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LGF spend in Growth Deal period

Dear Laura

As we have discussed through our recent liaison meeting, we have made strong progress in implementing the recommendations of the Ministry for Housing, Communities and Local Government (MHCLG) Deep Dive. In particular, substantial work is underway to refresh SELEP's investment pipeline of future Local Growth Fund (LGF) projects, should LGF underspend become available. The membership and Terms of Reference for SELEP's Investment Panel has now been agreed and the Panel is due to meet on the 7th December 2018 to prioritise the large number projects which have been identified through the 'LGF3b' open call for projects, as part of SELEP's pipeline development process.

To help inform the decision making of the Investment Panel and future funding awards by SELEP's Accountability Board, we're seeking confirmation from the Cities and Local Growth Unit (CLGU) about Government's expectations for LGF spend within the Growth Deal period.

It is our understanding that Central Government expects LGF allocations to be spent in full within the Growth Deal period, with strong progress being shown towards project delivery within this timeframe. However, there are specific projects which are currently included within our LGF programme which will struggle to progress to delivery by 31st March 2021. Specific examples include Beaulieu Park and the A289 Four Elms Roundabout to Medway Tunnel projects, which have received provisional Housing Infrastructure Fund (HIF) allocations from MHCLG.

The provisional allocation of HIF to the A289 Four Elms Roundabout to Medway Tunnel journey time and network improvements project in Medway and Beaulieu Park Railway Station project in Essex is clearly welcome news. If the HIF is secured in full for the A289 Four Elms project, then the combining of the HIF and LGF funding streams will enable a larger scale project to be delivered than can be achieved through LGF spend alone. For the Beaulieu Park project, the award of HIF will provide much needed funding to complete the funding package for this project.

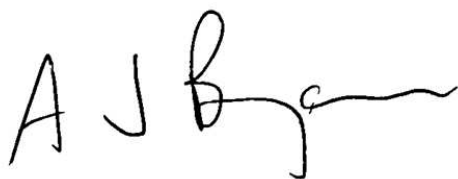
Given the large scale of these HIF projects, the LGF spend would extend beyond the Growth Deal period. Of the total £12m LGF allocation to the Beaulieu Park project it is expected that £2.7m can be spent within the Growth Deal period, with the remaining £9.3m being spent in 2021/22 (£1.3m) and 2022/23 (£8.0m). For the A289 Four Elms project then a two year extension would be required to current delivery programme, extending the LGF spend on the project to 2022/23.

Whilst SELEP is fully committed to deliver its Growth Deal with Government, the loss of LGF allocations to these strategically important projects would have a devastating impact on the housing growth which can

be unlocked through these interventions. As such, we would welcome flexibility from MHCLG to enable spend of LGF beyond 31st March 2021 relating to these projects where match funding has been provisionally identified through HIF.

We look forward to hearing from you in this regard.

Yours Sincerely



Adam Bryan
Managing Director
South East Local Enterprise Partnership