr> <tr> <td>Hopland S106</td> <td>1.20</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>-1.20</td> <td>0.00</td> <td></td> <td>0.00</td> </tr> <tr> <td>Colliery Site s106</td> <td></td> <td></td> <td></td> <td></td> <td>1.20</td> <td>1.20</td> <td>1.20</td> <td>-1.00</td> <td>-2.60</td> <td></td> <td>0.00</td> </tr> <tr> <td>Sturry S106</td> <td></td> <td></td> <td></td> <td></td> <td>0.83</td> <td>2.06</td> <td>2.06</td> <td>2.06</td> <td>1.79</td> <td></td> <td>8.80</td> </tr> <tr> <td>Broadoak S106</td> <td></td> <td></td> <td>0.17</td> <td>2.06</td> <td>2.06</td> <td>2.06</td> <td>2.06</td> <td>0.39</td> <td></td> <td></td> <td>8.80</td> </tr> <tr> <td>North Hersden S106</td> <td></td> <td></td> <td></td> <td></td> <td>2.00</td> <td>2.00</td> <td>0.90</td> <td>0.93</td> <td></td> <td></td> <td>5.83</td> </tr> <tr> <td><b>Annual Total</b></td> <td>2.56</td> <td>0.12</td> <td>0.39</td> <td>3.07</td> <td>9.53</td> <td>14.32</td> <td>0.22</td> <td>0.18</td> <td>-0.81</td> <td></td> <td>29.58</td> </tr> </tbody> </table>											Application in Year (£m)												Funding Source	Prior to 2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total		Local Growth Fund	1.11	0.12	0.22	1.38	3.08						5.90	KCC forward funding					0.00	7.00	-6.00	-1.00	0.00		0.00	Herne Bay S106	0.25										0.25	Hopland S106	1.20							-1.20	0.00		0.00	Colliery Site s106					1.20	1.20	1.20	-1.00	-2.60		0.00	Sturry S106					0.83	2.06	2.06	2.06	1.79		8.80	Broadoak S106			0.17	2.06	2.06	2.06	2.06	0.39			8.80	North Hersden S106					2.00	2.00	0.90	0.93			5.83	<b>Annual Total</b>	2.56	0.12	0.39	3.07	9.53	14.32	0.22	0.18	-0.81		29.58
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<b>Project constraints</b>	<ul style="list-style-type: none"> <li>• Environmental orders have increased the amount of work required to mitigate against environmental impacts. These will be ongoing throughout delivery of the project.</li> <li>• Delays to various land negotiations have impacted on the delivery timeline.</li> <li>• Delays to planning decisions around the North Hersden development could delay S.106 payments and add pressure to Kent County Council budgets.</li> </ul>																																																																																																																																														
<b>Link to Project webpage</b>	<a href="https://www.southeastlep.com/project/a28-sturry-link-road/">https://www.southeastlep.com/project/a28-sturry-link-road/</a>																																																																																																																																														

## Appendix B - LGF Project Background Information

<b>Name of Project</b>	<b>Beaulieu Park Station, Chelmsford</b>  Essex County Council
<b>Local Growth Fund (LGF) Allocation</b>	£12m - Awarded in February 2019
<b>Description of what Project Delivers</b>	<p>The new station is being proposed on the existing Great Eastern Main Line (GEML) on the eastern side of Beaulieu, 3 miles north east of Chelmsford, located adjacent to the A12/A138/B1137 junction 19 to serve the growth in North Chelmsford as well as wider growth in parts of Maldon, Braintree and Uttlesford districts not well served by rail.</p> <p>Full detailed planning permission was granted by Chelmsford City Council in June 2022. The station will include:</p> <ul style="list-style-type: none"> <li>• Three platforms with a central loop line and new tracks to enable stopping services to call at the station while allowing fast trains to pass through unimpeded.</li> <li>• A footbridge between platforms with lifts.</li> <li>• Single storey station building with retail units, staff and welfare facilities, public toilets and concourse area.</li> <li>• Surface level ‘premium’ car parking for 243 cars and secondary surface level car park for 460 cars.</li> <li>• 35 designated Blue Badge bays and 2 extended spaces.</li> <li>• 500 spaces for cycle parking and storage.</li> <li>• Parking for 50 motorcycles.</li> <li>• A bus interchange for 8 buses with provision for 8 parking spaces for rail replacement buses.</li> <li>• Dedicated taxi set down and pick up area with waiting shelter.</li> </ul> <p>The turnback / passing loop provides operational resilience and flexibility in a network that is heavily used and operating at near capacity. This scheme option gives Network Rail full operational ability to turn back trains in both directions and also allows trains to pass each other in both directions The station is proposed to be a rail head and would be used to start / terminate some of the services that today start / terminate at Chelmsford, to distribute demand effectively and to allow for services to be timetabled effectively.</p> <p>The station will provide train services for residents and workers, support future business development and existing business activity, and will relieve pressure on Chelmsford station.</p>

<b>Project Benefits</b>	<ul style="list-style-type: none"> <li>• Acceleration of planned new homes and jobs and their associated economic benefits</li> <li>• Facilitation of dependent development - new homes and jobs and their associated economic benefits which otherwise could not happen</li> <li>• Increase in fare box revenue for the railway</li> <li>• Reduced congestion at Chelmsford station</li> <li>• Reduced congestion in Chelmsford city centre at peak times (weekday and weekends)</li> <li>• Improved access to the rail network for residents and businesses in the Heart of Essex not well served by rail</li> <li>• Improved network resilience and reliability for train services using the Great Eastern Main Line.</li> </ul>										
<b>Project Programme</b>	<table border="1"> <thead> <tr> <th data-bbox="539 719 933 792">Project Milestone</th> <th data-bbox="933 719 1300 792">Current Programme as at February 2024</th> </tr> </thead> <tbody> <tr> <td data-bbox="539 792 933 907">Beaulieu Park Station Mobilisation and Construction Start Date</td> <td data-bbox="933 792 1300 907">Q3 2022/23</td> </tr> <tr> <td data-bbox="539 907 933 1055">Signing Second Implementation Agreement between ECC and Network Rail</td> <td data-bbox="933 907 1300 1055">July 2023</td> </tr> <tr> <td data-bbox="539 1055 933 1169">Completion of Variation Agreement with Homes England</td> <td data-bbox="933 1055 1300 1169">December 2023</td> </tr> <tr> <td data-bbox="539 1169 933 1243">Handover of station into service</td> <td data-bbox="933 1169 1300 1243">December 2025</td> </tr> </tbody> </table>	Project Milestone	Current Programme as at February 2024	Beaulieu Park Station Mobilisation and Construction Start Date	Q3 2022/23	Signing Second Implementation Agreement between ECC and Network Rail	July 2023	Completion of Variation Agreement with Homes England	December 2023	Handover of station into service	December 2025
Project Milestone	Current Programme as at February 2024										
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Signing Second Implementation Agreement between ECC and Network Rail	July 2023										
Completion of Variation Agreement with Homes England	December 2023										
Handover of station into service	December 2025										
<b>Current Project Constraints</b>	<ul style="list-style-type: none"> <li>• The total cost of delivering the project will need to be closely controlled and monitored over the duration of the project.</li> </ul>										
<b>Link to Project Webpage</b>	<a href="https://www.southeastlep.com/project/beaulieu-park-railway-station/">https://www.southeastlep.com/project/beaulieu-park-railway-station/</a>										

## Appendix C - LGF Project Background Information

<b>Name of Project</b>	<b>A28 Chart Road, Kent</b>  Kent County Council
<b>Local Growth Fund (LGF) allocation</b>	£10m – Awarded in February 2016 Revised allocation £2.756 - Retained in June 2019
<b>Description of what Project delivers</b>	<p>The A28 is the main route serving south and west Ashford. The route runs north-south on the western side of the town and connects to the A20/A292 to the north. The project scope includes the dualling of the A28 Chart Road carriageway with two lanes being provided in both directions between Matalan (Brookfield Road) and Tank (Templer Way) roundabouts, separated by a central island. A new bridge over the railway line is proposed to take the southbound traffic, with the existing bridge carrying the northbound traffic. The Matalan and Tank junctions will both be enlarged to accommodate increased capacity stemming from the carriageway upgrade. The project is linked with the Chilmington Green development, with the highway works required to support the development.</p> <p>A project update was considered by <a href="#">the Board on 7th June 2019</a> in line with the requirement for all high risk projects to be considered by the Board before the end of June 2019. The project update indicated that whilst Kent County Council has undertaken substantial work towards the delivery of the project, there remained a significant risk in relation to the developer contributions towards the delivery of the project. The Chilmington Green developer contributed towards the development of the project and was due to fund the remaining construction costs of the project. It was agreed that Kent County Council would forward fund the developer contribution to the delivery of the project, with the developer repaying Kent County Council over a ten year period. A security bond was required from the developer in order to safeguard Kent County Council against any risk of non-repayment and to recover interest charges. Due to the failure to receive a security bond from the developer being forthcoming the project was put on hold by Kent County Council, as they did not have the financial security to forward fund the project.</p> <p>At that time, a total of £2.756m of the £10.2m LGF funding allocation had been spent on the project. Kent County Council confirmed that this would remain as capital expenditure as there remains a need for the delivery of the project to enable construction of the 5,750 homes planned at the Chilmington Green site. At the meeting on 7th June 2019 the Board agreed that the project should be put on hold and that there was compelling justification for SELEP not to recover the £2.756m LGF funding spent on the project to date.</p>

	<p>The Board also agreed that unless Kent County Council were able to provide written confirmation that the local funding was in place by 27th June 2019, the remaining LGF allocation of £7.444m should be reallocated through the LGF project pipeline. It was confirmed by Kent County Council on 28th June 2019, that the local funding package was not in place. Therefore, the remaining LGF allocation has been reallocated.</p>
<b>Project benefits</b>	<p>The proposed Chilimington Green development is located approximately 6km to the south west of Ashford town centre and lies to the east of the A28 corridor. A planning condition has been imposed by Kent County Council that the A28 will require upgrading in order to carry the expected level of demand attributable to the Chilimington Green development. The development will comprise:</p> <ul style="list-style-type: none"> <li>• Up to 5,750 dwellings;</li> <li>• Up to 10,000 sqm of B1 use class;</li> <li>• Up to 9,000 sqm of A1-A5 use classes;</li> <li>• Three primary schools for up to 1,200 pupils; and</li> <li>• A site for a Secondary School for up to 1,080 pupils.</li> </ul> <p>The approved Business Case for the project presented the following objectives:</p> <ul style="list-style-type: none"> <li>• Provide additional capacity on the road network to improve traffic flow</li> <li>• Alleviate congestion along the A28 Chart Road</li> <li>• Improve journey time reliability along the A28 Chart Road.</li> <li>• Improve road safety along the A28 Chart Road.</li> <li>• Reduce environmental impacts for local residents.</li> <li>• Support the economy by supporting the delivery of houses and jobs.</li> </ul>
<b>Project constraints</b>	<p>The developers request to review the change of terms in relation to the S.106 agreement. Kent County Council are continuing to liaise with Ashford Borough Council and Hodson Developments to find a solution.</p>
<b>Link to Project webpage</b>	<p><a href="https://www.southeastlep.com/project/a28-chart-road/">https://www.southeastlep.com/project/a28-chart-road/</a></p>



## Appendix D - LGF Project Background Information

<b>Name of Project</b>	<b>Purfleet Centre, Thurrock</b> Thurrock Council
<b>Local Growth Fund (LGF) allocation</b>	£5m - Awarded in June 2016
<b>Description of what Project delivers</b>	<p>The Purfleet Centre project seeks to secure the comprehensive redevelopment of a 140 acre site to provide a new town centre for Purfleet featuring; c.2,500 new homes a 600,000 sq ft film and television studio complex, and supporting infrastructure including a new primary school, health centre, supermarket, and community spaces within a high quality public realm. In total it is anticipated that the development will create around 2,700 new jobs (direct and indirect but excluding construction jobs).</p> <p>£75m of Homes England HIF was awarded to the project.</p> <p>The LGF funding was awarded to support the acquisition of the required land, and this element of the project has been completed and the LGF funding has been spent in full.</p>
<b>Project benefits</b>	<p>In terms of the measurable outputs being secured through this scheme; there will be:</p> <ul style="list-style-type: none"> <li>• 1,835 new homes which will include terrace houses, apartments and maisonettes and the acceleration will allow these to be delivered earlier.</li> <li>• 2,652 gross direct jobs created through development and with acceleration these will be created sooner.</li> </ul>
<b>Project constraints</b>	<ul style="list-style-type: none"> <li>• HIF funding has been removed from the project and Thurrock Council are currently in the process of identifying alternative funding partners.</li> <li>• The Development Agreement with the original delivery partner Purfleet Centre Regeneration Ltd has now been terminated. Thurrock Council are currently in active discussions with alternative development partners.</li> </ul>
<b>Link to Project webpage</b>	<a href="https://www.southeastlepp.com/project/purfleet-centre-project/">https://www.southeastlepp.com/project/purfleet-centre-project/</a>

## Appendix E - LGF Project Background Information

<b>Name of Project</b>	<p><b>A127 Fairglen Interchange junction improvements</b></p> <p>Essex County Council</p>
<b>Local Growth Fund (LGF) allocation</b>	<p>£1.5m - Released in June 2019 at the request of the Department for Transport (for development of business case)</p> <p>£13.5m – Awarded in February 2021 by the Board subject to final approval of the project by the Secretary of State</p>
<b>Description of what Project delivers</b>	<p>The proposed scheme is designed to increase the capacity of the Fairglen Interchange, reduce travel times, address existing safety concerns, and improve pedestrian and cycling connectivity. It involves:</p> <ul style="list-style-type: none"> <li>• Widening the A127 Westbound diverge slip road onto Fairglen roundabout.</li> <li>• Constructing additional and longer slip lanes on the A127 Eastbound slip.</li> <li>• Providing a third lane southbound between Fairglen Roundabout and Raleigh Spur Roundabout.</li> <li>• Improving the Raleigh Spur Roundabout, including signal control.</li> <li>• Removal of the existing bypass lane at Raleigh Spur Roundabout.</li> <li>• Constructing a new bridge for pedestrians and cyclists to the south of Fairglen Roundabout.</li> <li>• Improving the geometric design of the Interchange generally, providing improved lines of sight and visibility for motorists.</li> <li>• Updating signage and speed limits</li> </ul> <p>Part of the wider scheme is the <a href="#">A127/A130 Fairglen Interchange Link Road Project</a> (the Link Road project). This was brought forward as a standalone project and was approved for investment by the Board in February 2019.</p>
<b>Project benefits</b>	<ul style="list-style-type: none"> <li>• Connectivity to accommodate/manage future travel demands to facilitate proposed growth in South Essex.</li> <li>• Improved opportunities for residents and employees in South Essex to access alternative modes of transport.</li> <li>• Better safety at the junction through improved design, changes to signage, speed limits and visibility.</li> <li>• Increased resilience of the highways network and reliability of journey times through better management of congestion at peak times and during maintenance and incidents.</li> </ul>
<b>Project constraints</b>	<p>The key programme dependencies and risks are:</p> <ul style="list-style-type: none"> <li>• Approval of the full Business Case by DfT</li> </ul>

	<ul style="list-style-type: none"><li>• A successful contractor tender process. Business Case cannot be approved until this stage is complete.</li><li>• Successful liaison with the local communities ensuring they are included in regular updates through the scheme's development.</li></ul>
<b>Link to Project webpage</b>	<a href="https://www.southeastlep.com/project/a127-fairglen-interchange/">https://www.southeastlep.com/project/a127-fairglen-interchange/</a>

<b>Report title:</b> A13 Widening LGF Project Update	
<b>Report to:</b> Accountability Board	
<b>Report author:</b> Howard Davies, SELEP Capital Programme Officer	
<b>Meeting date:</b> 16 February 2024	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:howard.davies@southeastlep.com">howard.davies@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> Thurrock	

### 1. Purpose of report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to receive an update on the Value for Money assessment for the A13 Widening Local Growth Fund (LGF) project (the Project).
- 1.2. The report will also give an update on outstanding matters relating to the project.

### 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Note** that following practical completion of the Project, the latest available information indicates that it may no longer demonstrate Value for Money in accordance with the requirements of the SELEP Assurance Framework.
  - 2.1.2. **Note** that as part of the monitoring and evaluation process following Project completion, Thurrock Council is required to keep the anticipated benefits under review to assess whether the outcomes set out in the business case are realised.

### 3. Summary Position

- 3.1. The project involves widening the A13 Stanford le Hope Bypass from two to three lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east. The Project provides a continuous three-lane carriageway from the M25 to Stanford le Hope, which will reduce congestion, improve journey times and support further economic growth, including opportunities for development(s) and inward investment.
- 3.2. The Project is a Department for Transport (DfT) retained scheme, which means the original Business Case for the project was reviewed by the DfT and the funding decision was made by the Secretary of State in April 2017.
- 3.3. The Project was initially in receipt of £5m LGF Funding from SELEP, approved by the Board in April 2016. At the time of the original funding decision, the estimated project cost totalled £78.866m, with £66.058m LGF then secured from the DfT and approved by the

Board in March 2017. The Benefit Cost Ratio stood at 2.9:1, representing high Value for Money (VfM).

- 3.4. The Board has received updates on issues and progress since November 2019. In July 2020, the total cost of the Project was reported to have increased to £114.7m. The associated VfM assessment at this time remained High with a Benefit Cost Ratio (BCR) of 2.1:1. The Board consequently agreed to award a further £8.942m LGF towards the Project, increasing the overall LGF contribution to £80m.
- 3.5. At the point of this additional funding award to the Project, Thurrock Council provided assurances that the Project would still progress through to completion and that the Council would underwrite any further funding shortfalls that might arise. This would include seeking additional funding through any external sources available to Thurrock Council, as well as the use of its own capital resources such as capital receipts and Prudential Borrowing.
- 3.6. At the March 2021 meeting, the Board approved an additional £1.5m LGF for cost rises to the Project, largely associated with the impacts of the COVID-19 pandemic. A revised economic appraisal was undertaken as part of this application for additional LGF funding.
- 3.7. The economic assessment demonstrated that the BCR for the Project had reduced to 1.7:1 from 2.9:1 (set out in the original Business Case), which no longer represented high VfM. The SELEP Assurance Framework sets out that Projects are required to achieve a BCR of at least 2:1. However, it was noted by the Independent Technical Evaluator that an additional scenario that considered the impacts of the Lower Thames Crossing had been provided. This scenario demonstrated a BCR of 2.5:1. The Board considered the fact that the Project no longer offered High VfM in isolation, however, when considered in conjunction with the expected benefits from the Lower Thames Crossing project, High VfM was anticipated.
- 3.8. At the September 2023 Board meeting, members were given an update on the Project which included a presentation on Lessons Learnt throughout the lifetime of the Project. At that time, an updated VfM Assessment was expected at the November 2023 meeting, as projected outturn costs had risen to £147.5m. The November 2023 meeting was deferred, and the VfM information was not available to update the Board at the January 2024 meeting.
- 3.9. More background information can be found at Appendix A.

#### **4. Value for Money Exercise (VfM)**

- 4.1. The original business case in April 2017, concluded the Project demonstrated High VfM with a BCR of 2.9:1. This assessment was based on a final project cost of £81.2m.
- 4.2. The revised VfM presented to the Board at the July 2020 meeting signalled that the project demonstrated a high VfM BCR of 2.1:1. Projected costs had risen to £118.1m.
- 4.3. The updated VfM assessment presented to the Board in March 2021 reported that the project cost had risen to £145m. The VfM assessment demonstrated that the Project now offered medium VfM with a BCR of 1.7:1. However, a scenario which included expected benefits from the Lower Thames Crossing project, increasing the BCR to high, was

considered by the Board. This assessment relied upon the same data provided for the previous update; none of the models were rerun. Consequently, the March 2021 assessment did not provide sufficient updated data to warrant an updated VfM assessment by the Independent Technical Evaluator. Whilst projected benefits from the Lower Thames Crossing project were taken into account by the Board in March 2021 when deciding to award an additional £1.5m to the project, benefits from the Lower Thames Crossing project were not included in the Project's original Business Case and underpinning VfM assessment with a BCR of 2.9:1. Projects included were the London Gateway Port and Logistics Park expansion and Thames Enterprise Business Park. However, the economic case in the original Business Case did include a benefits scenario that included the Lower Thames Crossing project.

- 4.4. It is noted that Thurrock Council does not support the current Lower Thames Crossing proposals without significant improvements or mitigations, as set out in a recent report to the Thurrock Council Lower Thames Crossing Task Force group at their meeting on 22 January 2024. The report sets out Thurrock Council's major concerns as well as its assessment of National Highways performance against its scheme objectives of the Lower Thames Crossing (LTC) project. The report states that only 5% of the wider economic benefits of the LTC project will benefit Thurrock and that this will only increase the local economy by 0.03%. This assessment places a concern that projected benefits of the LTC project previously included in the Project's VfM assessment and BCR, may have overstated the anticipated benefits.
- 4.5. The VfM assessment used in March 2021 showed that final outturn costs were £145m which is less than the £147.5m reported to the Board in September 2023 which indicated a BCR of 1.7:1, excluding the benefits attributed to the LTC. It is possible that the benefits applied at that time may have increased over time and it is also possible that other benefits may now be applicable. However, there is currently no assurance that the final BCR will meet the 2:1 criteria set out in the Assurance Framework.
- 4.6. The original Business Case and VfM assessment for the Project considers benefits to Thurrock only. However, it is noted that the scale of this Project is expected to deliver significant benefits to South Essex, including Brentwood and Chelmsford to the north, Southend on Sea, Southend airport and the business community around Basildon, to the east.
- 4.7. It is recognised that this Project has been challenging throughout its delivery and that many lessons have been learned, particularly in respect of improvements in contract, cost and supply chain management. A project of this nature in its entirety is expected to generate significant benefits for the area, some of which are difficult to quantify.
- 4.8. As the Project is practically complete, no decision is required, however, the Board is asked to note that following practical completion of the Project, the latest available information indicates that it may no longer demonstrate VfM in accordance with the requirements of the SELEP Assurance Framework. A full reassessment of the Project's projected benefits has not been undertaken by Thurrock Council to inform an updated VfM calculation at this time that may assure the position. In light of the well reported challenges associated with this Project, it is important that partners learn the lessons to inform future schemes of this scale. As reported to the September 2023 meeting of the Board, Thurrock Council have

undertaken a full review of the Project, which was presented to the Board. This has been included at Appendix B

- 4.9. As part of the monitoring and evaluation process following Project completion, Thurrock Council is required to keep the anticipated benefits under review to assess whether the outcomes set out in the business case are realised. Following closure of SELEP, this information will no longer be reported to the Board, however, it is expected that this position will continue to be monitored by Department for Levelling Up, Housing and Communities through the new reporting arrangements being established with the Local Authorities as they take on SELEP functions from April 2024.

### **5. Delivery Update**

- 5.1. The widening of the A13 Stanford le Hope Bypass from two to three lanes in both directions, has been fully operational since the spring of 2023, with several Project matters to conclude that are not affecting full operation of the road.
- 5.2. The Board were previously advised that there were a small number of compensation claims outstanding. These claims relate to business disturbance claims arising from the provisions within the original Harbour Empowerment Order used to secure the land. Of the five claims outstanding, three have reached agreement; a further one has reached agreement but cannot be settled until the balancing pond track is complete and the final agreement is expected to be finalised by the end of February 2024.
- 5.3. Works to be completed include:
  - 5.3.1. Completion of the balancing pool access track – Summer 2024
  - 5.3.2. Identification and negotiation of any defects – Summer 2024
  - 5.3.3. Final receipt of completed health & safety files and as built drawings<sup>1</sup>. – Spring 2024.
- 5.4. On completion of the matters identified above, the project will have been fully delivered.
- 5.5. The Board has received a comprehensive update on the challenges that this project has experienced over the delivery period, which has presented an opportunity for much learning, and lessons learnt have been documented for future reference.

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

- 6.1. As has been regularly reported to the Board, there have been significant financial challenges associated with the delivery of this Project. The forecast total cost set out in this report of £147.453m, represents a significant increase over the original £78.866m budget for the Project and places a risk with respect to the value for money associated with the scheme. Most recent assessments indicated that High Value for Money could only be maintained if the benefits associated with delivery of the Lower Thames Crossing Project were taken into consideration.

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<sup>1</sup> As built drawings include all the changes made throughout the construction project

- 6.2. On each occasion when a funding award was considered by the Board for this Project, an Independent Technical Evaluation was undertaken that determined that the Project met the VfM requirements of the Assurance Framework, based on the agreed business case assumptions at that time, albeit that this became dependent on the inclusion of benefits associated with the delivery of the Lower Thames Crossing for later funding decisions.
- 6.3. The anticipated full re-assessment of the Value for Money associated with the project has not been provided, however, the reported benefit concerns in respect of the Lower Thames Crossing indicates that the BCR may no longer place reliance on these to meet the VfM requirements of the SELEP Assurance Framework that is associated with the award of funding.
- 6.4. As the Project is practically complete, no decision is required from the Board, however, the completion of the lessons learnt report is a useful tool to assist in ensuring that future Projects can adopt the key lessons identified which will help to protect against unplanned cost impacts and assuring a focus on benefits realisation – these are helpful insights that can be a learning tool for all Partners.
- 6.5. Essex County Council, as the Accountable Body, is responsible for ensuring that the LGF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 6.6. £81.5m of LGF has been transferred to Thurrock Council, to support delivery of this Project, under the terms of a Funding Agreement or SLA which makes clear that funding can only be used in line with the agreed terms.
- 6.7. The Agreements also set out that it was the responsibility of Thurrock Council to secure the additional funding required to meet the cost overruns; assurances have previously been secured from the Council and reported to the Board, that the additional funding would be identified to fund the significant cost overrun associated with this Project; a report to Thurrock Cabinet in July 2023 identifies that the majority of the cost overrun (forecast as in excess of £68m) is being met by Prudential Borrowing by the Council.

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

- 7.1. The grant funding was administered in accordance with the terms of the Grant Determination Letter between the Accountable Body and Central Government and required to be used in accordance with the terms of the Service Level Agreements between the Accountable Body and Partner Authorities. The report is asking the Board to note the current position, which is that project is near completion as it has delivered an operational road but there are compensation events outstanding as well as some works (as outlined above in paragraph 5.2) that need to be completed, therefore there are no decisions required by the Board.

## **8. Equality and Diversity Implications**

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



## A13 Widening LGF Project Update

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

## 9. List of Appendices

- 9.1. Appendix A – LGF Project Background Information
- 9.2. Appendix B – Key Lessons Learnt

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b> <b>Michael Neumann</b> <b>(on behalf of Nicole Wood, S151 Officer, Essex County Council)</b>	<b>09/02/2024</b>

## Appendix A – LGF Project Background Information

<b>Name of Project</b>	<b>A13 Widening</b> Thurrock Council													
<b>Local Growth Fund (LGF) allocation</b>	<table border="1"> <thead> <tr> <th><b>Date of award</b></th> <th><b>Amount (£m)</b></th> </tr> </thead> <tbody> <tr> <td>April 2016 (LGF Development Funding)</td> <td>5.000</td> </tr> <tr> <td>March 2017 Accountability Board (DfT)</td> <td>66.058</td> </tr> <tr> <td>July 2020 Accountability Board (DfT)</td> <td>8.942</td> </tr> <tr> <td>March 2021 (Additional LGF)</td> <td>1.500</td> </tr> <tr> <td><b>Total</b></td> <td><b>81.500</b></td> </tr> </tbody> </table>		<b>Date of award</b>	<b>Amount (£m)</b>	April 2016 (LGF Development Funding)	5.000	March 2017 Accountability Board (DfT)	66.058	July 2020 Accountability Board (DfT)	8.942	March 2021 (Additional LGF)	1.500	<b>Total</b>	<b>81.500</b>
<b>Date of award</b>	<b>Amount (£m)</b>													
April 2016 (LGF Development Funding)	5.000													
March 2017 Accountability Board (DfT)	66.058													
July 2020 Accountability Board (DfT)	8.942													
March 2021 (Additional LGF)	1.500													
<b>Total</b>	<b>81.500</b>													
<b>Description of what Project delivers</b>	The project involved widening the A13 Stanford le Hope Bypass in both directions, from the junction with the A128 in the west to the A1014 in the east. Now that the project is complete, there is a continuous three-lane carriageway from the M25 to Stanford le Hope.													
<b>Project benefits</b>	The project will help address existing traffic congestion and improve journey times. It will also provide a significant contribution in supporting much needed economic growth not only on a regional and national platform but given the proximity to significant ports, logistics and industry, also on an international basis too which is why the delivery of the scheme is of critical importance.													
<b>Project constraints</b>	<ul style="list-style-type: none"> <li>Increased project costs have been a major cause for concern.</li> <li>Contract issues around Compensation Events have added to the rising costs.</li> <li>COVID-19 increased delays and added pressure to costs.</li> </ul> <p>The project is complete with the focus now on agreeing the arrangements for processing of compensation claims. Additional minor works adjacent to the main carriageway are ongoing.</p>													
<b>Link to Project page on the website with full Business Case</b>	<a href="https://www.southeastlep.com/project/a13-widening/">https://www.southeastlep.com/project/a13-widening/</a>													

## Appendix B: Key Lessons Learnt

Clearer procurement strategy. Competent NEC PM Drive collaboration into project at all stages
Project Setup period - Design + Consultant team Clarity on Skillsets and Experience Robust Governance and Change Control
1. Greater involvement in the procurement / tendering phase. 2. Clear contract documentation from the outset to minimise conflict. 3. Have a defined scope to reduce change.
Ensuring the scope of the works is fully understood by all parties. Ensuring that appropriate levels for discussion are maintained. A greater understanding of the stages that the scheme is to pass through.
Better coordination of procurement of different suppliers. Get the right level of resource capability. Agree contract management processes and reporting drumbeat.
Have the right / good amount of resource from the start - where possible - Have a finished design (mainly if Option C) - Have a clear file storage system for all docs / original contracts.
Better collaboration with Contractor, Suitable PM team for the scheme and design maturity.
Regular auditing early on in the project.
Fix scope, get right team doing the right things at right team by teamwork.
RACI matrix/R&Rs Important of procurement strategy Level of design maturity required.
Thorough checking process / gateways agreed up front. Clarity of scope.
Agree more robust ITP plans at the outset with greater responsibility on the contractor to notify inspections to the supervisors team with ramifications if they do not comply with this requirement. This could greatly decrease the number of defects. Collaborative working is the most important aspect of progressing works and any challenges with this aspect of the construction process should be ironed out and rectified where possible.

## **Key Takeaways:**

1. The Project original contract let sum did not consider the level of change and risk residing within the scope at the time of appointing the Contractor, as captured in Lesson Learnt sessions.
2. The project was lacking in areas at time in terms of governance and behaviours. Addressed by intervention & measures implemented.
3. Covid-19 had a substantial impact on the scheme, not only in cost and programme, also in lack of experience for all parties (1<sup>st</sup> time event), exacerbating already troubled Project Team relationships.
4. Once robust governance and controls were established, Regular audits and KPI's for reporting agreed, the controls and performance improved noticeably.
5. Robust Gateways not evidenced in early stages.
6. The scheme out turn cost would have been substantially higher if a scheme reset had not taken place (DoV - Dec 2020). This intervention yielded great benefits and off-set the potential lack of value gained due to lack of robust controls and governance prior to December 2019.
7. The ultimate out turn cost is a fair representation of what the scheme value is, due to the many challenges, level of change and commercial shortcomings identified in the Lesson Learnt sessions.
8. Ensure funding constraints don't lead to optimism bias / group think. Independent review required.

<b>Report title:</b> Legal and Finance Update	
<b>Report to</b> Accountability Board	
<b>Report author:</b> Lorna Norris, Senior Finance Business Partner and Susan Moussa, Supervising Associate Solicitor	
<b>Date:</b> 16 February 2024	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:lorna.norris@essex.gov.uk">lorna.norris@essex.gov.uk</a> and <a href="mailto:susan.moussa@essex.gov.uk">susan.moussa@essex.gov.uk</a>	
<b>SELEP Partner Authority affected:</b> Pan SELEP	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to note the arrangements to be entered into (subject to governance by each council) and to take decisions on the funding due to be held by the SELEP Accountable Body (Essex County Council) at the end of March 2024.

## 2. Recommendations

- 2.1 The Board is asked to:

2.1.1 **Note** the Councils and Department for Levelling Up, Housing and Communities are expected to enter into a Transition Agreement (as set out in paragraph 3.5 and 3.7) to formalise the arrangements in respect of integration of the LEP functions and for the Accountable Body to defray the funding in line with paragraphs 2.1.5 and 2.1.6.

2.1.2 **Agree** the 2023/24 forecast outturn position set out in Table 1, noting that this includes the planned movements in reserves set out in Table 4.

2.1.3 **Agree** that an appropriation can be made from the Redundancy Reserve in 2023/24 to plan to meet the cost of redundancies arising in respect of employees in the SELEP Secretariat that, following consultation due to the closure of SELEP, are unsuccessful in securing an alternative role, noting that:

2.1.3.1 This will impact on the 2023/24 final outturn position for SELEP; and

2.1.3.2 Sufficient funding has been provisioned within the reserve to meet the redundancy costs.

2.1.4 **Agree** that the final outturn position for SELEP, including for each reserve, can be agreed by the Section 151 Officer of the Accountable Body following preparation of the 2023/24 accounts in

accordance with proper practices, noting that the accounts will be subject to External Audit.

- 2.1.5 **Agree** that once (i) the Transition Agreement has been signed by all six upper tier local authority partners and (ii) the Department for Levelling Up, Housing and Communities releases and discharges Essex County Council from all liabilities as Accountable Body of SELEP for projects outside of administrative Essex and each upper tier local authority takes on responsibility for projects within their administrative areas prior to 1 April 2024, the Accountable Body can transfer to the respective upper tier local authority partner(s) of SELEP the following:
- 2.1.5.1 The balance of funding in the SELEP Operational Reserve at the 31<sup>st</sup> March 2024 to be transferred to the six local authority partners in accordance with the approach agreed by the Board in January 2024, that is exemplified in Table 5.
  - 2.1.5.2 In accordance with the principle agreed at the January 2024 Board meeting, transfer to any of the six upper tier local authority partners, the redundancy liability, up to the 31<sup>st</sup> March 2025, in respect of the employment of current permanent members of the SELEP Secretariat, in a capacity supporting the close down of SELEP or the continuation of LEP functions; noting that sufficient funding has been provisioned within the Redundancy Reserve, as set out in Table 4, to meet this cost.
  - 2.1.5.3 Transfer to Essex County Council the final balance of the Future Commitments reserve to meet costs arising in 2024/25 in respect of the close down costs for SELEP; noting that the costs will be impacted by the outcome of the on-going SELEP Secretariat staff consultation process, that is not yet known and the balance on the reserve will be adjusted accordingly; but the forecast in Table 5 is expected to be the maximum amount required.
  - 2.1.5.4 Transfer to Essex County Council the balance of the Risk Reserve, as forecast in Table 5 to meet any risks arising as a consequence of being the Accountable Body, only if known risks remain unmitigated and DLUHC has not fully released and discharged Essex County Council from all liabilities arising from its role as the Accountable Body for SELEP by 31<sup>st</sup> March 2024.
  - 2.1.5.5 Transfer any residual uncommitted reserves following the dispersal of funds in accordance with 2.1.5.1 to 2.1.5.4 to the six upper tier local authority partners in accordance with the approach agreed by the Board in January 2024, to

allocate on the same basis as the Operational Reserve, as exemplified in Table 5.

2.1.5.6 Transfer the Growing Places fund balance held by the Accountable Body at 31<sup>st</sup> March 2024, as set out in Table 3, in accordance with the approach agreed by the Board under Agenda item 6, noting that the balance held will be impacted by the decision under that item in respect of the Sovereign Harbour Project and should not all payments due to be repaid be received by 31<sup>st</sup> March 2024.

2.1.6 **Agree** that subject to the Transition Agreement being signed by all six upper tier local authority partners and the Department for Levelling Up, Housing and Communities releases ECC as Accountable Body from responsibility for projects outside of administrative Essex and that each upper tier local authority takes on responsibility for projects within their administrative area, the Accountable Body is not required to recover any Growing Places Fund Loan repayments due after the 31<sup>st</sup> March 2024 and that the current recyclable Loan Scheme is ended; noting that specific provisions may be agreed in respect of the Sovereign Harbour Project under Agenda item 6, which will be incorporated into the Transition Agreement.

2.1.7 **Note** that for SELEP to close it must have a zero balance sheet and all monies held by ECC as Accountable Body will be allocated in accordance with the decisions of the Board, at the close of 2023/24 subject to the conditions set out in this report, which will result in a zero balance sheet.

### 3. SELEP

3.1 The South East Local Enterprise Partnership (SELEP) was constituted in 2010 covering the administrative geography of six upper tier local authorities (UTLA) and twenty-nine District, Borough and City Councils. However in 2019, Government prescribed all LEPs to create a company in order to continue to be eligible to receive Government funding so the South East LEP Ltd (a company limited by guarantee) was incorporated in 2020. Essex County Council (ECC) is the Accountable Body of SELEP.

3.2 SELEP has overseen the investment of over £650m in capital grants to improve road and housing infrastructure, commercial enterprise, skills and research and innovation and has strengthened the business voice to work strategically on sectoral and thematic opportunities across the region. It has been driven by robust data and intelligence and collaborative strategic planning to ensure focus and effective prioritisation.

3.3 In August 2023, Government announced it would not continue to fund LEPs from 1 April 2024, and that their functions should be integrated into UTLAs. On 3 November 2023, DLUHC confirmed to SELEP that it would release ECC

from its role as Accountable Body if the geography is agreed and it is in line with local agreements. The local agreement is proposed to be formalised in a Transition Agreement, which is set out below in more detail. From 1 April 2024, each UTLA will be responsible for finance, governance, transparency and accountability arrangements (Accountable Body functions), and as Accountable Bodies, the UTLAs will receive and distribute the 2024/2025 funding allocation and be responsible for monitoring and evaluation and assurance requirements.

#### **4. Legal Arrangements**

- 4.1 Essex County Council is the Accountable Body for SELEP. A Framework Agreement was entered into between the six UTLAs dated 26 March 2021, which sets out the duties and obligations, roles and responsibilities of the Councils, Accountability Board, Accountable Body and SELEP Ltd in relation to activities undertaken to enable the delivery of the LEP. The parties agreed that ECC will hold all and any devolved government revenue and capital funding which central government paid to the Accountable Body for the purposes of SELEP, and ECC as Accountable Body is responsible for finance, governance, transparency and accountability arrangements, including monitoring and reporting.
- 4.2 Following Government's decision to cease funding LEPs, to integrate the LEP functions including legacy arrangements into each UTLA, the six UTLAs are to enter into a Transition Agreement between the six UTLAs and DLUHC. DLUHC have indicated that they are willing to be a party to this agreement, subject to formal confirmation. Each UTLA will be required to take a decision separately to approve entering into the Transition Agreement.
- 4.3 Should DLUHC not be party to the Transition Agreement, ECC as Accountable Body will require a separate binding arrangement with DLUHC to release ECC as Accountable Body from any responsibility as Accountable Body of SELEP for projects outside of administrative Essex, and confirmation that DLUHC agrees that each UTLA will be accountable for all projects within their administrative areas prior to 1 April 2024 and ongoing monitoring and evaluating in line with DLUHC's requirements.
- 4.4 The Transition Agreement sets out the duties and obligations, roles and responsibilities of the Councils in respect of the LEP functions and to release ECC as Accountable Body of SELEP with effect from 1 April 2024 and pass on responsibilities to each UTLA in respect of projects within their respective administrative areas. Under the Transition Agreement, the Councils will indemnify Essex County Council as Accountable Body in respect of any claims or liabilities that ECC may incur as a result of the Accountable Body role for projects outside of administrative Essex. The Transition Agreement transfers the Funding Agreements for Local Growth Fund, Growing Places Fund and Getting Building Fund to the relevant UTLA to manage projects within their administrative areas, including any ongoing responsibility for legacy arrangements. The Transition Agreement has provision for how revenue funding will be disaggregated in line with the position to be agreed by



Accountability Board. The Transition Agreement also sets out the position in respect of repayment of Growing Places Fund loan agreements that are due to be repaid post 1 April 2024 in line with Accountability Board's decisions. The Transition Agreement, also, will include provisions in respect of staffing and whilst TUPE is unlikely to apply, the parties will try to minimise any losses arising from SELEP being wound up.

- 4.5 Subject to Accountability Board approving the disaggregation of the finances of SELEP, funding will only be provided to each UTLA once all parties have signed the Transition Agreement and DLUHC has released ECC from liability as Accountable Body of SELEP for projects outside of administrative Essex and each UTLA has taken on Accountable Body responsibilities for projects in their administrative areas prior to 1 April 2024.

## **5. Finance Update**

- 5.1 Table 1 sets out the updated forecast revenue outturn position for SELEP of an overall forecast net under spend against the budget in the net cost of services of £368,000 to be funded from reserves. After taking into account the movements in reserves set out in Table 4, the overall forecast movement on the Operational Reserve is a net contribution of £23,000. A summary of key movements in the forecast compared to budget are set out in Table 2.

**Table 1: 2023/24 Final Revenue Forecast**

	Updated Forecast	Latest Budget	Variance	Variance
	£000	£000	£000	%
Staff salaries and associated costs	752	691	61	9%
Staff non salaries	9	7	1	18%
Recharges (incl. Accountable Body)	174	93	82	88%
Redundancy & associated support costs	- 0	-	0	-
<b>Total staffing</b>	<b>935</b>	<b>791</b>	<b>144</b>	<b>18%</b>
Meetings and admin	95	91	4	4%
IT and Data Tools	22	3	19	770%
Chair and Deputy Chair Allowance including oncosts	3	3	-	0%
Consultancy and project work	62	62	-	0%
COVID-19 Support Programmes	39	134	(95)	-71%
Grants and contributions to third parties	402	402	-	-
<b>Total other expenditure</b>	<b>622</b>	<b>694</b>	<b>(72)</b>	<b>-10%</b>
<b>Total expenditure</b>	<b>1,557</b>	<b>1,485</b>	<b>72</b>	<b>5%</b>
Grant income	(725)	(725)	-	-
Contributions from partners	-	-	-	-
External interest received	(550)	(110)	(440)	400%
<b>Total income</b>	<b>(1,275)</b>	<b>(835)</b>	<b>(440)</b>	<b>53%</b>
<b>Net cost of services</b>	<b>282</b>	<b>650</b>	<b>(368)</b>	<b>-57%</b>
<b>Funds transferred (to)/from the Operational Reserve (not charged to services)</b>				
Funds transferred from Earmarked Reserves	(305)	(247)	(58)	-
Net Deficit (Surplus) on provision of services	(23)	403	(426)	-106%
<b>Net Contributions to/(from) Operational reserves</b>	<b>23</b>	<b>(403)</b>	<b>426</b>	<b>-106%</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>

**Table 2: Summary of Movements in the Forecast compared to the Budget**

	£'000
<b>Latest Budgeted Contribution from the Operational Reserve</b>	<b>403</b>
<b>Movements in Net Cost of Services</b>	
Staff Salaries and Accountable Body Recharges	144
Reduction in Covid Support Programme costs	(95)
IT and Data Tools	19
Other net movements	4
Increase in external interest received	(440)
<b>Total Movement in Net Cost of Services</b>	<b>(368)</b>
<b>Movement in Contributions to the Operational Reserve</b>	<b>(58)</b>
<b>Total Net Movements</b>	<b>(426)</b>
<b>Proposed Updated Net Contribution (to) / from the Operational Reserve</b>	<b>(23)</b>

- 5.2 Whilst the forecast contribution to the Operational Reserve represents no overall movement from that reported at the January meeting of the Board, the underlying position has been updated as follows: Revisions to the expected staffing and Accountable Body costs to incorporate all notified commitments; and an increase in the anticipated income from external interest on Capital Balances held.
- 5.3 Additionally, updates are proposed to the following earmarked reserves after a review of probable balances required in the reserves to meet potential costs post the closure of SELEP:
- 5.3.1 An appropriation of £65,000 from the Redundancy Reserve to the Operational Reserve to reflect changes to the SELEP Secretariat during 2023/24; the revised Redundancy Reserve balance is estimated to be sufficient to meet on-going redundancy liabilities to March 2025. The Board agreed in January 2024 that following closure of SELEP any redundancy liabilities to March 2025 will transfer to the respective Partner Authority holding that on-going liability; this will be determined following the conclusion of the current staff consultation exercise being undertaken with the SELEP Secretariat and will be effected through the Transition Agreement.
- 5.3.2 A reduction of £6,000 in the budgeted appropriation from the Future Commitments Reserve to reflect lower than estimated requirements in 2023/24. The expected balance remaining in this reserve is forecast to be sufficient to meet the costs of the Accountable Body in 2023/24 (see section 7)
- 5.4 Only two revenue grants have been received by SELEP in 2023/24, totalling £725,000: Core funding of £250,000 and Growth Hub funding of £475,000. The planned spend for both grants is incorporated in Table 1; the Growth Hub grant has stringent conditions that must be complied with to ensure receipt and retention of the funding – the SELEP Strategic Board endorsed the proposed spend plan that has been agreed with the Department for Business and Trade (DBT) that awarded the funding in July 2023. The full value of Growth Hub funding has been claimed from DBT, with the quarter 4 payment anticipated to be received imminently. An Audit of spend the Grant will be completed and reported to DBT by the end of May 2024, to demonstrate compliance with the conditions.
- 5.5 The Core funding allocated by Government is a general grant and as such has been used to support the expenditure summarised in Table 1.

## **6. Capital Funds Update**

- 6.1 In addition to the revenue funds set out in Table 1, the Accountable Body administers the capital funds in Table 3 on behalf of SELEP; the majority of these funds have now been transferred to the respective upper tier Local Authority in the SELEP area to support investments in economic growth across the SELEP region and to support the Covid-19 recovery. The notes

below the table set out the position for each fund and further information is included in the separate update reports included in the meeting agenda.

- 6.2 The capital fund balances held by the Accountable Body on behalf of SELEP, are invested by the Council’s Treasury Management team in accordance with the agreed policies; the associated external interest received is used to support the revenue Budget of SELEP. As no Capital Balances are planned to be held beyond March 2024, no further interest will accrue to SELEP beyond this point.
- 6.3 As SELEP is planning to close by the end of March 2024, it is necessary to ensure that the Board has determined how any residual grant balances are to be managed. It is currently assumed that all remaining Getting Building Funding (GBF) will be transferred to the SELEP Partner Authorities, subject to the decisions of the Board set out in agenda item 7; however, it is planned that Growing Places Fund (GPF) balances will need to be allocated, subject to the decisions of the Board set out in agenda item 6. The forecast position for 2023/24, set out in Table 3, therefore assumes that there will be no residual Capital Balances held at the end of 2023/24.

**Table 3: Capital Funds Administered by SELEP in 2023/24**

Fund	Fund balance brought forward £000	Forecast Funding Received / Repaid £000	Forecast Funding Applied £000	Forecast Funding Redistributed* £000	Forecast Fund Balance Carried Forward £000
Local Growth Fund (LGF) (DLUHC)	-	-	-	-	-
Local Growth Fund (LGF) (DFT)	-	-	-	-	-
Growing Places Fund (GPF) (on-going Loan Fund) (*see note)	(12,360)	(5,315)	2,750	14,925	-
Getting Building Fund (GBF)	(3,791)	-	3,791	-	-
<b>Total Funds</b>	<b>(16,151)</b>	<b>(5,315)</b>	<b>6,541</b>	<b>14,925</b>	<b>-</b>

**Notes to Table 3:**

- 6.4 **Local Growth Fund (LGF)** – all remaining LGF was transferred to delivery partners by the end of 2021/22. However, circa £35m of the total LGF allocation is planned to be spent by partners from 2023/24 onwards.
- 6.5 **Local Growth Fund (LGF) (DFT)** – all remaining LGF was transferred to delivery partners by the end of 2021/22. However, circa £13.6m of the total DFT LGF allocation is planned to be spent by partners from 2023/24 onwards, with on-going commitments of delivery, monitoring and evaluation that will transfer to the respective Upper Tier Local Authority in receipt of the funding under the Transition Agreement. This includes an allocation that remains to be received in relation to the A127 Fairglen project of £13.5m but is subject to final approval by the Secretary of State for Transport – see agenda item 10 for further details.
- 6.6 **Growing Places Fund (GPF)** (\*see table 3) – GPF is a recyclable loan scheme with a balance brought forward into 2023/24 of £12.36m, of which, £1m remains committed to approved projects. This balance will increase provided that existing Projects meet their commitments to repay their loans in line with their funding agreements – a further £5.315m is due by the end of

2023/24, leaving a residual balance of £14.925m. Agenda item 6 indicates a risk to the Sovereign Harbour Project loan repayment due in 2023/24 of £3.575m; if this amount is not repaid, the balance of the fund at the end of March 2024 is expected to be £13.1m.

- 6.7 The planned closure of SELEP at the end of 2023/24 requires that alternative arrangements are proposed for the GPF funding. Agenda item 6 sets out recommendations to agree to the disaggregation of the fund to the six upper tier local authority partners. As set out at 4.4., this will be managed through the Transition Agreement and the Board is recommended to approve that any payments and loans in respect of the GPF can be dispersed in accordance with the mechanism agreed by the Board, provided that this raises no unmitigated risks or costs to the Accountable Body as a result.
- 6.8 **Getting Building Fund (GBF)** - During 2022/23, the cancellation of a number of GFB Projects saw the return of £15.4m to the Accountable Body for reallocation; of this amount, £3.791m was carried forward into 2023/24 of which £1.742m has been transferred to approved Projects and £2.049m remains to be distributed in accordance with the decisions made by the Board in January 2024, subject to Project approval from Government, which has now been received (on the 8<sup>th</sup> February 2024). See Agenda item 7 for further information.
- 6.9 As set out at 4.4, the management of the legacy capital funds will pass to the respective six upper tier local authority partners following the closure of SELEP; the funds will be managed through the Transition Agreement, which will incorporate on-going monitoring and reporting requirements to DLUHC.

## 7. Reserves

- 7.1 The forecast impact of the 2023/24 outturn position set out in Table 1 anticipates a net withdrawal from reserves of £282,000 to ensure there is sufficient funding for the planned net expenditure. This position assumes receipt of the grants set out at 5.4, some of which are still to be received from the respective Government department.
- 7.2 Table 4 summarises the impact on the Operational Reserve of the forecast position set out in Table 1, with a net increase of £23,000, leaving a forecast balance of £1.485m at the end of March 2024 to support the transition to new arrangements.
- 7.3 At the January meeting of the Board, it was agreed that any residual balance in the Operational Reserve would be distributed on a per capita basis to the six UTLA Partners. Table 5 sets out an exemplification of allocating the Operational Reserve for each partner based on the current forecast position set out in Table 4, applying a per capita distribution. The final allocation to each authority will be determined based on the final outturn position at the close of SELEP, currently planned to be 31<sup>st</sup> March 2024. Should SELEP not be closed by the 31<sup>st</sup> of March, or if any roles or services are required to extend beyond this period that are not funded by the Future Commitments

Reserve, this may reduce the available funding exemplified in Table 5.

**Table 4: 2023/24 Reserves Summary**

Reserve	Opening Balance Apr '23	Contributions	Withdrawals	Closing Balance Mar '24 Pre final Appropriations	Net Movement in Reserves Pre closure adjustments	Agreed application of the recommended appropriation of the balance of the reserve at 31st Mar '24	Closing Balance Mar '24 Pre final Appropriations
	£'000	£'000	£'000	£'000	£'000		£'000
<b>Operational Reserve</b>	(1,462)	(305)	282	(1,485)	(23)	Allocated to Partner Authorities on a per Capita Split (see table 5)	-
<b>Reserves Earmarked for future use</b>							
Covid-19 Skills Support Fund	(134)	-	134	-	134	n/a	-
Covid-19 Business Support Fund	-	-	-	-	-	n/a	-
Redundancy Reserve	(210)	-	65	(145)	65	Allocated to authority holding the redundancy liability for continuing employment of the Secretariat up to 31st Mar '25	-
Future Commitments Reserve	(423)	-	106	(317)	106	Allocated to support the SELEP close down costs of the Accountable Body	-
Risk Reserve	(975)	-	-	(975)	-	Allocated to the Accountable Body to mitigate any costs arising as a direct consequence of it's role as the Accountable Body for SELEP, until there is assurance that no risks remain	-
<b>Total Reserves</b>	<b>(3,204)</b>	<b>(305)</b>	<b>587</b>	<b>(2,922)</b>	<b>282</b>		<b>-</b>

**Table 5: Exemplification of the Allocation of the Forecast Operational Reserve Balance on a per capita basis**

Local Authority	Population (as per 2021 census)	Budgeted Operational Reserve allocation £'000	Forecast Operational Reserve allocation £'000
East Sussex	545,847	136	190
Essex	1,503,521	373	524
Kent	1,576,069	391	549
Medway	279,773	69	97
Southend	180,686	45	63
Thurrock	176,000	44	61
<b>Total</b>	<b>4,261,896</b>	<b>1,058</b>	<b>1,485</b>

7.4 The Earmarked Reserves set out in Table 4 were agreed to be established by the Board to be applied for specific purposes and are recommended to be allocated as follows:

7.4.1 **The Covid-19 reserves** were implemented to set the funds aside to enable delivery of skills and business support schemes that would aid the economic recovery from the Covid-19 Pandemic. These schemes have concluded in 2023/24; the final costs of the Skills

programme were less than anticipated with a balance of £95,000 being returned to the Operational Reserve. There is no residual balance against these reserves to be allocated.

- 7.4.2 **The Redundancy Reserve** was established to meet any Redundancy liabilities of the SELEP Secretariat; as set out at 5.3, the reserve is proposed to be reduced in line with the updated estimate of the potential redundancy costs to March 2025 due to the expectation that following the Secretariat consultation, some roles may be transferred to Partners, including Essex County Council, to support the integration of LEP functions into the Authority during 2024/25. The reserve has been agreed to be disaggregated to enable any redundancy liabilities to follow any retained staff during 2024/25.
- 7.4.3 **The Future Commitments reserve** was established to ensure sufficient funds would be available to meet any on-going commitments of the Accountable Body. An estimate of the potential costs into 2024/25 has been calculated which indicates that the forecast balance in the reserve is expected to be sufficient; costs are expected to include: residual cost of the SELEP Secretariat that are unsuccessful in securing a role and will therefore continue to be employed until the point of their redundancy in either May or June depending on contract terms; costs to close the Accounts, complete the Audit and grant returns, costs to support the closure of SELEP Ltd and closure of any residual requirements of SELEP, including support to Partners in establishing reporting processes as LEP functions are embedded across the UTLAs.
- 7.4.4 **The Risk Reserve** was established to meet the risks arising to Essex County Council as a consequence of being the Accountable Body for SELEP. Essex County Council is currently engaging with DLUHC to secure the release of any and all obligations in respect of its role as the Accountable Body for SELEP. This is a requirement due to the planned closure of the LEP which will mean that the Council is unable to continue to work with the Board to undertake the role as set out in the SELEP Assurance Framework (which will also no longer be enforceable). It is proposed that the risk reserve will be transferred to Essex County Council until the Authority's Section 151 Officer is satisfied that any risks are fully mitigated and confirmation has been received from DLUHC that the County Council has been released in respect of its obligations as the Accountable Body for SELEP.
- 7.5 The Board agreed in January 2024 that any residual reserves held by the Accountable Body, not required for their allocated purpose would be subsequently allocated on a per Capita basis, in accordance with the approach agreed for the Operational Reserve.

## **8. Closure of SELEP**

- 8.1 The final outturn position for each reserve as at the 31<sup>st</sup> March 2024 will be determined through the process to close the SELEP Accounts that will be undertaken by the Accountable Body through the first quarter of 2024/25; as this process will be concluded following the closure of the Board, it is recommended that the Section 151 Officer of the Accountable Body is required to ensure that the accounts are prepared in accordance with proper practices and can agree any necessary adjustments to ensure that the accounts present a true and fair view of the financial position of SELEP, in accordance with the decisions of the Board and the Transition Agreement. It is planned that the Accounts will be subject to external audit to assure the final reported position. A copy of the final Accounts will be made available for review by Partners, as required.
- 8.2 As it is the intention for SELEP to close, it must have a zero balance sheet, with all monies held to be allocated in accordance with the decisions of the Board, at the close of 2023/24. This will require the following to be actioned:
- 8.2.1 all payments and repayments of the Growing Places Fund due in 2023/24 to be made by the 31<sup>st</sup> March 2024, subject to the decisions in Agenda item 6.
- 8.2.2 all payments agreed in relation to the Getting Building Fund will be made by the 31<sup>st</sup> March 2024.
- 8.2.3 The Transition Agreement to have been formally agreed by all parties to enable the transfer of all remaining Reserves, Grants and Loans, as set out in Tables 3 and 4 to the respective UTLA partner.
- 8.3 As SELEP is due to close, the South East LEP Ltd (SELEP Ltd) will consider winding up the company as LEP activities will be taken forward by each UTLA separately. As a result, as set out in the Framework Agreement that constitutes Accountability Board, Accountability Board is not permitted to approve any further allocation of funding from the date SELEP Ltd passes a resolution for its winding up. If all the proposals presented to this Accountability Board are approved, there will be no further funding to approve in any event. Therefore, as there is no further funding for Accountability Board to approve, each UTLA will need to take a decision in respect of dissolution of Accountability Board.
- 8.4 Risks
- 8.4.1 Should the Transition Agreement not be executed, funding will not be released to the UTLAs.
- 8.4.2 Essex County Council as Accountable Body will continue to be the Accountable Body for legacy funding if the Transition Agreement is not agreed by the end of March 2024, meaning that there will be an on-going requirement to operate the Accountable Body to facilitate



decision making in respect of management of the Funds until local agreement is reached. DLUHC will work with areas to reach agreement on the management and transfer of assets and funding if consensus cannot be agreed by the UTLAs, as set out in the DLUHC Guidance for LEPS on the integration of LEP functions into local democratic institutions: [Guidance for Local Enterprise Partnerships \(LEPs\) and local and combined authorities: integration of LEP functions into local democratic institutions - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/guidance-for-local-enterprise-partnerships-leps-and-local-and-combined-authorities-integration-of-lep-functions-into-local-democratic-institutions)

- 8.4.3 There remains a risk of a requirement to continue the operation of the Board into 2024/25 should any outstanding funding or risks remain unmanaged by the end of March 2024; this will mean that the Accountable Body will continue to incur costs that will be required to be met from the residual SELEP revenue funds meaning that less funding will be available to be released to the UTLAs.

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

- 9.1 The financial implications are set out within the main report.

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

- 10.1 The legal implications are set out within the main report.

## **11. Equality and Diversity implication**

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- 11.1.1 Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act.
  - 11.1.2 Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - 11.1.3 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 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.

## **12. List of Appendices**

None

**13. List of Background Papers**

None

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

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b> Michael Neumann  (On behalf of Nicole Wood, S151 Officer Essex County Council)	08/02/2024