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Report title: Local Growth Fund Capital Programme Update	
Report to: Accountability Board	
Report author: Helen Dyer, SELEP Capital Programme Manager	
Meeting date: 12 January 2024	For: Decision
Enquiries to: helen.dyer@southeastlep.com	
SELEP Partner Authority affected: East Sussex, Essex, Kent, Medway, Thurrock and Southend	

1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to consider the 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 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.
- 2.1.2. **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.
- 2.1.3. **Agree** the updated completion dates for the following projects which have experienced a delay of more than 6 months:
- 2.1.3.1. Colchester Grow On Space – project completion delayed from June 2024 to May 2025.
- 2.1.4. **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.
- 2.1.5. **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:

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- 2.1.5.1. **£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
- 2.1.5.2. **£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
- 2.1.5.3. **£24,967** is retained against the project to support delivery of the revised Business Case.

2.1.6. **Note** the deliverability and risk assessment, as set out in Appendix D.

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

3. Summary position

- 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 will continue to be monitored until all projects have reached completion. 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.

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- 3.4. It is anticipated that responsibility for ongoing oversight of the LGF programme, particularly those projects where significant risks or challenges remain, will sit with DLUHC post March 2024.

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. 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. Ten projects were identified to receive additional LGF, based on the £6.693m LGF unallocated at the time of the meeting. A ranked pipeline of projects was also established to identify the next LGF projects in line to receive additional funding, if further LGF became available.
- 4.3. The Board approved the award of £6.662m to the ten prioritised projects at the February and March 2021 Board meetings. In addition, a further £0.901m was awarded to the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub project, as the first project on the agreed pipeline, following the cancellation of the Basildon Innovation Warehouse project in February 2021.
- 4.4. Following the decision by the Board in September 2021 to reduce the LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package by £623,389, additional LGF funding was awarded to the Kent and Medway Engineering, Design, Growth and Enterprise (EDGE) Hub, Mercury Rising and Southend Airport Business Park projects.
- 4.5. In May 2022, £0.207m was removed from the A127 Essential Maintenance project following confirmation of project completion. This funding was awarded to the Southend Airport Business Park project in accordance with the prioritised project pipeline.
- 4.6. The remaining prioritised project pipeline is set out in Appendix B. As delivery of the majority of the ongoing LGF projects nears completion, a review has been carried out by the SELEP Capital Programme Team, in conjunction with relevant local partners, to confirm the ongoing need for additional LGF funding to support delivery of the projects remaining on the pipeline and ongoing compliance with the criteria agreed by the Strategic Board at the outset of the pipeline development process. The outcome of this review is set out at Section 10 of this report.

5. Local Growth Fund spend position

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- 5.1. LGF spend in 2023/24 to the end of Q2 (April to September 2023) is reported to total £0.156m excluding DfT retained schemes, increasing to £0.287m 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 £2.536m (excluding DfT retained schemes) or £2.363m (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 Thurrock Council in advance of this meeting and therefore the information included within this report and the accompanying appendices may not reflect the latest position. Given 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 Thurrock Council LGF spend figures reported at previous Board meetings remain an accurate reflection of the position.

Table 1: 2023/24 spend position

LGF (£m)							
	Reflects position shown in Q2 reporting submissions				Reflects forecast position at start of 2023/24		
	Forecast LGF spend 2023/24	Reported Actual spend Q1 and Q2 2023/24	% of Forecast LGF spend achieved in Q1 and Q2 2023/24	Forecast LGF spend Q3 to Q4 2023/24	Forecast LGF spend 2023/24	Forecast LGF spend Q1 and Q2 2023/24	Variance between forecast LGF spend (Q1 and Q2 2023/24) and Actual spend
East Sussex	6.421	-0.197	0.0%	6.618	3.452	0.900	-1.096
Essex	1.470	0.154	10.5%	1.315	1.886	0.629	-0.474
Kent	3.058	0.198	6.5%	2.859	3.719	1.164	-0.965
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
LGF Sub-Total	10.949	0.156		10.793	9.057	2.692	-2.536
Retained	0.131	0.131	100.00%	0.000	0.086	-0.042	0.173
Total Spend	11.079	0.287		10.793	9.142	2.650	-2.363

- 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 due to COVID-19 enforced absences.
- 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.

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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.

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 and Q2 2023/24	LGF forecast spend Q3 and Q4 2023/24	LGF forecast spend 2024/25 onwards	Total	% LGF allocation spent by 30 September 2023
East Sussex	71.874	3.448	-0.197	6.618	0.277	82.020	91.6%
Essex	93.130	5.786	0.154	1.315	13.606	113.991	86.9%
Kent	119.802	1.717	0.198	2.859	4.079	128.656	94.6%
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%
Sub-total	421.279	12.447	0.156	10.793	23.661	468.335	90.0%
DfT retained	96.862	0.107	0.131	0.000	13.500	110.600	87.8%
Total spend forecast	518.141	12.554	0.287	10.793	37.161	578.935	91.7%

5.8. Table 2 shows that 91.7% of the total LGF allocation (including DfT retained schemes) had been reported as spent by the end of September 2023. A further 1.9% of the LGF allocation is forecast for spend in Q3 and Q4 2023/24, leaving 6.4% unspent as at 1 April 2024.

5.9. As agreed by the Board, and in line with the commitment made to Government, the majority of the remaining LGF funding received from MHCLG was transferred to relevant local partners at the end of 2020/21 to support delivery of approved projects beyond 31 March 2021, which represented the official end of the Growth Deal period. The only Government funding still held by Essex County Council, as the Accountable Body for SELEP, totalled £5.146m. This was made up of the remaining balance held against the A28 Sturry Link Road project (£4.656m) and a historic error in Essex County Council's grant claims (£0.490m) which was resolved in 2021/22.

5.10. At the November 2021 meeting, the Board agreed that the £4.656m LGF funding allocated to the A28 Sturry Link Road project could be transferred to Kent County Council to support delivery of the project on condition that all the required land acquisition was completed by 31 August 2023. As the Board will recall, at the April 2023 meeting Kent County Council advised that this deadline for completion of the land acquisition would not be met and an extension until April 2025 was agreed. A further update on the project is provided at Section 6.12.6 of this report.

- 5.11. 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 will continue to be monitored until all projects have reached completion. Following the close of SELEP, responsibility for on-going monitoring will be managed under locally agreed arrangements led by the respective partner authority in receipt of the LGF from SELEP.

6. Deliverability and Risk

- 6.1. Appendix D 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 or forecast (in the case of ongoing projects).
- 6.2. Changes to the structure of Appendix D 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. A further update on the project will be provided in February 2024 subject to Sea Change Sussex and East Sussex County Council confirming an agreed position.
- 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

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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. Delivery of the remaining works required as per the agreed project Business Case will continue to be monitored.
- 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 there is a need for utility diversion works to be completed prior to the commencement of construction of the commercial workspace.
- 6.8. As the Value for Money offered by the project was calculated based on the existence of the commercial workspace, the project will continue to be marked as being in progress until the commercial workspace has been delivered as set out in the approved Business Case.
- 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 30 September 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 30 September 2023 (£m)
Low risk - 1	36	141.970	0.000
Low/Medium risk - 2	27	193.024	0.000
Medium risk - 3	24	92.497	0.000
Medium/High risk - 4	10	80.627	12.421
High risk - 5	9	70.818	35.532
Total	106	578.935	47.953

- 6.11. In total, £35.532m LGF is forecast for spend on high-risk projects beyond the end of Q2 2023/24. A summary of the 9 high risk projects is set out in Appendix E.
- 6.12. Updates on 2 of the high-risk projects are provided under Agenda Items 12 and 13 and an update on the A289 Four Elms roundabout to Medway Tunnel project is set out in Section 7 of this report. In summary, the position regarding the other 6 high-risk projects is as follows:
- 6.12.1. A127 Fairglen Junction Improvements (DfT retained scheme) (total LGF allocation £15m) – whilst the Board approved the award of the remaining £13.5m LGF allocation to the project in February 2021, a final decision to approve the project from the Secretary of State for Transport remains outstanding. DfT have now indicated a requirement for additional obligations with regard to land acquisition to have been met by Essex County Council before the funding decision will be taken. Essex County Council are working to meet these obligations as soon as possible.
- 6.12.2. Essex County Council have confirmed that all land matters are now resolved. All objections to the Compulsory Purchase Order have been removed, the DfT has now confirmed the Order and the High Court Challenge Period expired with no challenge received. The previous contractors were invited to re-price the scheme and these costs have been received. The project team are currently reviewing and considering the submissions from contractors. DfT have received the majority of the Full Business Case with the final Economic Case being the only outstanding document. The previously stated start on site date of February 2024 has slipped, with May 2024 now being the earliest date for starting on site. This delay has been caused by the tender period being extended at the request of contractors and additional testing under new DfT guidance. Further tests on the model are required due to updates in TAG guidance; and updates associated with COVID. Additionally, DfT want a comparison of the BCR between a local VISSUM model

and the Essex County Wide Model. Essex County Council and DfT are in ongoing discussions on the presentation of the final Full Business Case document.”

- 6.12.3. Beaulieu Park Railway Station (total LGF allocation £12m) – whilst delivery of the project is progressing well onsite, the Board have previously been advised of a risk in relation to the Housing Infrastructure Fund (HIF) funding which has been awarded to support project delivery. Discussions between Homes England and Essex County Council (as responsible Upper Tier Local Authority) have identified a solution which will mitigate the risk to the HIF funding, however, this will need to be formalised through completion of a Deed of Variation which amends the terms of the HIF funding agreement before the risk can be considered to be mitigated. At the time of preparing this report, it is understood that the Deed of Variation has not yet been completed and therefore the funding risk remains. A further update will be provided on the project at the February 2024 Board meeting.
- 6.12.4. A28 Chart Road, Kent (total LGF allocation £2.756m) – 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 will be sought in advance of the February 2024 Board meeting.
- 6.12.5. It was originally anticipated that the planning obligation would be reached in 2022 or 2023, however, the build out rate has been slower than anticipated so it is looking likely that the planning obligation will not be reached until at least 2024/25. There remains a risk that LGF spend to date totalling £2.756m may become an abortive revenue cost if the S106 contributions are not forthcoming and the project cannot be delivered in accordance with the agreed LGF Business Case. In this situation, the LGF funding would need to be returned to SELEP (or as to be determined under revised agreements following the closure of SELEP) for reallocation to alternative projects.
- 6.12.6. A28 Sturry Link Road (total LGF allocation £5.9m) – since the award of the LGF funding, the project has faced a number of challenges which have delayed progress. In November 2021, the Board agreed that Kent County Council could have until 7 April 2025 to complete the land acquisition required to enable project delivery. This timeline assumed use of a Compulsory Purchase Order and allowed time for any challenge to this process to be concluded. The Compulsory Purchase Order was published on 22 November 2023 and voluntary

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land acquisition negotiations remain ongoing with the affected landowners.

- 6.12.7. Following a procurement exercise, notification to award the Design and Build contract for the project was issued on 21 April 2023, however, it is understood that the contract has not yet been signed by all parties. Whilst there is sufficient float within the programme to mitigate for the delay in completing the contract without impacting on the delivery programme, the position will continue to be monitored.
- 6.12.8. As reported at previous meetings, there also remain some challenges with regard to the dependent developments and work is ongoing to mitigate the impact of these issues on the delivery programme. A full update on the project will be provided at the February 2024 Board meeting.
- 6.12.9. London Gateway/Stanford le Hope (total LGF allocation £7.5m) – in November 2021, the Board were advised that the forecast cost of delivering the project had increased from £12.05m at the time of Business Case submission to £29.09m. Due to the scale of the cost increase, 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 Assurance Framework continue to be met. Whilst a revised Business Case for the project was presented to the Board in September 2022, it did not provide the required assurances and the Independent Technical Evaluator was unable to assure the Value for Money offered by the project or the realisation of benefits.
- 6.12.10. The Board agreed that Thurrock Council could have further time to develop the Business Case, with a requirement for the Business Case to be presented to the Board in February 2024 at the latest. Since the last Board meeting, an updated Business Case has been submitted to the Independent Technical Evaluator for review and it is therefore expected that the agreed timeframe will be met. However, it should be noted that the project continues to face a number of challenges, most notably in relation to increasing costs, a potential funding gap and financial pressures faced by Thurrock Council which will also need to be considered at the February 2024 Board meeting.
- 6.12.11. Purfleet Centre (total LGF allocation £5m) - 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 sqft 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.

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- 6.12.12. 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.
- 6.12.13. 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 have resulted in a material risk that the development milestones set out within the HIF Grant Determination Agreement (GDA) cannot 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.
- 6.12.14. In the meantime, work continues to address the funding situation and alternative funding options are being considered, including a proposal involving the English Cities Fund (a consortium of Homes England, Legal and General and Muse). Thurrock Council Cabinet agreed that the proposal from the English Cities Fund should be examined in more detail to determine whether it is a realistic proposition, with a view to providing a further update to Cabinet no later than 13 March 2024.
- 6.12.15. From a SELEP perspective, there remains a significant risk that the forecast project benefits will not be realised. It is intended that a further update on the status of the project will be provided at the February 2024 Board meeting, however, based on the timelines set out in the report to Thurrock Council Cabinet, there is a risk that it will not be possible to provide the Board with any certainty regarding the planned funding mechanism and delivery strategy at that time.
- 6.13. It should be noted that the letter detailing the outcome of SELEP's 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 robust monitoring processes remain in place.
- 7. A289 Four Elms Roundabout to Medway Tunnel – retention of LGF funding**

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- 7.1. The A289 Four Elms roundabout to Medway Tunnel project was initially considered by the Strategic Board in March 2015 (prior to the establishment of the Board) and was awarded £11.1m LGF. The original project Business Case indicated that the project would focus on three roundabouts on the A289 route in Medway – Four Elms, Sans Pareil and Anthonys Way roundabouts. The project sought to enlarge each roundabout to provide additional carriageway space with increased entry lanes and some free flow slips where possible.
- 7.2. The Business Case set out a funding package including £7.129m of S106 funding in relation to the proposed Lodge Hill development. The decision to award planning approval to the development was called in by the Secretary of State. The developer took the decision to withdraw the planning application before a decision was issued by the Secretary of State. As a result, the expected S106 contribution was no longer forthcoming and the project could no longer be delivered in line with the agreed scope.
- 7.3. In February 2018, a revised Business Case which set out a smaller scale scheme was presented to the Board. The Board approved an initial award of £3.5m LGF to the project to enable further scheme development.
- 7.4. The specific interventions outlined in the revised Business Case included:
 - 7.4.1. increased capacity and full signalisation (including pedestrian crossing facilities) at Four Elms roundabout;
 - 7.4.2. free flow slip road from Wainscott Bypass to Four Elms Hill;
 - 7.4.3. additional lanes on Wulfere Way between Sans Pareil and Four Elms roundabouts;
 - 7.4.4. free flow slip road from Frindsbury Hill to Wulfere Way;
 - 7.4.5. realignment of Wainscott Road junction (from Sans Pareil roundabout to Frindsbury Hill);
 - 7.4.6. additional exit lane onto Berwick Way for right turning traffic; and
 - 7.4.7. enforced reduced speed limit along the entire route.
- 7.5. It should be noted that, whilst planned works at Anthonys Way roundabout were removed from the scope of the A289 Four Elms roundabout to Medway Tunnel project, improvements to the roundabout including the provision of a new free flow slip for traffic exiting the Medway City Estate, were delivered by Medway Council in 2022 using LGF funding awarded to support the Medway City Estate Connectivity Improvement Measures project.
- 7.6. Subsequently, in February 2020, the Board were advised that Medway Council had been successful in securing £170m from the HIF. The HIF funding was sought to deliver a wider package of works on the Hoo Peninsula,

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of which the works detailed in the revised LGF Business Case formed an integral and strategic element.

- 7.7. The Board were advised that the HIF works would enable 10,600 new homes on the Hoo Peninsula by 2035, through delivery of essential enabling infrastructure including:
 - 7.7.1. Highway improvements – a new road linking the A289 with the Hoo Peninsula, junction capacity improvements to service the new developments and improvements to the A289 to improve traffic flow and capacity, including interventions at the Sans Pareil and Four Elms roundabouts which were developed as part of the LGF project.
 - 7.7.2. Rail investment – delivery of a new train station, improvements to the existing railway line to Grain including re-signalling and a new mainline connection.
 - 7.7.3. Green infrastructure – investment in country parks on the Hoo Peninsula which will benefit local wildlife, protect important sites for nature, as well as offering opportunities for residents to enjoy the countryside.
- 7.8. The report to the Board in February 2020 noted that it had been agreed with Medway Council, at the time of HIF Business Case submission, that the unspent LGF funding would be returned to SELEP for reallocation to alternative projects if the HIF application was successful, as the need for the LGF funding would then be eliminated. As a result, the Board agreed that the unspent £9.279m LGF should be returned to SELEP for reallocation, reducing the LGF allocation to the project to £1.821m.
- 7.9. The Board also agreed that there was compelling justification for SELEP to not recover the £1.821m LGF which had been spent on the project to date. This decision was taken on the basis that the project would still be delivered within a similar timeframe using the HIF funding, meaning that Medway Council would continue to account for the LGF spend as a capital cost, which is a condition of the funding. It was noted within the report that should the project not progress to delivery through the HIF funding, the £1.821m LGF spend to date would likely become a revenue cost and would therefore need to be returned to SELEP, as grant conditions from Government stipulate that LGF funding can only be spent on capital expenditure.
- 7.10. At the last meeting, the Board were advised that Homes England and DLUHC had taken the decision to stop the HIF project and to remove the funding allocated to the project – resulting in work on all aspects of the project being paused.
- 7.11. Whilst Medway Council confirmed that they remained committing to delivering improvements in Hoo, it was noted at the last meeting that the justification previously relied upon for retaining the LGF funding against the project was no longer applicable following the removal of the HIF funding. Consequently, it

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was agreed that a further update on the project would be provided at this meeting, allowing a definitive decision on the ongoing status of the LGF funding award to be taken.

- 7.12. There are two main areas of work which are ongoing in relation to the project – the development of a new Local Plan and the exploration of alternative funding sources to support project delivery.
- 7.13. As was outlined by Medway Council at the June Board meeting, one of the primary reasons for the recommended removal of the HIF funding was the fact that there is not a current Local Plan in place for Medway. Whilst this continues to be the case, the development and adoption of a new Local Plan has been identified as a key priority for the new administration at Medway Council (elected in May 2023) and, to this end, consultation on Regulation 18 (early consultation on what the Local Plan needs to address and what the priorities should be) was undertaken between 18 September 2023 and 31 October 2023. The development of an emerging Local Plan will strengthen Medway Council's case when seeking alternative funding to support strategic project delivery.
- 7.14. Medway Council have indicated that they have identified strategic transport interventions as being critical to planning for the delivery of housing and economic growth in Medway. This finding has been made in the evidence base work for the Local Plan, in relation to the determination of major planning applications and in preparing the Council's representations to the examination of the Development Consent Order to the Lower Thames Crossing. Medway Council have reported that National Highways have raised concerns over the current capacity and safety of M2 Junction 1 (where the A289 joins the M2/A2), which is a key route linking Medway with the wider strategic road network. Until a solution to these concerns can be identified, development will be limited.
- 7.15. Work in addressing strategic transport matters is a priority for Medway Council, and they are working in collaboration with neighbouring councils and wider partnerships and organisations in seeking solutions to the major barriers to growth in North Kent.
- 7.16. The proposed work at Four Elms roundabout forms part of a wider strategic approach in which transport is integral to planning for Medway's growth and economic success.
- 7.17. Medway Council are actively exploring alternative funding sources, including through Central Government and other funding bodies. Homes England have committed to supporting Medway Council in their efforts to secure alternative funding, and productive conversations have been held with both Homes England and DLUHC. Medway Council have confirmed that an ask capturing various grant funding requirements has been submitted to Homes England to cover the Local Plan needs.

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- 7.18. S106 receipts for consented development amounting to circa £3m have already been secured and identified as appropriate for supporting the improvements to Four Elms roundabout. Future development and hence further S106 funding requirements for mitigation schemes will be defined through work on the Strategic Transport Assessment (an assessment of key transport corridors and locations for all modes of transport) and will be presented in further iterations of the Infrastructure Development Plan (a plan to ensure that development happens in the right places at the right time, in a coordinated way), supporting the new Local Plan.
- 7.19. In relation to the works detailed in the approved LGF Business Case, the HIF funding has allowed the designs to be progressed and this work will be used to inform future design proposals once alternative funding has been secured. Medway Council have indicated interventions continue to be required at Four Elms roundabout, irrespective of the HIF development coming forward, in order to address air quality issues and to improve capacity.
- 7.20. Subsequent to the last Board meeting, a letter was received from the Chief Operating Officer (and S151 Officer) at Medway Council. This letter summarised the project update set out above and confirmed that the Council continues to allocate the LGF spend to date as capital expenditure on the basis that the project will continue once alternative funding has been identified and secured. The letter reinforced the ongoing need for improvements at Four Elms roundabout as this currently acts as a barrier to growth. Finally, the letter confirmed that Section 106 contributions totalling approximately £3m have been secured and identified as appropriate for supporting the improvements planned at Four Elms roundabout.
- 7.21. The update provided by Medway Council, including the letter from their Chief Operating Officer, confirms that there is an ongoing need for the planned LGF works to be delivered. Without the improvements to the Four Elms roundabout, growth within Medway will be significantly constrained. In addition, Medway Council have evidenced an ongoing commitment to securing the funding required to deliver the works detailed in the approved LGF Business Case and continue to take steps to secure this funding.
- 7.22. It is acknowledged that the absence of a current Local Plan may present some challenges in respect of securing the required funding (particularly from funding sources stemming from Central Government). However, it is considered that the evidenced commitment to delivering the planned LGF works, to securing the required funding to allow this to happen and the written confirmation of continued capitalisation from Medway Council's Chief Operating Officer provides sufficient justification for the LGF funding to remain allocated to the A289 Four Elms roundabout to Medway Tunnel project.
- 7.23. Following the dissolution of SELEP, responsibility for ensuring that spend of the LGF funding continues to comply with the stated Grant Conditions (i.e. the LGF funding can only be spent on capital expenditure) and that project delivery is completed in accordance with the approved Business Case will be passed to Medway Council.

8. Hastings and Bexhill Movement and Access Package

- 8.1. The Hastings and Bexhill Movement and Access Package project is an integrated package of cycling, walking and bus infrastructure, traffic management and public realm improvements aimed at supporting economic growth and planned growth across Hastings and Bexhill. The Project was awarded a total of £9.0m LGF funding by the Board in February 2018.
- 8.2. The project seeks to increase the extent of the cycle network supporting greater connectivity between key destinations and the growing appetite for cycling for everyday journeys; provide wayfinding measures along with enhanced and additional pedestrian crossing facilities to support and encourage walkers; and deliver improvements to junction capacity to reduce local congestion.
- 8.3. Measures to enhance the attractiveness of the two town's public realm will be delivered, which will encourage inward investment, alongside supporting and encouraging more people to walk, by creating safer access and permeability. This will be integrated alongside delivering high quality public transport infrastructure and information on key corridors of movement, supporting greater accessibility and journey comfort.
- 8.4. The project will kick start a much wider programme of change in movement and access across the two towns and will set the precedence for future transport infrastructure improvements. This is crucial as both Hastings and Bexhill move towards embracing greater sustainable development and the growing opportunities to maximise the use of technology and communication to enable 'smart mobility.'
- 8.5. In June 2023, the Board were advised that East Sussex County Council had reported cost increases across the project, with cost estimates significantly exceeding the allocated budget. As a result of these cost increases, a review of the project considered which of the remaining elements of the project should be prioritised for delivery through the LGF project.
- 8.6. Following completion of the review, East Sussex County Council submitted a Change Request and revised Business Case for consideration by the Board in September 2023. These documents outlined the elements of the Hastings and Bexhill Movement and Access project which had been prioritised for delivery through the LGF funding and sought to provide assurances regarding the deliverability of these elements of the project. The requested change to the project scope was agreed by the Board at the last meeting.
- 8.7. It was also noted at the September 2023 Board meeting that East Sussex County Council had indicated that spend totalling £630,488 had been applied to elements of the project which would no longer be coming forward to delivery. As the Board are aware, the grant conditions state that the LGF funding can only be used to fund capital expenditure and therefore there was

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a requirement to consider whether this spend could continue to be capitalised or if it now fell outside the LGF grant conditions.

- 8.8. Consequently, the Board agreed that a review of the spend would be undertaken by Essex County Council (as the Accountable Body for SELEP) to assure that the identified expenditure could continue to be capitalised in accordance with the grant conditions. It was intended that this review would be completed in advance of the scheduled November 2023 Board meeting, however, this meeting was subsequently postponed and therefore the outcome of the review is being presented at this meeting for Board consideration.
- 8.9. The review sought to establish whether the spend can be retained against the project and to confirm whether there was compelling justification for this approach to be taken. The SELEP Assurance Framework makes allowance for retention of such monies where: the conditions of the grant continue to be met; the spend is in accordance with the SLA; and there is a compelling case to do so. Of the £630,488 reviewed, the following was concluded with respect to retention of spend in accordance with the SELEP Assurance Framework requirements:
- 8.9.1. Spend is recommended to be retained against the project where there has been delivery of works that had been planned in the original Business Case, noting that full realisation of benefits is not now expected to be achieved, to the value of: **£103,357**.
- 8.9.2. Spend is recommended to be retained against the project where works have started but are incomplete and the remaining works have now been descoped, to the value of: **£325,703**. To continue to meet the Assurance Framework requirements, it must remain the intention of East Sussex County Council to secure the funding to complete the works and for the spend that was funded by the LGF grant to continue to meet the requirements of the grant conditions for Capital Spend.
- 8.9.3. Spend that does not meet the definition of Capital Spend (as relates to spend that is not progressing to construction of a capital asset) and is therefore outside of the Grant Conditions, is recommended to be applied retrospectively as an 'LGF Option 4 capital swap' against the wider East Sussex County Council Capital Programme, with the equivalent capital spend being applied against alternative capital expenditure planned within the revised project that has been agreed by the Board: **£176,461**.
- 8.9.4. Spend that is uncommitted LGF due to scheme cost reductions can be reallocated to schemes going ahead under the revised Business Case for the project: **£24,967**.

- 8.10. Subject to approval by the Board, it is expected that the final two points will require an amendment to the LGF annual declaration provided to the Accountable Body to reflect the LGF Option 4 capital swap of £176,461 and the reduction in reported spend of £24,967.
- 8.11. Should the Board choose not to agree some or all of the recommendations set out in Section 2.1.5 of this report, East Sussex County Council will be required to repay the respective amounts to Essex County Council (as the Accountable Body for SELEP) under the terms of the funding agreement in place. Any returned funding will be considered by the Board for reallocation at a subsequent meeting.

9. Local Growth Fund project delivery beyond September 2021

- 9.1. 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 both the Strategic Board and the Board on a case-by-case basis.
- 9.2. Based on the latest LGF reporting provided by local partners, 30 projects are currently forecasting LGF spend beyond 30 September 2021 totalling £76.77m, as set out in Appendix C. This includes 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.
- 9.3. 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.
- 9.4. If any of the approved projects report a project completion date which is delayed by more than 6 months, a further decision will be required from 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, and the local authorities.
- 9.5. 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 the delays outlined below reflect the difference between the completion date reported at the time of the request for LGF spend beyond September 2021 and the completion date provided in the LGF reporting submitted in the lead up to this meeting.

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- 9.6. The Colchester Grow On Space project has received a total LGF investment of £3.777m, with £3.361m of this funding forecast for spend beyond 2021/22. When the Board considered the request for LGF spend on the project beyond September 2021, a completion date of July 2022 was reported. The Board were subsequently advised in July 2022 that the completion date had been revised to June 2024. The original extension to the completion date was sought due to complications around the demolition of the existing structure at the site and requirement for archaeological work due to the sites proximity to the old city wall. These complications have now been addressed.
- 9.7. Whilst delivery of the project has progressed since July 2022, further delays have been reported and it is now expected that the project will complete in May 2025. In addition to the challenges previously reported to the Board, ongoing work has resulted in the unexpected discovery of concrete-filled fuel tanks buried on the site. This has resulted in a significant increase in costs and a delay to the programme whilst the issue was mitigated.
- 9.8. Furthermore, the tender process returned costs which far exceeded the available budget for the works. This prompted a process whereby value engineering measures were considered, alongside other potential options for reducing costs. This work has now been completed, and a contractor has been appointed, however, the time required to complete this process has adversely impacted on the programme.
- 9.9. Work is expected to commence onsite in late 2023/early 2024, and the scheme promoter has indicated confidence that the project will complete by May 2025.
- 9.10. The Board is asked to agree the updated completion date for the project.

10. Projects remaining on LGF pipeline

- 10.1. As set out in Section 4 of this report, the first 10 projects identified on the LGF pipeline have now received their additional LGF funding following approval by the Board in February and March 2021. Subsequently, the next two projects on the pipeline – the Kent and Medway EDGE Hub and the Mercury Rising projects – received the additional funding requested following the cancellation of the Basildon Innovation Warehouse project and the reduction in LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package. In addition, the Southend Airport Business Park project has received a small proportion of the additional LGF funding requested.
- 10.2. Given the amount of time which has passed since the pipeline was agreed and in light of the increasing number of LGF projects which are now being reported as complete, consideration has been given as to whether the remaining projects on the pipeline continue to meet the criteria applied by the Strategic Board at the outset of the pipeline development process.
- 10.3. At the outset of the funding round, it was agreed that the additional funding should only be used to support live LGF projects. The most recent quarterly

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reporting submissions in relation to the Southend Airport Business Park project indicate that the project reached practical completion in July 2023. It is therefore considered that the project no longer meets this criterion meaning that the project has been removed from the pipeline.

- 10.4. Similarly, the Board has received regular updates on the A13 Widening project. The most recent update, in September 2023, indicated that the project is now complete (subject to completion of minor remediation works). As part of this update Thurrock Council officers indicated that the project is now in the post completion phase and therefore this project has also been removed from the pipeline. These changes to the pipeline were reported to the Strategic Board at their meeting in December 2023.
- 10.5. For the remaining projects on the pipeline (listed in Appendix B), additional LGF can only be awarded if further LGF funding becomes available through the cancellation of existing projects within the LGF programme.
- 10.6. It should be noted that clearly none of the projects remaining on the LGF pipeline will be able to spend any additional LGF funding awarded prior to the end of September 2021 and therefore the Board will be asked to consider whether the projects meet the conditions for LGF spend beyond September 2021 before awarding any available funding to support project delivery.
- 10.7. In advance of additional funding becoming available it is expected that these projects will proceed, as per the agreed scope in the project business cases, and that any increases in project cost will be met by local partners, as per the conditions of the grant.
- 10.8. 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. These projects will remain under review and any significant risks to project delivery will be brought to the Board's attention.

11. LGF Programme Risks

- 11.1. In addition to project specific risks, Appendix F sets out the overall programme risks. A 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 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

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programme has been identified as a mechanism for mitigating the risk of further cost increases as the project progresses onsite.

- 11.2. 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 has been 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.
- 11.3. 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. An update on transition plans, including proposals for ongoing management of the LGF programme, were provided to the Strategic Board in [December 2023](#). There will likely be decisions related to this workstream which fall within the remit of the Board and these decisions will be presented at the February 2023 meeting.
- 11.4. 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. To assess this risk, SELEP is working with local partners to understand the potential impact of COVID-19 on the expected benefits to be realised through the LGF investment and to understand the impact on project costs which could also adversely affect the value for money offered. If required, revised forecast outcomes from the LGF programme will be brought forward for Board consideration.
- 11.5. Alongside the risk of not realising the expected project outcomes, there is a risk that the benefits will be realised but not measured or reported to SELEP and the Board. 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.
- 11.6. 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 G.
- 11.7. 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,

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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. To this end, a greater focus will now 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.

- 11.8. 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 collate and verify this information and therefore the report will now be presented at the next Board meeting.
- 11.9. 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 (meetings held in the lead up to Board meetings bringing together all capital programme leads across the SELEP area). The Programme Consideration Meetings also provide 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. This engagement will continue through 2023/24.
- 11.10. There is also a risk that now the LGF funding has been fully defrayed to local partners that completion of the required quarterly reporting will not be prioritised, despite it being a requirement of the Service Level Agreement, which is likely to result in the reporting either not being submitted to SELEP or being submitted late. If the reporting is not provided in a timely manner, there will be insufficient time for the contents to be fully reviewed and to allow challenge where required to ensure that the Board are provided with a complete and robust update on delivery of the LGF programme. Late provision of reporting will also impact on the ability of SELEP to effectively report to Government on the benefits that have been realised as a result of the LGF investment. As referenced at Section 5.3 of this report, this risk has materialised with Thurrock Council failing to submit their LGF quarterly reporting in advance of this meeting.

12. Financial Implications (Accountable Body comments)

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- 12.1. 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 Service Level Agreement (SLA) that is in place with each Partner Authority.
- 12.2. 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.
- 12.3. As the LGF for each project was transferred in advance of spend to the Local Authorities, there is 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.
- 12.4. 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.
- 12.5. 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.
- 12.6. 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. This is managed through the SLAs which set out the conditions for use of the grant.
- 12.7. 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.
- 12.8. 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 increases is the responsibility of Partners to

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mitigate and in some circumstances may require a change request or updated business case to be presented to the Board.

- 12.9. With respect to the A289 Four Elms Roundabout to Medway Tunnel Project update, the funding risk with respect to Project delivery is noted; however, it is also noted that the required assurances with respect to the on-going delivery of the Project have been received from Medway Council to support the recommendation to the Board for the retention of LGF against the Project. Whilst funding risks remain in terms of delivery of the Project, clear intention has been advised to SELEP to provide assurance of the importance of the Project to supporting economic growth in Medway.
- 12.10. A review of the Hastings and Bexhill Movement and Access Package sunk costs identified in the September update to the Board was undertaken to provide assurance that the £630,488 had been applied in line with the conditions of the Grant to support retention of the funding against the Project. The findings of the review are set out in 8.8 which are reflected in the recommendation made to the Board in this respect. Should the Board choose not to agree the recommendation made then East Sussex County Council will be required to return the funding to Essex County Council as the Accountable Body in accordance with the SLA in place.

13. Legal Implications (Accountable Body comments)

- 13.1. The grant funding will be 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 the Partner Authorities.
- 13.2. It is a requirement that the Partner Authorities mirror the terms of the SLA within its funding agreements with the delivery partners.
- 13.3. 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. If a project fails to proceed, in line with the conditions of the SLA or grant conditions from Central Government, or the change is not approved by Accountability Board, the Accountable Body may clawback the funding for reallocation by SELEP Ltd.
- 13.4. Where responsibility for funds are transferred to a Partner Authority following the close of SELEP, appropriate agreements will be needed between the parties to require the management of the funds in accordance with the relevant funding conditions.

14. Equality and Diversity implication

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

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- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 14.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 14.3. In the course of the development of the project business case, the delivery of the Project and 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.

15. List of Appendices

- 15.1. Appendix A – LGF spend forecast update
- 15.2. Appendix B – LGF prioritised project pipeline
- 15.3. Appendix C – Projects spending LGF beyond 30 September 2021
- 15.4. Appendix D – Project deliverability and risk update
- 15.5. Appendix E – High Risk Projects
- 15.6. Appendix F – LGF Programme Risks
- 15.7. Appendix G – Outstanding post scheme completion monitoring and evaluation reports

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

Role	Date
Accountable Body sign off	
Michael Neumann (On behalf of Nicole Wood, S151 Officer, Essex County Council)	05/01/2024

Appendix A LGF spend forecast update

SELEP number	Project Name	Promoter	Spend to 2021/22	2022/23 Total	2023/24 Q1	2023/24 Q2	2023/24 Q3	2023/24 Q4	2023/24 Forecast	2024/25 and beyond	All Years
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
Southend											
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
Thurrock											
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
Managed Centrally											
LGF00001	Skills		21.975								21.975
LGF00071	M20 Junction 10a		19.700								19.700
Sub-total			421.279	12.447	-0.142	0.298	3.975	6.817	10.949	23.661	468.335

DfT retained schemes

LGF00079	A127 Fairglens 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	-0.212	0.343			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
Sub-total retained schemes			96.862	0.107	-0.212	0.343			0.131	13.500	110.600

Appendix B – LGF pipeline, as at 12 January 2024

Project Name	Current LGF Allocation (£m)	Additional LGF Requested (£m)
University of Essex - Parkside Phase 3	5.000	1.650
Dartford Town Centre Improvements**	4.300	1.000
Total	9.300	2.650

** subject to submission of a Business Case and completion of a review by the ITE

Appendix C - Projects spending LGF beyond 30 September 2021

SELEP number	Project Name	Promoter	LGF allocation (£m)	LGF spend beyond 30 September 2021 (£m)	% LGF spend beyond 30 September 2021	Expected project completion date
LGF00023	Hailsham/Polegate/Eastbourne Movement and Access Transport scheme	East Sussex	2.1000	0.5165	24.6%	Mar-25
LGF00024	Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	6.6000	2.2823	34.6%	Dec-24
LGF00042	Hastings and Bexhill Movement and Access Package	East Sussex	9.0000	5.0699	56.3%	Mar-26
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	8.0000	2.2600	28.2%	Dec-24
LGF00108	Bexhill Enterprise Park North	East Sussex	1.9400	1.1163	57.5%	TBC
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	4.4130	2.7822	63.0%	Mar-23
LGF00116	Bexhill Creative Workspace	East Sussex	0.9600	0.1301	13.6%	Apr-22
LGF00124	Eastbourne Fisherman Quayside and Infrastructure Development	East Sussex	1.4400	0.9245	64.2%	Mar-22
LGF00070	Beaulieu Park Railway Station	Essex	12.0000	12.0000	100.0%	Dec-25
LGF00103	M11 Junction 8 Improvements	Essex	3.7339	1.1113	29.8%	Mar-25
LGF00105	Mercury Rising	Essex	1.2280	0.2280	18.6%	Mar-22
LGF00119	University of Essex Parkside (Phase 3)	Essex	5.0000	5.0000	100.0%	Mar-24
LGF00125	New Construction Centre, Chelmsford College	Essex	1.2952	1.1601	89.6%	Mar-23
LGF00127	Colchester Grow on Space	Essex	3.7775	3.5721	94.6%	May-25
LGF00003	i3 Innovation Investment Loan Scheme (Kent & Medway Growth Hub)	Kent	6.0000	0.3565	5.9%	Nov-23
LGF00039	Maidstone Integrated Transport Package	Kent	8.9000	3.9897	44.8%	Dec-24
LGF00040	A28 Sturry Link Road	Kent	5.9000	4.7049	79.7%	Dec-26
LGF00041	Thanet Parkway	Kent	14.0000	14.0000	100.0%	Jul-23
LGF00059	Ashford Spurs	Kent	7.8868	0.0017	0.0%	Apr-20
LGF00093	Kent and Medway EDGE Hub	Kent	7.3440	0.5980	8.1%	Dec-22
LGF00094	Leigh Flood Storage Area	Kent	2.3490	0.0505	2.1%	Mar-26
LGF00126	East Malling Advanced Technology Horticultural Zone	Kent	1.9986	0.0006	0.0%	Apr-22
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	Medway	8.6000	0.2440	2.8%	Mar-22
LGF00022	Medway City Estate Connectivity Improvement Measures	Medway	2.2000	1.3576	61.7%	Apr-22
LGF00089	IPM (Rochester Airport - Phase 2)	Medway	3.7000	2.1906	59.2%	Jul-23
LGF00122	IPM2 (Rochester Airport - Phase 3)	Medway	1.5185	0.9165	60.4%	Jul-23
LGF00045	Southend Central Area Action Plan (SCAAP)	Southend	7.0000	1.5112	21.6%	Jun-22
LGF00057	London Southend Airport Business Park	Southend	23.3695	1.1621	5.0%	Jul-23
LGF00115	Southend Town Centre	Southend	1.6250	1.4264	87.8%	Jan-24
LGF00104	Grays South	Thurrock	10.8403	6.1093	56.4%	TBC

Appendix D - 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 (August 2023)	Expected completion date (November 2023)	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 and Q2 2023/24 (£)	Forecast LGF spend from Q3 2023/24 onwards (£)	Financials RAG rating	Reputational risk RAG	Overall RAG rating
East Sussex																
Newhaven Flood Defences	Jun-15	LGF project delivered	Complete	Feb-20	Mar-22	Mar-22	26		1	1,500,000	1,500,000			3	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			2	3	3
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	5,220	1,698,548	4	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			3	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	Mar-26	61		5	9,000,000	5,524,458	-222,242	3,697,784	4	3	4
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	Ongoing	Mar-21	Dec-24	Dec-24	46		5	8,000,000	6,481,329	20,200	1,498,471	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			3	3	3
East Sussex Strategic Growth Project	Jan-17	Project in progress	Complete	Mar-21	TBC	TBC			5	8,200,000	8,200,000			3	3	4
Devonshire Park	Mar-17	LGF project delivered	Complete	Mar-20	Nov-19	Nov-19			3	5,000,000	5,000,000			2	3	3
Bexhill Enterprise Park North	Jun-19	Project in progress	Complete	Mar-20	TBC	TBC			5	1,940,000	1,940,000			3	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			1	1	1
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	2	1
Essex																
Colchester Broadband Infrastructure	Mar-15	LGF project delivered	Complete	Mar-16	Mar-16	Mar-16			3	200,000	200,000			1	3	2
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
Basilidon 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	TBC			5	15,000,000	1,500,000		13,500,000	5	4	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	Jun-25	Dec-25	21	6	5	12,000,000			12,000,000	5	4	5
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

Appendix D - 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 (August 2023)	Expected completion date (November 2023)	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 and Q2 2023/24 (£)	Forecast LGF spend from Q3 2023/24 onwards (£)	Financials RAG rating	Reputational risk RAG	Overall RAG rating
Technical and Professional Skills Centre at Stansted Airport Innovation Centre - University of Essex Knowledge Gateway	May-17	LGF project delivered	Complete	Sep-18	Sep-18	Sep-18			1	3,500,000	3,500,000			1	1	1
STEM Innovation Centre - Colchester Institute	Sep-17	LGF project delivered	Complete	Jan-19	Apr-19	Apr-19	3		1	2,000,000	2,000,000			1	1	1
A127/A130 Fairglen Interchange new link road	Dec-17	LGF project delivered	Complete	Jan-19	Apr-20	Apr-20	15		3	5,000,000	5,000,000			1	3	2
M11 junction 8 improvements	Feb-19	Design in progress	Complete	Apr-22	TBC				5	6,235,000	6,235,000			3	3	4
Mercury Rising Theatre	Nov-17 and Mar-21	Construction in progress	Complete	Mar-21	Sep-24	Mar-25	49	6	5	3,733,896	3,733,896			2	3	3
Basildon Digital Technologies Campus	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
Colchester Institute training centre (Groundworks and scaffolding)	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		1	2,150,000	2,150,000			1	1	1
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Jun-19	LGF project delivered	Complete	Jan-20	Mar-21	Mar-21	14		1	50,000	50,000			1	1	1
Flightpath Phase 2	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		1	900,000	900,000			1	1	1
University of Essex Parkside (Phase 3)	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
New Construction Centre, Chelmsford College	Feb-20	Construction in progress	Complete	Mar-21	Sep-23	Mar-24	37	6	5	5,000,000	5,000,000			2	3	3
Colchester Grow on Space, Queen Street	Jul-20	LGF project delivered	Complete	Sep-21	Mar-23	Mar-23	18		1	1,295,200	1,295,200			1	1	1
Kent	Feb-21	Construction in progress	Ongoing	Jul-22	May-25	May-25	35		5	3,777,451	702,040	154,415	2,920,996	5	3	4
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	Project ongoing	Ongoing	Mar-21	Sep-23	Nov-23	32	2	5	6,000,000	5,643,546		356,454	3	3	4
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			3	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 Gyratory 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		3	800,000	800,000			1	3	2
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			3	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		3	4,900,000	4,900,000			3	3	3
Folkestone Seafront: 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	Design in progress	Ongoing	Feb-20	Dec-24	Dec-24	59		5	8,900,000	6,573,420	77,888	2,248,692	4	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	120,420	4,333,598	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	1	2

Appendix D - 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 (August 2023)	Expected completion date (November 2023)	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 and Q2 2023/24 (£)	Forecast LGF spend from Q3 2023/24 onwards (£)	Financials RAG rating	Reputational risk RAG	Overall RAG rating
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	1	2
Dover Western Docks revival	Feb-17	LGF project delivered	Complete	Feb-17	Apr-17	Apr-17	2		1	5,000,000	5,000,000			3	1	2
Folkestone Seafront (non-transport)	Feb-16	LGF project delivered	Complete	Dec-17	Mar-18	Mar-18	3		3	5,000,000	5,000,000			3	1	2
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	3	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			2	3	3
Kent and Medway Medical School	Nov-19, Jul-20 and Feb-21	LGF project delivered	Complete	Sep-20	Jun-21	Jun-21	9		3	9,000,000	9,000,000			1	3	2
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
Medway																
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	Complete	Dec-20	TBC	TBC			5	1,821,046	1,821,046			4	5	5
Strood Town Centre	Mar-15	LGF project delivered	Complete	Jun-18	Mar-22	Mar-22	46		3	8,600,000	8,600,000			3	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	2	1
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	LGF project delivered	Complete	Dec-20	Jul-23	Jul-23	31		1	3,700,000	3,700,000			4	3	3
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			4	3	3
Innovation Park Medway (phase 3)	Jul-20	LGF project delivered	Complete	Dec-21	Jul-23	Jul-23	19		1	1,518,500	1,518,500			4	3	3
Southend																
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			3	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		2	3	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		3	8,000,000	8,000,000			1	3	2
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			2	1	1
Southend Town Centre Interventions	Jul-20 and Feb-21	Construction in progress	Complete	Mar-21	Jan-24	Jan-24	35		5	1,625,000	1,625,000			2	3	3
Thurrock																
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	TBC			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	TBC			5	10,840,274	5,141,603		5,698,671	5	5	5

Appendix D - 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 (August 2023)	Expected completion date (November 2023)	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 and Q2 2023/24 (£)	Forecast LGF spend from Q3 2023/24 onwards (£)	Financials RAG rating	Reputational risk RAG	Overall RAG rating
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
Managed Centrally																
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
TOTAL										578,935,369	530,695,539	286,617	47,953,214			

Appendix E - High Risk LGF projects

Project	RAG Rating	LGF allocation (£m)	Percentage of LGF allocation spent by 30 September 2021	Main project risk	Funding conditions attached/Updates required by the Board
Queensway Gateway Road, East Sussex		10.00	100%	Land acquisition required for several parcels of land to enable completion of the project.	LGF funding spent in full by 31 March 2021. The Board will be provided with an update on the project, under Agenda Item 12.
A127 Fairglens Junction Improvements, Essex		15.00	10%	Business Case requires DfT approval. Decision still outstanding.	Board will be notified once DfT funding decision has been made.
Beaulieu Park Railway Station		12.00	0%	Essex County Council have 2 HIF projects which are covered under the same agreement. The other HIF project has been struggling with cost increases which may mean the project is not delivered. The joint agreement may mean that the Beaulieu Park Station funding is lost if the other project cannot progress.	Agreement has been reached with Homes England with regard to the HIF funding which should mitigate the risk. Deed of Variation still needs to be sealed to formalise the agreement.
A28 Chart Road, Kent		2.76	100%	Project on hold, awaiting confirmation of the local funding sources to enable the delivery of the project. Risk that LGF spend to date may become an abortive revenue cost and will need to be repaid to SELEP.	Project remains on hold. Board will be updated if the position changes and the project can progress to delivery or if there is a requirement for the LGF funding to be returned to SELEP for reallocation.
A28 Sturry Link Road, Kent		5.90	20.3%	Acquisition of land from a number of land owners required to enable delivery of the project.	Following award of planning permission in September 2021, negotiations have recommenced with land owners but progress has been slower than anticipated. A Compulsory Purchase Order has now been issued.
A289 Four Elms roundabout to Medway Tunnel		1.82	100%	LGF funding spent in full progressing design for the scheme. Delivery of the works was to be funded through the HIF funding secured by Medway Council. The HIF funding has been removed from the project by Homes England and to date, no alternative funding has been secured to deliver the project. As a result, the LGF spend may become an abortive revenue cost which does not meet the grant conditions.	The project remains a priority for Medway Council and efforts are being made to secure alternative funding to enable delivery of the approved LGF Business Case. An update on the project is provided within the report.
London Gateway/Stanford le Hope, Thurrock		7.50	100%	Planning permission has not yet been granted for the full extent of the project. In addition, costs have increased and there is uncertainty regarding the scope of the second phase of the project. Furthermore, there is not currently an agreed LGF Business Case in place for the project.	An updated Business Case has now been submitted to the ITE for review and will be presented to the Board at the February 2024 meeting.
Purfleet Centre		5.00	100%	Whilst LGF funding has been spent in full, there is a risk to the realisation of the forecast project benefits.	Following unsuccessful delivery of the project benefits to date, a full range of alternative delivery options are currently being considered. The Board will be updated once there is a clear way forward.
Grays South		10.84	44%	Acquisition of land from a number of land owners required to enable delivery of the project. Project delivery is subject to progression through Network Rail GRIP process. In addition, a full review of the project is being undertaken to determine how/if the project should move forward.	An update on the outcome of the review undertaken on the project is set out under Agenda Item 13.
Total		70.82			

Appendix F - LGF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
Failure of third-party organisations to deliver LGF projects	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. This would result in local authorities being responsible for repaying abortive costs to SELEP.	5	4	20	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.
Affordability of LGF projects	<p>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.</p> <p>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.</p>	4	4	16	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.
Operational budgets	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	<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 feasibility of projects to proceed will be monitored and reported to the Board.</p>
Delivery of LGF project benefits	<p>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.</p> <p>There is also a risk that, in light of COVID-19, there may be changes to project scope brought forward to the Board, which could impact the scale of benefits achieved through LGF investment. As such, the forecast outcomes to be achieved through the Growth Deal, in terms of houses and jobs, will require revision.</p>	3	5	15	<p>SELEP will work with local partners over the coming months to understand the potential impact of COVID-19 on the expected benefits to be realised through LGF investment.</p> <p>For any new LGF funding decisions brought forward to the Board, consideration will be given to ensure there remains a strong strategic and economic case for investment in the projects, in light of the potential impacts of COVID-19 in leading to longer term behaviour change.</p>

Appendix F - LGF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
Closure of SELEP	<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 LGF 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 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.</p>	4	3	12	<p>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.</p> <p>Any required decisions on the ongoing management of the LGF programme will be presented at future Board meetings.</p>
Supply Chain Risk	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.	4	3	12	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.
LGF spend beyond the Growth Deal period	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>
Resource to deliver LGF projects	There is a risk to the availability of resource to deliver LGF projects, as a result of remote working, sickness and as a result of resources being redeployed to support critical services within local authorities. This is likely to result in project delays but also creates a risk to the oversight of projects.	3	3	9	SELEP Ltd extended the delivery of the Growth Deal period by six months to help ease some of the delivery pressures and to support the appropriate governance of projects.

Appendix G - Outstanding post scheme completion Monitoring and Evaluation reports

Project	Area	1 Year Post Completion	3/5 Year Post Completion
Swallow Business Park	East Sussex	Received	Outstanding
Coastal Communities Housing Intervention	East Sussex	Outstanding	Outstanding
Devonshire Park	East Sussex	Outstanding	Outstanding
Colchester Broadband Infrastructure	Essex	Received	Outstanding
Coastal Communities Housing Intervention	Essex	Outstanding	Outstanding
STEM Innovation Centre, Colchester	Essex	Outstanding	Not due
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
Middle Deal Transport Improvements	Kent	Outstanding	Not due
Kent Sustainable Interventions Programme	Kent	Outstanding	Not due
West Kent LSTF	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
Kent and Medway Medical School	Kent	Outstanding	Not due
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

Project	Area	1 Year Post Completion	3/5 Year Post Completion
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
A127 Essential Bridge and Highway Maintenance	Southend	Outstanding	Not due
TGSE LSTF Thurrock	Thurrock	Outstanding	Outstanding
Thurrock Cycle Network	Thurrock	Received	Outstanding
M20 Junction 10a	Central	Outstanding	Not due