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<b>Report title:</b> Local Growth Fund Capital Programme Update	
<b>Report to:</b> Accountability Board	
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<b>Meeting date:</b> 23 September 2022	<b>For:</b> Decision
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<b>SELEP Partner Authority affected:</b> East Sussex, Essex, Kent, Medway, Thurrock and Southend	

## 1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to 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. **Note** the total spend on project delivery in 2021/22 of £42.35m LGF excluding Department for Transport (DfT) retained schemes and £45.24m including DfT retained schemes, as set out in Table 1 of the report.
- 2.1.2. **Agree** the updated total planned LGF spend on project delivery in 2022/23 of £24.368m excluding DfT retained schemes and increasing to £24.692m including DfT retained schemes, as set out in Table 3 and Appendix A of the report.
- 2.1.3. **Agree** the reported LGF spend on project delivery in Q1 2022/23 of £4.767m, as set out in Table 2 and Appendix A.
- 2.1.4. **Note** the deliverability and risk assessment, as set out in Appendix D.
- 2.1.5. **Agree** the spend of LGF beyond 30 September 2021 and the revised completion date for the i3 Innovation Investment Loan Scheme (formerly referred to as Kent and Medway Growth Hub) project as set out in Section 7 of this report, subject to Strategic Board endorsement in October 2022.

## 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

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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.

### **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, work is being

undertaken 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. In addition, confirmation of the additionality (additional benefit) that will be realised should further LGF funding be awarded to any of the projects on the pipeline needs to be provided by the relevant local partner authorities.

## 5. Local Growth Fund spend position

- 5.1. The 2021/22 year-end position shows LGF spend on delivery of projects of £42.35m excluding DfT retained schemes and increasing to £45.24m including DfT retained schemes.
- 5.2. There has been a substantial reduction in LGF spend when compared to the forecast spend position set out at the start of 2021/22. Original forecasts showed planned LGF spend totalling £83.704m (including DfT retained schemes), which has reduced by £38.464m to £45.240m. This change is shown in Table 1 below.

Table 1: 2021/22 outturn spend figures

LGF (£m)				
	Planned LGF spend in 2021/22	Reported spend 2021/22	Variance (between planned and reported spend)	% change in forecast LGF spend in 2021/22
East Sussex	11.923	7.702	-4.221	-35.4%
Essex	7.834	2.930	-4.903	-62.6%
Kent	27.389	18.996	-8.393	-30.6%
Medway	6.980	6.980	0.000	0.0%
Southend	6.516	5.092	-1.424	-21.9%
Thurrock	6.350	0.651	-5.699	-89.7%
Skills	0.00	0.000	0.000	0.0%
M20 Junction 10a	0.000	0.000	0.000	0.0%
<b>LGF Sub-Total</b>	<b>66.990</b>	<b>42.350</b>	<b>-24.640</b>	<b>-36.8%</b>
Retained	16.713	2.889	-13.824	-82.7%
<b>Total Spend</b>	<b>83.704</b>	<b>45.240</b>	<b>-38.464</b>	<b>-46.0%</b>

- 5.3. Table 1 shows that only 63.2% of forecast LGF spend excluding DfT retained schemes and 54% including DfT retained schemes was actually spent in 2021/22. This reduction in planned spend has primarily been as a result of 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 reprocured. 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

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enforced absences. As a result of these issues, construction programmes had not progressed as expected prior to the start of 2021/22.

- 5.4. The primary reason for the delay in spend of the remaining DfT retained funding is that the A127 Fairglen Junction Improvements project is still awaiting DfT approval, as set out in Section 6 of this report. The forecast for 2021/22 assumed full spend of the remaining £13.5m LGF during the course of the financial year and therefore this project accounts for most of the reduction in DfT retained funding spend reported.
- 5.5. LGF spend in 2022/23 to the end of Q1 (April to June 2022) is reported to total £4.767m excluding DfT retained schemes. There is no reported spend on DfT retained schemes in Q1 2022/23.
- 5.6. The reported 2022/23 spend has been taken from the latest round of LGF quarterly reporting and demonstrates that reported spend in Q1 2022/23 is £1.345m (excluding DfT retained schemes) or £1.669m (including DfT retained schemes) below the level forecast at the start of the financial year. This change is shown in Table 2 below.

*Table 2: Current spend position – 2022/23*

LGF (£m)				
	Planned LGF spend to date 2022/23	Reported spend to date 2022/23	Variance (between planned and reported spend)	% Variance
East Sussex	3.074	3.074	0.000	0.0%
Essex	1.190	1.190	0.000	0.0%
Kent	0.459	0.057	-0.403	-87.7%
Medway	0.000	0.000	0.000	0.0%
Southend	1.289	0.347	-0.942	-73.1%
Thurrock	0.100	0.100	0.000	0.0%
<b>LGF Sub-Total</b>	<b>6.112</b>	<b>4.767</b>	<b>-1.345</b>	<b>-22.0%</b>
Retained	0.324	0.000	-0.324	-100.0%
<b>Total Spend</b>	<b>6.436</b>	<b>4.767</b>	<b>-1.669</b>	<b>-25.9%</b>

- 5.7. Table 3 below sets out the updated LGF spend forecast for future years.

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*Table 3: Summary LGF spend forecast – all years*

LGF (£m)						
	Actual LGF spend to end of 2020/21	Actual LGF spend 2021/22	LGF forecast spend 2022/23	LGF forecast spend 2023/24 onwards	Total	% LGF allocation spent by 31 March 2021
East Sussex	64.172	7.702	9.551	0.595	82.020	78.2%
Essex	90.199	2.930	5.926	14.935	113.991	79.1%
Kent	100.574	18.996	6.375	2.711	128.656	78.2%
Medway	25.460	6.980	0.000	0.000	32.440	78.5%
Southend	27.126	5.092	1.496	0.000	33.715	80.5%
Thurrock	29.491	0.651	1.020	4.679	35.840	82.3%
Skills	21.975	0.000	0.000	0.000	21.975	100.0%
M20 Junction 10a	19.700	0.000	0.000	0.000	19.700	100.0%
<b>Sub-total</b>	<b>378.697</b>	<b>42.350</b>	<b>24.368</b>	<b>22.920</b>	<b>468.335</b>	<b>80.9%</b>
DfT retained	93.887	2.889	0.324	13.500	110.600	84.9%
<b>Total spend forecast</b>	<b>472.584</b>	<b>45.240</b>	<b>24.692</b>	<b>36.420</b>	<b>578.935</b>	<b>81.6%</b>

- 5.8. Table 3 shows that 81.6% of the total LGF allocation (including DfT retained schemes) had been reported as spent by the end of March 2021. Based on the above 2021/22 year end position, 89.4% of the total LGF allocation has now been reported as spent.
- 5.9. The latest quarterly reporting from Kent County Council indicates spend beyond September 2021 on 4 projects which have not received approval from the Board - i3 Innovation Investment Loan Scheme (formerly referred to as the Kent & Medway Growth Hub), Ashford Spurs, Leigh Flood Storage Area and East Malling Advanced Technology Horticultural Zone. The Board are asked to agree the spend of LGF funding beyond September 2021 on the i3 Innovation Investment Loan Scheme at this meeting, as set out in Section 7 of this report.
- 5.10. The bulk of the LGF spend on the other 3 projects was completed prior to the end of 2020/21, and the works have been completed on the Ashford Spurs and East Malling Advanced Technology Horticultural Zone projects. The spend forecast for 2022/23 reflects internal Kent County Council charges which have not yet been actioned, however, the work involved was completed prior to the September 2021 deadline for LGF spend. The forecast of spend in 2022/23 is a reflection of a delay in completing required accounting processes, rather than a delay in spending the funding, and therefore requests to spend LGF funding beyond 30 September 2021 have not been provided in relation to these 3 projects.
- 5.11. 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

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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.

- 5.12. At the November 2021 meeting, the Board agreed that this funding 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. The required legal agreement to formalise the application of this condition to the funding award has now been completed and the £4.656m LGF was transferred to Kent County Council in 2021/22.
- 5.13. Further to the decision by the Board in September 2021 to reduce the LGF allocation to the A26 Tunbridge Wells Cycle and Junction Improvements Package, the £623,389 removed from the Project was returned to the Accountable Body by Kent County Council. Variation Agreements have been completed and £300,517 has been transferred to Essex County Council and Southend-on-Sea City Council for allocation to the Mercury Rising and Southend Airport Business Park projects.
- 5.14. A further £207,000 was awarded to the Southend Airport Business Park project by the Board in May 2022 and remains subject to the completion of the required Variation Agreement.
- 5.15. 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.

## **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.
- 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 and East Sussex Strategic Growth Package.
- 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. There are post completion landscaping works still to be completed and these works will be completed after significant power, water and sewerage infrastructure development arrangements have been put in place. These utility works are required to enable delivery of the

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originally forecast project benefits, including the new housing that the project has unlocked.

- 6.4. The East Sussex Strategic Growth project was intended to develop strategic business space and utilise its generated income as flexible recyclable investment funding to ensure the continued growth of quality employment space throughout East Sussex. The LGF funding awarded to the project was designed to be seed funding for multi-phase development. Therefore, only a portion of the development outlined within the Business Case was due to be funded through the LGF, with the remaining works being funded by income generated through letting or selling the assets delivered through the initial phase of the project.
- 6.5. The initial works delivered through the LGF funding have been delivered, however, a completion date for the remaining works outlined within the East Sussex Strategic Growth Business Case is not yet known as the timeline for delivery of the later phases of development has been adversely affected by the economic impacts of the COVID-19 pandemic and Brexit which have reduced the income achieved to date through the delivery of the initial phases of development.
- 6.6. Delivery of the remaining works required as per the agreed project Business Case will continue to be monitored.
- 6.7. The summary project risk assessment position is set out in Table 4 below. A score of 5 represents high risk (red) whereas a score of 1 represents low risk (green).
- 6.8. The risk assessment has been conducted for LGF projects based on:
  - 6.8.1. **Delivery** – considers project delays and any delays to the delivery of project outputs/outcomes. 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.
  - 6.8.2. 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 greater than 4 (Amber/Red), unless the project has now been delivered and there is no substantial impact on the expected project outcomes delivery.
  - 6.8.3. **Finances** – considers changes to project spend profiles, project budget, certainty of match funding contributions and amount of LGF spend forecast beyond 30 June 2022.
  - 6.8.4. **Reputation** – considers the reputational risk for the delivery partner, local authority and SELEP Ltd.

Table 4: Summary of LGF project risk

Risk Score	Number of projects	LGF allocation to projects (£m)	LGF spend beyond 30 June 2022 (£m)
Low risk - 1	67	245.566	0.002
Low/Medium risk - 2	3	6.740	0.324
Medium risk - 3	15	111.856	4.706
Medium/High risk - 4	13	84.456	27.557
High risk - 5	8	130.318	23.754
<b>Total</b>	<b>106</b>	<b>578.935</b>	<b>56.344</b>

- 6.9. In total, £23.754m LGF is forecast for spend on high-risk projects beyond the end of Q1 2022/23. A summary of the 8 high risk projects is set out in Appendix E.
- 6.10. Updates on 4 of the high-risk projects are provided under Agenda Items 8, 9 and 10. In summary, the position regarding the other 4 high-risk projects is as follows:
- 6.10.1. 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.
- 6.10.2. Essex County Council have confirmed that the Compulsory Purchase Order (CPO) objection process concluded in April 2022. Whilst there were no objections from landowners, 3 objections were received from UK Power Networks (UKPN), Network Rail and National Grid. The UKPN objection has now been resolved and Essex County Council officers are continuing to liaise with the other 2 bodies with a view to resolving all objections. The objections need to be removed before the CPO can be confirmed. Essex County Council will shortly be reverting to the contractors who tendered for the works to ask them to re-confirm their prices, compared to their August 2020 tender submissions. Upon completion of this process, the Full Business Case will be updated to reflect the updated total cost and a final version of the Business Case will be submitted to DfT for sign off. Essex County Council are continuing to target a start onsite to deliver the A127 Fairglen Junction Improvements project in early 2023.
- 6.10.3. A28 Chart Road, Kent (total LGF allocation £2.756m) – the Project remains on hold whilst waiting for the Chilmington developer to reach



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their planning obligation to provide funding for the Project, under the terms of the S106 agreement. This planning obligation will be reached once 400 homes have been occupied on the site. 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 2024. 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 for reallocation to alternative projects.

- 6.10.4. A28 Sturry Link Road (total LGF allocation £5.9m) – Kent County Council are continuing to progress the land acquisition negotiations and CPO required to secure the land needed to deliver the project. In addition, procurement for a Design and Build contract is continuing, with an appointment expected by December 2022. A full update on the project will be provided to the Board at the November 2022 Board meeting, in accordance with decision taken at the last Board meeting.
- 6.10.5. A289 Four Elms Roundabout to Medway Tunnel (total LGF allocation £1.821m) – the LGF funding allocated to the project has been spent in full progressing the design for the scheme, however, the improvements to the road will be delivered as part of Medway Council's New Routes to Good Growth (Future Hoo) Housing Infrastructure Fund (HIF) project. A report on the HIF project was taken to Medway Council Cabinet in July 2022, this provided an update on the two major consultations, alongside the impact of design freeze on highways and rail. This step enabled the work on the various planning applications to move into the assessment of impacts phase. The key next steps in the programme are a consultation on the Hoo Development Framework, the submission of planning applications for the highways scheme in February 2023 and for the rail scheme in March 2023. Medway Council is in regular discussion with Homes England in relation to programme and budget and have confirmed that there are no changes in these areas to report at this stage.
- 6.10.6. In light of the current status of the HIF project, there remains a risk that LGF spend to date totalling £1.821m may become an abortive revenue cost if the HIF funded works 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 for reallocation to alternative projects.

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

- 7.1. In April 2020, the Strategic Board agreed to extend the delivery of the Growth Deal period by six months to 30 September 2021. Any further extensions beyond this date must be considered by both the Strategic Board and Accountability Board on a case-by-case basis.
- 7.2. Based on the latest LGF reporting provided by local partners, 27 projects are currently forecasting LGF spend beyond 30 September 2021 (excluding the 3 projects referenced at Section 5 of this report) totalling £76.72m, as set out in Appendix C. 26 of these projects have been considered and approved for spend beyond 30 September 2021 by both the Board and Strategic Board.
- 7.3. The final project currently forecasting LGF spend beyond 30 September 2021 is the i3 Innovation Investment Loan Scheme (formerly referred to as the Kent and Medway Growth Hub). The project is forecasting LGF spend of £0.356m beyond 30 September 2021.
- 7.4. The Board approved the award of £6.0m LGF to the i3 Innovation Investment Loan Scheme project in November 2015. At that time, it was expected that the project would be complete and final evaluation undertaken by 2021.
- 7.5. To date, £5.644m of the £6.0m LGF allocation has been issued to projects as set out in the Business Case, leaving an unallocated balance of £0.356m. An application for the remaining balance was received and progressed through the full application process including two internal assessments, Trading Standards checks, commissioning of an external Appraisal Report, approval at the Investment Advisory Board, contract negotiations, drafting of all required legal documents and issuing of the final documents to the applicant for signature. It was only at this stage, following numerous attempts by Kent County Council to secure return of the legal documents, that the applicant declined the loan. This whole process took over 9 months and has therefore resulted in a delay to completion of the project.
- 7.6. Kent County Council have taken steps to engage with other potential applicants and a pre-application has been received and approved. Submission of the full application is expected on 15 September 2022, and assuming all required assessments are completed satisfactorily and the application is approved by the Investment Advisory Board, it is expected that the remaining funding will be defrayed to the new loan applicant in March 2023.
- 7.7. The Board has previously agreed that for LGF to be spent beyond 30 September 2021, the project must meet five conditions. These five conditions include projects demonstrating that:
  - 7.7.1. there is a clear delivery plan with specific delivery milestones and completion date has been agreed with the Board;

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- 7.7.2. there is a direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
- 7.7.3. all funding sources having been identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding sources are in place to deliver the project beyond the Growth Deal;
- 7.7.4. endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond the Growth Deal period; and
- 7.7.5. contractual commitments are in place with construction contractors by the end of the Growth Deal period for the delivery of the project.

7.8. Table 5 demonstrates how the project meets these conditions.

*Table 5: i3 Innovation Investment Loan Scheme project compliance with conditions for spend beyond 30 September 2021*

<b>A clear delivery plan with specific delivery milestones and completion date</b>	
The majority of the project has been completed, with over £5.5m of the £6m LGF allocation having already been issued. The delivery plan in relation to the remaining funding is set out below:	
<b>Milestone</b>	<b>Expected timeline</b>
Engagement with potential new applicants	May 2022 (milestone completed)
Pre-application received and approved	July 2022 (milestone completed)
Submission of full application	15 September 2022
Internal Kent County Council assessments completed	6 October 2022
Investment Advisory Board meeting	November 2022
Contract negotiated and drafted	December 2022 to January 2023
Contract signed	February 2023
Funding defrayed	March 2023
<b>A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area</b>	
The wider i3 Innovation Investment Loan Scheme was established to invest in projects which enable businesses to create and adopt innovative products, processes and services, improve productivity and deliver sustainable employment over the long term.	
The application currently being considered sets out forecast job creation of 17.5 FTE's.	
<b>All funding sources having been identified and secured to enable the delivery of the project</b>	
All funding sources are in place to enable delivery of the project. Provision of funding by the applicant will be secured through the contract.	

Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond the Growth Deal period
Endorsement from Strategic Board will be sought in October 2022
Contractual commitments are in place with construction contractors by the end of the Growth Deal period for the delivery of the project
This is not a construction project and therefore this condition is not applicable.

7.9. The Board is asked to agree the spend of LGF funding beyond 30 September 2021 on the i3 Innovation Investment Loan Scheme project, subject to endorsement by Strategic Board at their meeting on 21 October 2022.

7.10. If any of the approved projects report a project completion date which is delayed by more than 6 months, a further decision is 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.

## **8. Projects remaining on LGF pipeline**

8.1. 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.

8.2. 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.

8.3. 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.

8.4. 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.

8.5. No concerns have been raised regarding the deliverability of the projects remaining on the pipeline, as local partners or the relevant third-party delivery partners plan to meet the increase in project costs if required. These projects will remain under review and any significant risks to project delivery will be brought to the Board's attention.

## **9. LGF Programme Risks**

- 9.1. 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 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 programme has been identified as a mechanism for mitigating the risk of further cost increases as the project progresses onsite.
- 9.2. 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.
- 9.3. 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 large 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.
- 9.4. Furthermore, there is 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, 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.

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

- 10.1. All funding allocations which are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. The only outstanding LGF funding expected to be received from HM Government is in respect of the funding for the A127 Fairglan junction improvements project,

## Local Growth Fund Capital Programme Update

which remains subject to final approval from the Secretary of State for Transport.

- 10.2. The Accountable Body held a £0 (zero) 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. Any LGF transfers of Capital in advance of need could be applied as a capital swap, whereby funding can be applied against the partner Council's wider Capital programme provided the equivalent funding is recycled back to LGF delivery in future years (referenced in previous reports as an 'option 4' capital swap) or to be held as a ringfenced grant by the respective Local Authorities.
- 10.3. As the remaining balance of LGF for each project has been transferred in advance to the Local Authorities, there is a requirement for the Board to continue to effectively monitor the progress of the LGF projects 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. Updates to the Board 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 increasing inflation, together with ongoing impacts experienced following the Covid-19 pandemic and Brexit.
- 10.4. 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.
- 10.5. 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.

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

- 11.1. 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.
- 11.2. It is a requirement that the Partner Authorities mirror the terms of the SLA within its funding agreements with the delivery partners.
- 11.3. 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.

## **12. Equality and Diversity implication**

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

## **13. List of Appendices**

- 13.1. Appendix A – LGF spend forecast update
- 13.2. Appendix B – LGF prioritised project pipeline
- 13.3. Appendix C – Projects spending LGF beyond 30 September 2021
- 13.4. Appendix D – Project deliverability and risk update
- 13.5. Appendix E – High Risk Projects
- 13.6. Appendix F – LGF Programme Risks

**(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)**

## Local Growth Fund Capital Programme Update

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Stephanie Mitchener  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	14 <sup>th</sup> September 2022







Appendix A LGF spend forecast update

SELEP number	Project Name	Spend to 2021/22	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2022/23 Total	2023/24 and beyond	All Years
LGF00088	Fort Halsted (removed from programme)								
LGF00092	A2500 Lower Road	1.265							1.265
LGF00093	Kent and Medway Engineering and Design Growth and Enterprise Hub	6.746		0.598			0.598		7.344
LGF00096	A2 off-slip at Wincheap, Canterbury (removed from programme)								
LGF00094	Leigh Flood Storage Area	2.299			0.051		0.051		2.349
LGF00106	Sandwich Rail Infrastructure	1.913							1.913
LGF00120	M2 J5 improvements	1.600							1.600
LGF00121	Kent and Medway Medical School	9.000							9.000
LGF00126	East Malling Advanced Technology Horticultural Zone	1.998		0.001			0.001		1.999
<b>Medway</b>									
LGF00018	A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements	1.821							1.821
LGF00019	Strood Town Centre Journey Time and Accessibility Enhancements	8.600							8.600
LGF00020	Chatham Town Centre Place-making and Public Realm Package	4.200							4.200
LGF00021	Medway Cycling Action Plan	2.500							2.500
LGF00022	Medway City Estate Connectivity Improvement Measures	2.200							2.200
LGF00061	Rochester Airport - phase 1	4.400							4.400
LGF00089	IPM (Rochester Airport - phase 2)	3.700							3.700
LGF00091	Strood Civic Centre - flood mitigation	3.500							3.500
LGF00115	IPM 2 (Rochester Airport - phase 3)	1.519							1.519
<b>Southend</b>									
LGF00005	Southend Growth Hub	0.720							0.720
LGF00107	Southend Forum 2								
LGF00029	TGSE LSTF - Southend	1.000							1.000
LGF00045	Southend Central Area Action Plan (SCAAP) - Transport Package	7.000							7.000
LGF00057	London Southend Airport Business Park Phase 1 and 2 (including Southend and Rochford Joint Area Action Plan)	23.163		0.207			0.207		23.370
LGF00115	Southend Town Centre	0.336	0.347	0.942			1.289		1.625
<b>Thurrock</b>									
LGF00030	TGSE LSTF - Thurrock	1.000							1.000
LGF00046	Thurrock Cycle Network	5.000							5.000
LGF00047	London Gateway/Stanford le Hope	7.500							7.500
LGF00052	A13 Widening - development	5.000							5.000
LGF00056	Purfleet Centre	5.000							5.000
LGF00104	Grays South	5.142	0.100	0.250	0.475	0.195	1.020	4.679	10.840
LGF00123	Tilbury Riverside (removed from programme)								
	A13 widening - additional funding	1.500							1.500
<b>Managed Centrally</b>									
LGF00001	Skills	21.975							21.975
LGF00071	M20 Junction 10a	19.700							19.700
<b>Sub-total</b>		421.048	4.767	7.962	6.481	5.158	24.368	22.920	468.335

## Appendix A LGF spend forecast update

SELEP number	Project Name	Spend to 2021/22	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2022/23 Total	2023/24 and beyond	All Years
<b>DfT retained schemes</b>									
LGFO0079	A127 Fairglen Junction Improvements	1.500						13.500	15.000
LGFO0080	A127 Capacity Enhancements Road Safety and Network Resilience (ECC)	4.000							4.000
LGFO0081	A127 Kent Elms Corner	4.300							4.300
LGFO0082	A127 The Bell	3.976		0.324			0.324		4.300
LGFO0083	A127 Essential Bridge and Highway Maintenance - Southend	8.000							8.000
LGFO0084	A13 Widening	75.000							75.000
<b>Sub-total retained schemes</b>		<b>96.776</b>		<b>0.324</b>			<b>0.324</b>	<b>13.500</b>	<b>110.600</b>

## Appendix B – LGF pipeline, as at 23 September 2022

Project Name	Current LGF Allocation (£m)	Additional LGF Requested (£m)
Southend Airport Business Park Part A	23.370	0.320
Southend Airport Business Park Part B		0.500
Southend Airport Business Park Part C		0.500
Parkside Phase 2	5.000	1.650
A13 Widening Part B	81.500	1.000
Dartford Town Centre Improvements**	4.300	1.000
<b>Total</b>	<b>114.170</b>	<b>4.970</b>

\*\* 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-23
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%	Sep-25
LGF00044	Eastbourne town centre LSTF access & improvement package	East Sussex	8.0000	2.2600	28.2%	May-24
LGF00108	Bexhill Enterprise Park North	East Sussex	1.9400	1.1163	57.5%	Jul-22
LGF00109	Skills for Rural Businesses Post-Brexit	East Sussex	4.4130	2.7822	63.0%	Jan-23
LGF00116	Bexhill Creative Workspace	East Sussex	0.9600	0.1301	13.6%	Mar-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-23
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%	May-23
LGF00125	New Construction Centre, Chelmsford College	Essex	1.2952	1.1601	89.6%	Oct-22
LGF00127	Colchester Grow on Space	Essex	3.7775	3.5721	94.6%	Jun-24
LGF00003	i3 Innovation Investment Loan Scheme (Kent & Medway Growth Hub)	Kent	6.0000	0.3565	5.9%	Mar-23
LGF00039	Maidstone Integrated Transport	Kent	8.9000	3.9897	44.8%	Jun-24
LGF00040	A28 Sturry Link Road	Kent	5.9000	4.7049	79.7%	Jun-25
LGF00041	Thanet Parkway	Kent	14.0000	14.0000	100.0%	May-23
LGF00093	Kent and Medway EDGE Hub	Kent	7.3440	0.5980	8.1%	Dec-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%	Nov-22
LGF00115	IPM2 (Rochester Airport - Phase 3)	Medway	1.5185	0.9165	60.4%	Nov-22
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%	Sep-22
LGF00115	Southend Town Centre	Southend	1.6250	1.4264	87.8%	Jan-24
LGF00104	Grays South	Thurrock	10.8403	6.1093	56.4%	Nov-24

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 (Jun-22)	Expected completion date (Aug-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of Q1 2022/3 (£)	Forecast LGF spend from Q2 2022/23 onwards	Financials RAG rating	Reputational risk RAG	Overall RAG rating
<b>East Sussex</b>															
Newhaven Flood Defences	Jun-15	LGF project delivered	Complete	Feb-20	Mar-22	Mar-22	26		1	1,500,000	1,500,000		1	1	1
Hailsham, Polegate and Eastbourne Movement and Access Transport scheme	Feb-17	Design in progress	Ongoing	Mar-20	Mar-23	Mar-23	38		5	2,100,000	1,735,877	364,124	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	5,107,247	1,492,753	2	3	3
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			1	1,400,000	1,400,000		1	1	1
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		2	4	4
Hastings and Bexhill Movement and Access Package	Feb-18	Construction in progress	Ongoing	Mar-21	Sep-25	Sep-25	55		5	9,000,000	5,422,320	3,577,680	4	4	4
Eastbourne Town Centre LSTF access and improvement package	Apr-16 and Feb-19	Construction in progress	Ongoing	Mar-21	May-24	May-24	39		5	8,000,000	6,362,758	1,637,242	2	3	3
Coastal Communities Housing Intervention Hastings	Feb-17	LGF project delivered	Complete	Apr-20	Mar-20	Mar-20			1	666,667	666,667		1	1	1
East Sussex Strategic Growth Project	Jan-17	Project in progress	Complete	Mar-21	TBC	TBC			5	8,200,000	8,200,000		3	4	4
Devonshire Park	Mar-17	LGF project delivered	Complete	Mar-20	Nov-19	Nov-19			1	5,000,000	5,000,000		1	1	1
Bexhill Enterprise Park North	Jun-19	LGF project delivered	Complete	Mar-20	Jul-22	Jul-22	28		1	1,940,000	1,940,000		1	3	2
Skills for Rural Businesses Post-Brexit (Plumpton College)	Jun-19 and Feb-21	Construction in progress	Complete	Mar-21	Jan-23	Jan-23	22		4	4,413,000	4,413,000		3	2	3
Churchfields Business Centre (previously known as Sidney Little Road Business Incubator Hub)	Jun-19	Construction in progress	Complete	Mar-21	Sep-22	Sep-22	18		4	500,000	500,000		1	2	2
Bexhill Creative Workspace	Sep-19	LGF project delivered	Complete	May-20	Mar-22	Mar-22	22		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	9		1	1,440,000	1,440,000		1	1	1
<b>Essex</b>															
Colchester Broadband Infrastructure	Mar-15	LGF project delivered	Complete	Mar-16	Mar-16	Mar-16			1	200,000	200,000		1	1	1
Colchester LSTF	Mar-15	LGF project delivered	Complete	Mar-16	Dec-16	Dec-16	9		1	2,400,000	2,400,000		1	1	1
Colchester Integrated Transport Package	Mar-15	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			1	5,000,000	5,000,000		1	1	1
Colchester Town Centre	Mar-15	LGF project delivered	Complete	Mar-16	Jan-18	Jan-18	22		1	4,600,000	4,600,000		1	1	1
TGSE LSTF - Essex	Mar-15	LGF project delivered	Complete	Aug-16	Mar-17	Mar-17	7		1	3,000,000	3,000,000		1	1	1
A414 Pinch Point Package	Jun-15	LGF project delivered	Complete	Mar-17	Mar-19	Mar-19	24		1	10,487,000	10,487,000		1	1	1
A414 Maldon to Chelmsford RBS	Jun-15	LGF project delivered	Complete	Mar-17	Dec-16	Dec-16			1	2,000,000	2,000,000		1	1	1
Chelmsford Station/Station Square/Mill Yard	Jun-15	LGF project delivered	Complete	Dec-17	May-19	May-19	17		1	3,000,000	3,000,000		1	1	1
Basildon Integrated Transport Package	Mar-15, May-17 and Feb-19	LGF project delivered	Complete	Mar-21	May-21	May-21	2		1	6,586,000	6,586,000		1	1	1
Colchester Park and Ride and Bus Priority measures	Mar-15	LGF project delivered	Complete	Apr-15	Apr-15	Apr-15			1	5,800,000	5,800,000		1	1	1
A127 Fairglen junction improvements	Pending	Approval pending	Ongoing	Sep-22	TBC	TBC			5	15,000,000	1,500,000	13,500,000	5	5	5
A127 capacity enhancements	Jun-15	LGF project delivered	Complete	Dec-20	Nov-18	Nov-18			1	4,000,000	4,000,000		1	1	1
A131 Chelmsford to Braintree	Feb-17	LGF project delivered	Complete	Mar-20	Apr-20	Apr-20	1		1	3,660,000	3,660,000		1	1	1
A133 Colchester to Clacton	Nov-17	LGF project delivered	Complete	Mar-20	Jun-20	Jun-20	4		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	7		1	10,000,000	10,000,000		1	1	1
Beaulieu Park Railway Station	Feb-19	Design in progress	Ongoing	Mar-24	Dec-25	Dec-25	21		4	12,000,000		12,000,000	5	4	4
Coastal Communities Housing Intervention Jaywick	Feb-17	LGF project delivered	Complete	Jun-19	Jun-19	Jun-19			1	666,667	666,667		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 (Jun-22)	Expected completion date (Aug-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of Q1 2022/3 (£)	Forecast LGF spend from Q2 2022/23 onwards	Financials RAG rating	Reputational risk RAG	Overall RAG rating
Gilden Way upgrading	Dec-17	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	7		1	5,000,000	5,000,000		1	1	1
Technical and Professional Skills Centre at Stansted Airport	May-17	LGF project delivered	Complete	Sep-18	Sep-18	Sep-18			1	3,500,000	3,500,000		1	1	1
Innovation Centre - University of Essex Knowledge Gateway	Sep-17	LGF project delivered	Complete	Jan-19	Apr-19	Apr-19	4		1	2,000,000	2,000,000		1	1	1
STEM Innovation Centre - Colchester Institute	Dec-17	LGF project delivered	Complete	Jan-19	Apr-20	Apr-20	15		1	5,000,000	5,000,000		1	1	1
A127/A130 Fairglen Interchange new link road	Feb-19	Design in progress	Complete	Apr-22	TBC	TBC			5	6,235,000	6,235,000		2	5	4
M11 junction 8 improvements	Nov-17 and Mar-21	Construction in progress	Complete	Mar-21	Dec-22	Mar-23	24	2	5	3,733,896	3,733,896		2	3	3
Mercury Rising Theatre	Nov-17 and Sep-21	LGF project delivered	Complete	Mar-20	Mar-22	Mar-22	25		1	1,228,000	1,228,000		1	1	1
Basildon Digital Technologies Campus	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		1	2,150,000	2,150,000		1	1	1
Colchester Institute training centre (Groundworks and scaffolding)	Jun-19	LGF project delivered	Complete	Jan-20	Mar-21	Mar-21	15		1	50,000	50,000		1	1	1
USP College Centre of Excellence for Digital Technologies and Immersive Learning , Benfleet	Jun-19	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	13		1	900,000	900,000		1	1	1
Flightpath Phase 2	Jun-19 and Feb-21	LGF project delivered	Complete	Sep-20	Sep-21	Sep-21	12		1	1,981,500	1,981,500		1	1	1
University of Essex Parkside (Phase 3)	Feb-20	Construction in progress	Ongoing	Mar-21	May-23	May-23	26		5	5,000,000	688,923	4,311,077	5	2	4
New Construction Centre, Chelmsford College	Jul-20	Construction in progress	Complete	Sep-21	Aug-22	Oct-22	13	2	4	1,295,200	1,295,200		2	2	3
Colchester Grow on Space, Queen Street	Feb-21	Construction in progress	Ongoing	Jul-22	Jun-24	Jun-24	22		4	3,777,451	417,391	3,360,060	5	2	4
<b>Kent</b>															
I3 Innovation Project (formerly referred to as the Kent and Medway Growth Hub)	Nov-15	Project ongoing	Ongoing	Mar-21	May-22	Mar-23	24	10	5	6,000,000	5,643,546	356,454	2	2	3
Tonbridge Town Centre Regeneration	Mar-15	LGF project delivered	Complete	Mar-17	Apr-17	Apr-17	1		1	2,631,269	2,631,269		1	1	1
Sittingbourne Town Centre Regeneration	Nov-15	LGF project delivered	Complete	Sep-16	Mar-21	Mar-21	56		1	2,500,000	2,500,000		1	1	1
M20 junction 4 Eastern Overbridge	Mar-15	LGF project delivered	Complete	Feb-17	Feb-17	Feb-17			1	2,200,000	2,200,000		1	1	1
Tunbridge Wells junction improvement package	Jun-15 and Sep-17	Project ongoing	Complete	Sep-19	TBC	TBC			5	1,176,611	1,176,611		3	2	3
Kent Thameside LSTF	Mar-15	Construction in progress	Complete	Mar-21	Aug-22	Sep-22	17		4	4,500,000	4,500,000		2	2	3
Maidstone Gyratory Bypass	Mar-15	LGF project delivered	Complete	Feb-17	Dec-16	Dec-16	-2		1	4,600,000	4,600,000		1	1	1
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	13		1	4,800,000	4,800,000		1	1	1
Middle Deal transport improvements	Feb-16	LGF project delivered	Complete	Dec-16	Sep-21	Sep-21	59		1	800,000	800,000		1	1	1
Kent Rights of Way improvement plan	Mar-15	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			1	1,000,000	1,000,000		1	1	1
Kent Sustainable Interventions Programme	Mar-15, Apr-16, Feb-17 and Feb-18	LGF project delivered	Complete	Mar-21	Mar-21	Mar-21			1	2,727,586	2,727,586		1	1	1
West Kent LSTF	Apr-16	LGF project delivered	Complete	Mar-21	Sep-21	Sep-21	6		1	4,900,000	4,900,000		1	1	1
Folkestone Seafront: onsite infrastructure	Mar-15	LGF project delivered	Complete	Sep-15	Mar-16	Mar-16	6		1	541,145	541,145		1	1	1
A28 Chart Road	Nov-15	Project on hold	Complete	Mar-20	TBC	TBC			5	2,756,283	2,756,283		5	4	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 (Jun-22)	Expected completion date (Aug-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of Q1 2022/3 (£)	Forecast LGF spend from Q2 2022/23 onwards	Financials RAG rating	Reputational risk RAG	Overall RAG rating
Maidstone Integrated Transport Package	Nov-15 and Jun-18	Design in progress	Ongoing	Feb-20	Jun-24	Jun-24	54		5	8,900,000	5,533,586	3,366,414	4	4	4
A28 Sturry Link Road	Jun-16	Design in progress	Ongoing	Oct-21	Jun-25	Jun-25	45		5	5,900,000	1,244,323	4,655,677	5	4	5
Rathmore Road	Nov-15	LGF project delivered	Complete	Nov-17	Feb-18	Feb-18	3		1	4,200,000	4,200,000		1	1	1
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	Ongoing	Apr-18	Apr-20	Apr-20	24		1	7,886,830	7,885,143	1,687	1	1	1
Thanet Parkway	Apr-19	Construction in progress	Complete	Dec-21	May-23	May-23	17		4	14,000,000	14,000,000		3	3	3
Dover Western Docks revival	Feb-17	LGF project delivered	Complete	Feb-17	Apr-17	Apr-17	2		1	5,000,000	5,000,000		1	1	1
Folkestone Seafront (non-transport)	Feb-16	LGF project delivered	Complete	Dec-17	Mar-18	Mar-18	3		1	5,000,000	5,000,000		1	1	1
A226 London Road/B255 St Clements Way	Nov-16	LGF project delivered	Complete	Mar-20	May-19	May-19	-9		1	4,200,000	4,200,000		1	1	1
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-24	Dec-24	46		5	4,300,000	4,300,000		3	3	4
A2500 Lower Road	Sep-17	LGF project delivered	Complete	Dec-19	Mar-19	Mar-19	-9		1	1,264,930	1,264,930		1	1	1
Kent and Medway EDGE hub	Sep-17, Mar-21 and Sep 21	Construction in progress	Ongoing	Aug-20	Dec-22	Dec-22	27		5	7,344,000	6,746,000	598,000	2	1	3
Leigh Flood Storage Area and East Peckham - unlocking growth	Sep-18	Construction in progress	Ongoing	Jul-23	Oct-25	Oct-25	27		5	2,349,000	2,298,500	50,500	2	2	3
Sandwich Rail Infrastructure	Nov-17	LGF project delivered	Complete	Mar-20	Feb-20	Feb-20	-1		1	1,913,170	1,913,170		1	1	1
M2 Junction 5	Feb-20	Construction in progress	Complete	Jan-23	Dec-24	Dec-24	24		5	1,600,000	1,600,000		2	5	4
Kent and Medway Medical School	Nov-19, Jul-20 and Feb-21	LGF project delivered	Complete	Sep-20	Jun-21	Jun-21	10		1	9,000,000	9,000,000		1	1	1
East Malling Advanced Technology Horticultural Zone	Jun-20 and Feb-21	LGF project delivered	Ongoing	Jul-21	May-22	May-22	10		1	1,998,600	1,998,000	600	2	1	1
<b>Medway</b>															
A289 Four Elms roundabout to Medway Tunnel	Mar-15	Design in progress	Complete	Dec-20	Mar-25	Mar-25	51		5	1,821,046	1,821,046		5	5	5
Strood Town Centre	Mar-15	LGF project delivered	Complete	Jun-18	Mar-22	Mar-22	46		1	8,600,000	8,600,000		1	1	1
Chatham Town Centre	Mar-15	LGF project delivered	Complete	Jul-17	Dec-19	Dec-19	28		1	4,200,000	4,200,000		1	1	1
Medway Cycling Action Plan	Mar-15	LGF project delivered	Complete	Mar-18	Mar-19	Mar-19	12		1	2,500,000	2,500,000		1	1	1
Medway City Estate	Mar-15	LGF project delivered	Complete	Mar-21	Apr-22	Apr-22	12		1	2,200,000	2,200,000		1	1	1
Rochester Airport - phase 1	Jun-16	LGF project delivered	Complete	Mar-18	Nov-21	Nov-21	45		1	4,400,000	4,400,000		1	1	1
Innovation Park Medway (phase 2)	Feb-19	Construction in progress	Complete	Dec-20	Nov-22	Nov-22	23		4	3,700,000	3,700,000		3	4	4
Strood Civic Centre - flood mitigation	Feb-18	LGF project delivered	Complete	Apr-19	Jun-19	Jun-19	1		1	3,500,000	3,500,000		1	1	1
Innovation Park Medway (phase 3)	Jul-20	Construction in progress	Complete	Dec-21	Nov-22	Nov-22	11		4	1,518,500	1,518,500		3	4	4
<b>Southend</b>															
Southend Growth Hub	2015	LGF project delivered	Complete	Dec-16	Mar-17	Mar-17	2		1	720,000	720,000		1	1	1
TGSE LSTF - Southend	Mar-15	LGF project delivered	Complete	Aug-16	Mar-17	Mar-17	7		1	1,000,000	1,000,000		1	1	1
A127 Kent Elms Corner	Jun-16	LGF project delivered	Complete	May-17	May-19	May-19	25		1	4,300,000	4,300,000		1	1	1
A127 The Bell	Nov-18 and Feb-19	Construction in progress	Ongoing	Mar-21	Sep-22	Dec-22	20	2	4	4,300,000	3,976,065	323,935	2	1	2
A127 Essential Bridge and Highway Maintenance	Sep-16, Nov-18 and Feb-19 and Feb 2021	LGF project delivered	Complete	Mar-21	Aug-21	Aug-21	5		1	8,000,000	8,000,000		1	1	1
Southend Central Area Action Plan	Jun-16, Sep-17 and Feb-19	LGF project delivered	Complete	Mar-21	Jun-22	Jun-22	14		1	7,000,000	7,000,000		1	1	1
London Southend Airport Business Park	Feb-16, Sep-17, Sep-18 and Sep-21	Construction in progress	Ongoing	Mar-21	Jul-22	Sep-22	17	2	4	23,369,517	23,162,517	207,000	2	2	3
Southend Town Centre Interventions	Jul-20 and Feb-21	Construction in progress	Ongoing	Mar-21	Jan-24	Jan-24	36		5	1,625,000	682,752	942,248	5	3	4
<b>Thurrock</b>															

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 (Jun-22)	Expected completion date (Aug-22)	Months delay incurred (since original Business Case)	Months delay incurred (since last update)	Deliverability RAG rating	LGF allocation (£)	Actual LGF spend to end of Q1 2022/3 (£)	Forecast LGF spend from Q2 2022/23 onwards	Financials RAG rating	Reputational risk RAG	Overall RAG rating
TGSE LSTF - Thurrock	Mar-15	LGF project delivered	Complete	Mar-16	Mar-20	Mar-20	49		1	1,000,000	1,000,000		1	1	1
Thurrock Cycle Network	Apr-16	LGF project delivered	Complete	Mar-19	Mar-19	Mar-19			1	5,000,000	5,000,000		1	1	1
London Gateway/Stanford le Hope	Feb-17	Design in progress	Complete	Dec-18	Jul-24	Jul-24	68		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	Construction in progress	Complete	Sep-27	Dec-30	Dec-30	41		5	5,000,000	5,000,000		1	2	3
Grays South	Feb-19	Design in progress	Ongoing	Jul-22	Nov-24	Nov-24	28		5	10,840,274	5,241,603	5,598,671	5	4	5
A13 widening	Apr-17, Jul-20 and Mar-21	Construction in progress	Complete	Dec-19	Nov-22	Nov-22	36		5	76,500,000	76,500,000		5	4	5
<b>Managed Centrally</b>															
Capital Skills	Mar-15	LGF project delivered	Complete	Mar-17	Mar-17	Mar-17			1	21,974,561	21,974,561		4	4	3
M20 Junction 10a	Feb-17	LGF project delivered	Complete	Sep-20	Dec-19	Dec-19	-8		1	19,700,000	19,700,000		1	1	1
<b>TOTAL</b>										<b>578,935,369</b>	<b>522,591,247</b>	<b>56,344,122</b>			

## 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 9.
A127 Fairglens Junction Improvements, Essex		15.00	10.0%	Business Case required DfT approval. Decision still outstanding.	Board will be notified once DfT funding decision has been made.
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. An update on the Project will be provided at the November 2022 Board meeting.
A289 Four Elms roundabout to Medway Tunnel		1.82	100%	LGF funding spent in full progressing design for the scheme. Delivery of the works to be funded through the HIF funding secured by Medway Council. HIF funded works are still at design stage and therefore there remains a risk that the LGF spend may become an abortive revenue cost and will need to be repaid to SELEP.	Board will be advised on progress towards delivery of the HIF works.
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.	An updated Business Case is required and this will be considered by the Board at this meeting under Agenda Item 8.
Grays South		10.84	43.6%	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.	Negotiations are ongoing with landowners and a CPO is being prepared to run alongside these negotiations should it be required. Steps being taken to complete contract with Network Rail for completion of next GRIP stages. An update on the Project is provided under Agenda Item 10.
A13 Widening, Thurrock		76.50	100%	Project programme and costs have differed significantly from position set out in project Business Case.	Project is now nearing completion and work is ongoing to manage project costs. An update on the Project is provided under Agenda Item 10.
<b>Total</b>		<b>130.32</b>			

**Appendix F - LGF Programme Risks (High Risks only)**

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Failure of third-party organisations to deliver LGF projects</b>	Local authorities have entered into contract with third party organisations, such as district authorities, private sector companies, further education and higher education providers to deliver LGF projects. If the external organisations experience financial difficulty and are unable to deliver LGF projects, it may not be possible to recover the LGF from these organisations should they enter administration. 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.
<b>Affordability of LGF projects</b>	There are likely to be substantial delays to LGF projects at each stage of project delivery as a result of COVID-19, with an impact on the total cost of LGF projects. This is likely to be further exacerbated by increasing materials costs and rising inflation levels, which has been widely reported across the LGF programme. In addition, there is also a risk to S106 funding contributions which have previously been committed towards LGF projects. Local authority budgets are likely to come under increased pressure and private sector contributions may not be available to the scale/timescales originally anticipated.	4	5	20	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.
<b>Operational budgets</b>	Given the current financial climate, there may be financial challenges to the future operation of LGF projects by the private sector, including Higher Education Institutions and Further Education providers. As well as impacting the delivery stage of the projects, this is also likely to impact the operation of the projects once delivered and impact the scale/pace to benefits realisation through the project.	4	4	16	As part of the business case assessment, scheme promoters are required to provide information about the commercial operation of the project post delivery.  Any changes to the feasibility of projects to proceed will be monitored and reported to the Board.
<b>Delivery of LGF project benefits</b>	Local partners have made substantial progress towards the delivery of LGF projects, including the outputs identified in the project business cases. However, the economic impact of COVID-19 is likely to substantially reduce the benefits achieved through LGF investment, or at least slow the pace of benefit realisation. This could reduce the value for money achieved through the delivery of the LGF programme.  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.	3	5	15	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.  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.
<b>Resource to deliver LGF projects</b>	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.	4	3	12	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 F - LGF Programme Risks (High Risks only)

Risk	Description	Risk Impact	Risk Probability	Overall Risk	Mitigation
<b>Supply Chain Risk</b>	Private sector companies within the supply chain may be vulnerable to the current economic situation. If companies go into financial difficulty or liquidation, this will impact project delivery timescales and costs.	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.
<b>LGF spend beyond the Growth Deal period</b>	Based on the LGF spend figures reported at the end of 2020/21, LGF totalling £106.351m will be spent beyond the original Growth Deal deadline of 31 March 2021.	3	4	12	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.  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