



## **Appendix A: LGF Projects spending beyond 30 September 2021 and a summary of High Risk LGF projects**

### **1. Purpose**

- 1.1. This appendix provides details of the one project which is seeking approval for Local Growth Fund (LGF) spend beyond the 30 September 2021 at this meeting of the Board, and details of all high-risk LGF projects.
- 1.2. The Board is asked to agree LGF spend beyond 30 September 2021 for the i3 Innovation Investment Loan Scheme project. An update on this project is set out in Section 2 of this appendix.
- 1.3. Eight LGF projects have been identified as being High Risk, with a risk score of 5 out of 5. These projects are:
  - 1.3.1. Queensway Gateway Road (£10.0m)
  - 1.3.2. A127 Fairglens Junction Improvements (£15m)
  - 1.3.3. A28 Chart Road (£2.756m)
  - 1.3.4. A28 Sturry Link Road (£5.9m)
  - 1.3.5. A289 Four Elms roundabout to Medway Tunnel (£1.821m)
  - 1.3.6. London Gateway/Stanford-le-Hope, Thurrock (£7.5m)
  - 1.3.7. A13 Widening (£81.5m)
  - 1.3.8. Grays South (£10.84m)
- 1.4. An update on all the above projects is provided in Section 3 of this report.



## 2. LGF spend beyond 30 September 2021

Project: i3 Innovation Investment Loan Scheme project	LGF award: £6.0m	Risk Rating:	3
Status: Project delivery in progress	Forecast LGF spend beyond 30 September 2021: £0.356m Expected completion date: March 2023		
<p><u>Project description:</u></p> <p>The project is providing loan and equity investment to small businesses with the appetite and potential for long-term growth. It will support 60 businesses to increase productivity and invest in innovation in the first cycle of funding and will help to create 450 jobs.</p> <p>The funding is being invested in projects which enable businesses to create and adopt innovative products, processes and services, improve productivity and deliver sustainable employment over the long term.</p>			
<p><u>Project benefits:</u></p> <p>The project will:</p> <ul style="list-style-type: none"><li>• Directly assist 60 businesses through allocation of funding</li><li>• Create or safeguard 450 jobs</li><li>• Leverage £9m private sector funding</li></ul>			
<p><u>Cause of project delay:</u></p> <p>To date, £5.644m of the £6.0m LGF allocation has been issued to projects as set out in the Business Case, leaving an unallocated balance of £0.356m. An application for the remaining balance was received and progressed through the full application process including two internal assessments, Trading Standards checks, commissioning of an external Appraisal Report, approval at the Investment Advisory Board, contract negotiations, drafting of all required legal documents and issuing of the final documents to the applicant for signature. It was only at this stage, following numerous attempts by Kent County Council to secure return of the legal documents, that the applicant declined the loan. This whole process took over 9 months and has therefore resulted in a delay to completion of the project.</p> <p>Kent County Council have taken steps to engage with other potential applicants and a pre-application has been received and approved. Submission of the full application was expected on 15 September 2022, and assuming all required assessments are completed satisfactorily, and the application is approved by the Investment Advisory Board, it is expected that the remaining funding will be defrayed to the new loan applicant in March 2023.</p>			

### 3. High- risk LGF projects

Project: Queensway Gateway Road	LGF award: £10m	Risk Rating:	5
Status: Project 90% complete. Final section of road connecting to the A21 outstanding	Expected completion date: TBC depending upon the type of connection to be adopted as the final solution		
<u>Project description:</u> Queensway Gateway Road forms a key infrastructure investment in the Hastings – Bexhill Growth Corridor. It comprises a single carriageway road link between the A21 Sedlescombe Road North and Queensway. The road will connect with Queensway running south of its junction with the Ridge West, crossing the Hollington Stream valley on an embankment and then running south of Whitworth Road to join the A21 at a new junction north of the existing Sainsbury’s store. The road includes a roundabout junction with Whitworth Road facilitating access to employment sites to the north and south.			
<u>Project benefits:</u> The road serves a strategic purpose in linking Bexhill in the west and the A21 to the east of the Growth Corridor by relieving congestion and improving traffic flows onto the A21. Critically, Queensway Gateway Road connects Combe Valley Way (formerly known as the Bexhill Hastings Link Road) to the A21, redistributing traffic from Combe Valley Way and The Ridge heading towards the A21. By relieving congestion, the Queensway Gateway Road will improve strategic connectivity in the Growth Corridor, improving employment development potential in Queensway and employment and housing growth potential in North Bexhill. Importantly, the Queensway Gateway Road provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward. Specifically, the road opens up the development potential of key sites south of The Ridge, with capacity for up to 12,000 sqm of employment floorspace.			
<u>Risks:</u> Queensway Gateway Road is 90% complete and is now open for local businesses, however, it does not yet provide a through route as intended. The final section of the road, to connect the completed section with the A21 as per the design approved by Hastings Borough Council planning committee, requires the acquisition of land. Whilst the original plans to acquire the land are still being pursued, an alternative proposal is being developed which will allow a signalised connection with the A21 to be created allowing the new road to be used as a through route, with the expectation of still enabling the realisation of the forecast project benefits.			
<u>Mitigation/action required:</u> Delivery of the signalised connection is dependent upon securing a Traffic Regulation Order (TRO) to introduce parking restrictions on Whitworth Road, final technical approval from National Highways and East Sussex County Council and completion of a Section 278 agreement. Following delivery of the signalised connection, consideration will be given as to whether it should be retained as the permanent connection, or whether the original junction proposals should still come forward. As indicated delivery of the original junction proposals with the A21 are dependent upon completion of the required land acquisition. Under the preferred scenario, the required land would be secured through negotiation. If land cannot be secured through negotiation, and a Compulsory Purchase Order process is deemed necessary, completion of the project could be delayed by anywhere between 6 and 18 months to			



allow time for this process to be completed.



Project: A127 Fairglen Junction Improvements (DfT retained scheme)	LGF award: £15m	Risk Rating:	5
Status: Awaiting decision from Department for Transport	Expected project completion: TBC		
<p><u>Project description:</u></p> <p>The project 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 on slip.</li><li>• providing a third lane southbound between Fairglen Roundabout and Raleigh Spur Roundabout.</li><li>• improving the Rayleigh Spur Roundabout, including signal control.</li><li>• removal of the existing bypass lane at Rayleigh 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><u>Project benefits:</u></p> <p>The project is expected to:</p> <ul style="list-style-type: none"><li>• reduce congestion.</li><li>• reduce travel times through the junction and improve journey time reliability.</li><li>• improve safety at the junction.</li><li>• reduce pollution.</li></ul>			
<p><u>Risk:</u></p> <p>The Business Case has been submitted to the Department for Transport for consideration, but the project has not yet been approved by the Secretary of State for Transport.</p> <p>The Department for Transport have indicated a requirement for additional obligations to have been met by Essex County Council before the funding decision will be taken.</p> <p><u>Mitigation/action required:</u></p> <p>Essex County Council are working to meet the additional obligations specified by the Department for Transport as soon as possible, with a view to starting work onsite in early 2023. However, no timetable has been provided by Government for the funding decision at this stage.</p>			



Project: A28 Chart Road	LGF award: £2.756m	Risk Rating:	5
Status: Project on hold	Expected project completion: TBC		
<u>Project description:</u>  The project involves the dualling of the existing A28 Chart Road with two lanes being provided in each direction between the Matalan (Brookfield Road) and Tank (Templer Way) roundabouts, separated by a central island. A new bridge over the railway line is proposed to take the southbound carriageway with the existing bridge carrying the northbound carriageway. The existing carriageway between the Matalan and Tank roundabouts is currently single carriageway with limited capacity.			
<u>Project benefits:</u>  The project is linked to the Chilmington Green development which will provide 5,750 new homes. The delivery of the project is required to unlock the site for full development.			
<u>Risk:</u>  The project has been placed on hold, as the local funding contributions were not forthcoming within the timescales required to enable the project to proceed. The unspent portion of the £10.2m LGF award was reallocated but there remains a risk that the £2.756m LGF spent to date will become an abortive cost if the project is unable to proceed through delivery by the private sector.			
<u>Mitigation/action required:</u>  The project will remain on hold whilst waiting for the Chilmington Green developer to reach their planning obligation to provide funding for the project, under the terms of the Section 106 agreement. This planning obligation will be reached once 400 homes have been occupied on the site. It is currently expected that this obligation will be reached in 2024.  In the meantime, the project will remain under review.			



Project: A28 Sturry Link Road	LGF award: £5.9m	Risk Rating:	5
Status: Planning permission granted. Land acquisition in progress	Expected project completion: Summer 2025		
<u>Project description:</u>  The Project involves the delivery of a 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 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.			
<u>Project benefits:</u>  The overall objective of the project is to tackle the existing congestion problem which currently exists at the Sturry level crossing and at the A28/A291 junction. Queuing traffic affects adjacent junctions and can extend 1km in peak periods. The A28 road currently carries 20,000 vehicles per day, but with 6 trains passing per hour, the level crossing is closed for up to 20 minutes/hour during peak times, causing severe congestion to trips along the A28. This level of congestion is a major constraint on development to the north east of Canterbury.  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.			
<u>Risk:</u>  Required land acquisition needs to be completed before project construction can commence. There are five landowners affected by the project and, whilst it is hoped that much of the land needed can be acquired through negotiation, there remains a risk that a Compulsory Purchase Order (CPO) may be needed to secure acquisition of the remaining land. A CPO will therefore be progressed alongside the negotiations to reduce the risk of this leading to further delays in project completion.			
<u>Mitigation/action required:</u>  Efforts are continuing to secure the required land by negotiation.  If a CPO is required, it is anticipated that the acquisition of the land will be completed by August 2023.			



Project: A289 Four Elms roundabout to Medway Tunnel	LGF award: £1.821m	Risk Rating:	5
Status: Design in progress	Expected project completion: Spring 2025		
<u>Project description:</u>  The Project involves the delivery of improvements to the A289 between the Medway Tunnel and Four Elms roundabout. The project will deliver the following interventions: <ul style="list-style-type: none"><li>increased capacity and full signalisation (including pedestrian crossing facilities) at Four Elms roundabout;</li><li>free flow slip road from Wainscott Bypass to Four Elms Hill;</li><li>additional lanes on Wulfere Way between Sans Pareil and Four Elms roundabout;</li><li>free flow slip road from Frindsbury Hill to Wulfere Way;</li><li>realignment of Wainscott Road junction (from Sans Pareil roundabout to Frindsbury Hill);</li><li>additional exit lane onto Berwick Way for right turning traffic; and</li><li>enforced reduced speed limit along the entire route.</li></ul>			
<u>Project benefits:</u>  The aim of the project is to provide a highway network between the M2 Junction 1 and the Medway Tunnel which can cater for the likely housing growth on the Hoo Peninsula that has been identified in the emerging Medway Local Plan. In doing so, the project will support the delivery of 5,284 new homes and 9,628 new jobs.  The Project will offer improved journey time reliability, reduced journey times (through reducing delays) and improved journey quality for all modes of travel including pedestrians and cyclists. The reduction in delays will also contribute to an improvement in air quality, which is particularly important given that Four Elms Hill, which leads to Four Elms roundabout, falls within an Air Quality Management Area.			
<u>Risk:</u>  Medway Council has secured £170m from the Housing Infrastructure Fund to deliver new road and rail infrastructure to support the proposed development on the Hoo Peninsula. The LGF works, as outlined above, were included within the scope of the Housing Infrastructure Fund bid, however, the LGF funding was not included as match funding in the application. This resulted in the Accountability Board agreeing the reallocation of the unspent LGF funding (original LGF funding allocation: £11.1m) allocated to the project.  Delivery of the proposed interventions is now dependent upon successful delivery of the Housing Infrastructure Fund project. This project is still in the design/consultation stages and therefore there is a risk that the project will not proceed to delivery, resulting in LGF spend to date reverting to abortive revenue spend.			
<u>Mitigation/action required:</u>  No mitigation available. The project will continue to be monitored as the Housing Infrastructure Fund works progress.			





Project: London Gateway/Stanford le Hope	LGF award: £7.5m	Risk Rating:	5
Status: Phase 1 – procurement. Phase 2 – concept design	Expected project completion: TBC		
<u>Project description:</u>  The project aims to ensure that high quality accessibility is provided by sustainable travel modes via improved bus facilities in Stanford le Hope and high-quality rail/bus integration to attract potential employees to DP World and Thames Enterprise Park and other commuters through: <ul style="list-style-type: none"><li>• a new station building with passenger toilets, widened platform, level access to building and station platforms, real time customer information systems (Phase 1).</li><li>• creating a mobility hub – a new multi-modal interchange and station buildings with car drop off positions, taxi rank, cycle parking and bus shelter (Phase 2).</li></ul>			
<u>Project benefits:</u>  The Project is expected to support the creation of 756 new jobs (net) at DP World London Gateway and Thames Enterprise Park over a 15-year period, through providing the infrastructure to support modal shift to sustainable modes of travel.			
<u>Risk:</u>  The project costs have increased significantly compared to those set out within the original Business Case, with procurement of a contractor to deliver the Phase 1 works currently underway.  Proposals for Phase 2 of the project are at an early stage of development meaning that there is uncertainty regarding the affordability and deliverability of the works. In addition, planning consent has not yet been granted and public consultation is yet to be conducted.  Full realisation of the expected project benefits is dependent upon the successful delivery of Phase 2 of the project and therefore at this stage there is a risk that the project will not realise the anticipated benefits.			
<u>Mitigation/action required:</u>  Work to develop concept designs for Phase 2 of the project is ongoing and a further update on the project will be provided to the Accountability Board in November 2022.  A revised value for money assessment will be required to demonstrate that the project continues to offer High value for money. This assessment will be brought forward once the procurement has been completed for Phase 1 and more detailed proposals developed for Phase 2. This will ensure that a more accurate indication will be available of total project costs and the benefits that are expected to be realised as a result of Phase 2 of the project. This value for money assessment must be accompanied by a revised Business Case which as a minimum addresses the increased costs, any amendments to the scope of Phase 2 of the Project compared to the original Business Case and should revisit the benefits to be realised as a result of the project and provide an updated profile for the realisation of these benefits.  The revised Business Case and value for money assessment were brought forward for consideration by the Accountability Board in September 2022. However, the Business Case did not provide the assurances required and therefore the Accountability Board agreed that Thurrock Council could have more time to work on the Business Case and to address the identified deliverability risks.  It is now expected that this Business Case will be presented to the Accountability Board in Q1 2023/24.			



Project: A13 Widening	LGF award: £81.5m	Risk Rating:	5
Status: Construction in progress	Expected project completion: May 2022 (opening of the road)/Autumn 2022 (non-highway works)		
<u>Project description:</u>  The Project involves widening the A13 Stanford le Hope Bypass from 2 to 3 lanes in both directions, from the junction with the A128 (Orsett Cock roundabout) in the west to the A1014 (the Manorway) in the east. Once the Project is completed, there will be a continuous three-lane carriageway from the M25 to Stanford le Hope.			
<u>Project benefits:</u>  The project will reduce congestion thereby delivering environmental benefits in terms of reduced noise and air pollution and improved journey times. It will also provide a significant contribution in supporting much needed economic recovery and growth not only on a regional and national platform but given the proximity to significant ports, logistics and industry, also on an international basis.			
<u>Risk:</u>  The project programme and costs have differed from those set out within the original project Business Case, with the cost of delivering the project rising significantly. According to the Business Case it was expected that the project would be delivered by September 2019. In reality, the new road opened in May 2022 but there are ongoing off-carriageway works which are likely to continue until at least Autumn 2022.  Due to the nature of the contract with the construction contractor there remains a risk to the total project cost due to the potential for compensation events to be submitted by the contractor.			
<u>Mitigation/action required:</u>  Work is ongoing to conclude as many of the outstanding compensation events as possible, which will help to provide more certainty on the total project cost. Commercial discussions will remain ongoing with the contractor throughout the remainder of the delivery programme to manage project costs.			



Project: Grays South	LGF award: £10.840m	Risk Rating:	5
Status: Design in progress	Expected project completion: November 2024		
<p><u>Project description:</u></p> <p>The project involves provision of an underpass to replace the existing level crossing in Grays town centre and the creation of a public square at each end of the underpass designed to provide active urban spaces suited to a range of events, markets and similar activities. The LGF funding will be used to support delivery of these works.</p> <p>Following the completion of the underpass and public squares, the next phase of the project will include the creation of new commercial/mixed use floorspace, with residential units above.</p>			
<p><u>Project benefits:</u></p> <p>The project will improve public safety, create a fully compliant and unimpeded route across the railway line, improving connectivity between different modes of travel within Grays town centre and deliver high quality public realm.</p> <p>The project will:</p> <ul style="list-style-type: none"><li>• enable delivery of 84 homes and 1,279 sqm of retail floorspace to complete the urban realm at Grays by 2025;</li><li>• support commercial development in Grays by creating a more attractive town centre and higher quality commercial space.</li></ul>			
<p><u>Risk:</u></p> <p>Delivery of the project is still subject to completion of the required land acquisition and determination of the planning applications for the planned underpass and associated development. As a result, there remains a risk that the project will not proceed to delivery.</p> <p><u>Mitigation/action required:</u></p> <p>The project remains in the early stages of development, with delivery dependent upon completion of the required land acquisition, securing the required planning consent and progression through the GRIP process. Progress towards project delivery will continue to be monitored at each Accountability Board meeting.</p>			