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Report title: Capital Programme Management of the Local Growth Fund	
Report to Accountability Board	
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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 latest position of the Local Growth Fund (LGF) Capital Programme, as part of SELEP's Growth Deal with Government.
- 1.2 The report provides an update on the spend forecast for 2019/20, delivery of the LGF programme and the main programme risks.
- 1.3 The updated spend forecast now includes the LGF3b projects which were prioritised by the Investment Panel on the 8th March 2019.
- 1.4 As SELEP approaches the penultimate year of the LGF programme, the report provides a more detailed focus on risk and deliverability.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the updated LGF spend forecast for 2019/20, as set out in section 2.
 - 2.1.2. **Note** deliverability and risk assessment, as set out in section 5.
 - 2.1.3. **Note** the changes to 2018/19 LGF spend forecast, as set out in Appendix 2. *The financial end of year position will be reported to the Board in September 2019.*
 - 2.1.4. **Agree** the changes to 2019/20 LGF spend forecast, as set out in Appendix 2.
 - 2.1.5. **Agree** the removal of the Sturry Integrated Transport Project from the Growth Deal programme and the reallocation of the £300,000 LGF

provisional allocation to the project through the LGF3b process, as detailed in section 7 below.

2.1.6. **Agree** that the £83,825 LGF spend to date in the Sturry Integrated Transport Package must be returned to SELEP and the abortive revenue costs met locally.

2.1.7. **Agree** the removal of the East Peckham Project from the Growth Deal programme and the reallocation of the £2.287m LGF provisional allocation to the project through the LGF3b process, as detailed in section 8 below.

2.1.8. **Agree** spend of £4.662m LGF on the A127 Fairglens Junction Improvements in 2019/20, as detailed in section 4 below.

2.1.9. **Note** the request from the DfT for Essex County Council to re-profile their LGF funding allocation on the A127 Fairglens Junction Improvements project to ensure that the funding can be spent within the Growth Deal Period; This includes swapping out up to £3.556m LGF for historic spend as set out in section 4 below.

3. LGF spend forecast

3.1. The planned LGF spend in 2019/20 has been updated to take account of the updated spend forecast provided by each local area. Appendix 2 sets out the changes to LGF annual forecast spend for individual projects, whilst Appendix 3 provided detail of the impact of project slippages on project delivery timescales. There may be further slippages of LGF spend identified through the formal end of year reporting process. A final LGF spend position will be reported to the Board in September 2019.

3.2. The expected LGF spend in 2019/20 now totals £96.958m, excluding Department for Transport (DfT) retained schemes (see Table 1). This is relative to £110.661m available through the £54.915m allocation from the Ministry for Housing, Communities and Local Government (MHCLG) and the £55.746m carried forward from 2018/19, as set out in Table 2 below.

Table 1 LGF spend forecast 2019/20

LGF (£m)					Reasons for Variance	
	Planned spend in 2019/20	Total forecast spend in 2019/20 (as reported in May 2019)	Variance*	Forecast LGF spend relative to planned spend in 2019/20* (%)	Additional spend/slippage identified for 2019/20 since the last Board meeting	Additional spend/slippages due to changes to 2018/19 spend
East Sussex	9.346	16.458	7.112	176.1%	0.002	7.110
Essex	15.210	18.468	3.258	121.4%	0.200	3.058
Kent	18.289	24.984	6.695	136.6%	1.141	5.554
Medway	16.555	13.876	-2.679	83.8%	0.385	-3.064
Southend	15.693	13.457	-2.236	85.8%	-1.178	-1.058
Thurrock	4.410	9.715	5.305	220.3%	-0.509	5.814
Skills	0.000	0.000	0.000	100.0%	0.000	0.000
M20 Junction 10a	0.000	0.000	0.000	100.0%	0.000	0.000
LGF Sub-Total	79.503	96.958	17.455	122.0%	0.041	17.414
Retained	27.811	40.243	12.432	144.7%	12.032	0.400
Total Spend Forecast	107.314	137.201	29.886	127.8%	12.073	17.814

*Variance between the total planned spend in 2019/20 as reported in May 2019 and the total forecast LGF spend in 2019/20, as it currently stands.

** The slippage is shown as a negative value, whilst additional LGF spend is shown as a positive value.

Table 2 LGF spend relative to LGF available in 2019/20 (excluding retained schemes)

	(£m)
LGF allocation in 2019/20 from MHCLG	54.915
LGF carried forward from 2018/19	55.746
Total LGF available in 2019/20	110.661
Total LGF spend in 2019/20	96.958
Total slippage from 2019/20 to 2020/21	13.703

- 3.3. As a result of the increase in LGF slippage from 2018/19 to 2019/20 and the inclusion of LGF3b projects within the LGF spend forecast, the spend forecast for 2019/20 has now increased. Opportunities have also been identified to accelerate LGF spend on specific projects, as detailed in Appendix 2. The forecast LGF spend in 2019/20 now totals £96.958m LGF, excluding DfT retained schemes, and £137.201m including DfT retained schemes, as set out in Table 1 above.

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- 3.4. LGF spend for new LGF3b projects' is subject to the Board approving the funding award to these projects. A number of these projects are being considered as part of the decision making under previous agenda items.
- 3.5. The amount of LGF available in 2019/20 now exceeds the LGF spend forecast for projects currently included in the LGF programme by £13.703m, despite the new LGF3b projects having been included within the LGF programme. This increased slippage increases the potential risk re capacity to deliver in the final year of the programme.

4. DfT Retained schemes

- 4.1. There are six Department for Transport (DfT) retained schemes. For these schemes, additional reporting is provided to DfT directly. The LGF is also received by SELEP from DfT rather than from MHCLG, as is the case for all other LGF projects.
- 4.2. For two DfT retained schemes, namely A13 Widening and A127 Fairglen Interchange, due to the large amount of funding which is allocated to these projects, the approval of the business cases is a decision for the DfT.
- 4.3. As per the A13 widening update, included under Agenda Item 15, the project is progressing well and the opportunity has been identified to accelerate LGF spend in 2019/20 by £7.166m to £32.177m. This acceleration of spend is in the process of being confirmed with the DfT, as the grant award for 2019/20 has not yet been received from the DfT for this project.
- 4.4. The A127 Fairglen Interchange is still subject to business case approval by the DfT. However, the Business Case has already been reviewed by the SELEP Independent Technical Evaluator (ITE) as part of the funding decision for the A127 Fairglen New Link Road, which was awarded funding by the Board on the 15th February 2019. This funding decision was based on the ITE advice that the overall A127 Fairglen Interchange project will achieve high value for money with medium to high certainty of achieving this
- 4.5. Currently there is a risk that spend on the Project will extend beyond the end of the 31st March 2021 which is the end of the Growth Deal period. As a consequence, the DfT have requested that Essex County Council (ECC) accelerate spend of the DfT LGF contribution to the scheme in advance of other funding sources; in 2019/20 this equates to £4.662m LGF spend on the A127 Fairglen Interchange project .
- 4.6. In addition, the DfT have requested that ECC swap out £3.556m of historic spend by ECC on the project for LGF. As this swap cannot be retrospectively applied within ECC's accounts, ECC will apply the funding against its own capital programme in 2019/20 and then will fund future contributions from its own resources to the equivalent value of the swap.

- 4.7. Currently, however, the business case has yet to receive the required approvals from the DfT and the Minister. This approval is expected to be received by February 2020. To date, ECC have been incurring spend at risk that the LGF contribution may not be approved, albeit that the DfT are actively supporting the project through their requests to manage the funding profile.
- 4.8. As the business case has been approved by SELEP, it is recommended that the Board agree the request from the DfT to the acceleration of LGF spend on this project. This is subject to ECC accepting the risk of spending LGF on the project in advance of the business case having been agreed by the DfT.
- 4.9. The terms and conditions of the LGF contributions from the DfT have yet to be confirmed and agreed, as the grant offer letter has not yet been received. It is anticipated that the grant conditions will need to be agreed to confirm acceptance of the funding in advance of receipt.

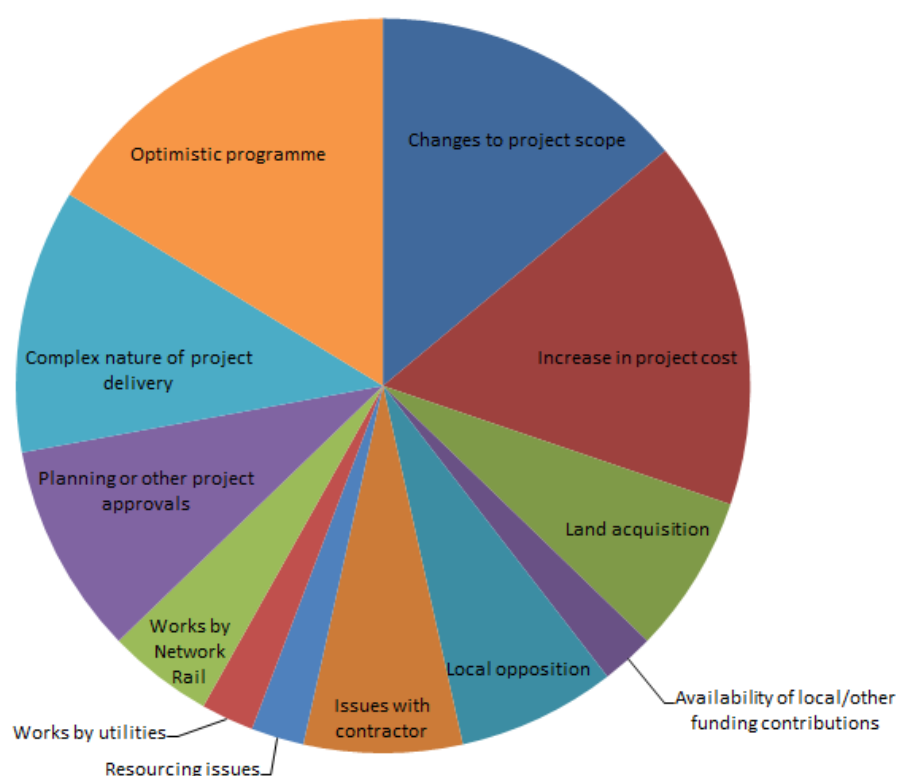
5. Deliverability and Risk

- 5.1. Appendix 3 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. A total of 26 projects have been completed to date.

An initial review has been undertaken of the delivery constraints which have resulted in delays to the delivery of LGF projects to date. This work has focused on the 22 projects which have experienced delays of greater than 12 months. As shown in Figure 1 below some of the main causes of project delays which have been identified include:

- Changes to project scope;
- Increases in project costs;
- Securing planning consent and other project approvals;
- Complexity in delivering projects; and
- Overly optimistic delivery programmes

Figure 1 Causes of delays to LGF projects



- 5.2. Furthermore, following concerns raised by Board members in relation to LGF projects which involve working with Network Rail and impact of delayed franchising decisions on investment in rolling stock, a letter has been drafted to the DfT for the Board's approval. This draft letter is included in appendix 4.
- 5.3. To date, it is reported that a total of 8,527 and 12,319 dwellings have been completed through LGF investment, as shown in Table 3 below. No outputs in terms of jobs or homes have been reported by Southend or Thurrock to date. The delivery of jobs and homes reported to date is lower than expected, relative to the 78,000 jobs and 29,000 homes committed through the Growth Deal. The latest forecast of the number of jobs and houses to be delivered across the SELEP area through LGF investment is higher than originally set out within the Growth Deal, as set out in Table 3 below.
- 5.4. It is forecast that during 2019/20, a total of 12,661 jobs and 5,223 houses will be delivered, as set out in Table 6 below
- 5.5. It is likely that the output and outcomes of LGF investment to date is currently understated. A lag is also expected between the investment being made and the delivery of the project outcomes.

Table 3 Jobs and homes delivered through LGF investment to date, including DfT retained schemes.

	To date			Forecast in 2019/20		Total forecast through delivery of the LGF programme	
	Jobs	Homes	Other outputs	Jobs	Houses	Jobs	Houses
East Sussex	1,376	1,841	0.5km of newly built road and 3km of new cycle route built	2,350	409	4,916	2,528
Essex	5,684	6,240		3,554	1,950	52,817	46,300
Kent	169	3,094	0.8km of road resurfaced, 0.1km of newly built road and 2.1km of new cycle route built	5,670	1,177	25,197	23,454
Medway	1,433	1,144	1.145km of road resurfaced and 13.6km of new cycle route built	867	1,616	19,057	9,905
Southend	0	0	3.432km of road resurfaced, 0.626km of newly built roads and 0.408km of new cycle route built	0	0	3,864	0
Thurrock	0	0	3.75km off-carriageway new cycle/shared use paths, 0.995km of on-carriageway cycle way, 7.5km of footways to off-carriageway cycle/shared used paths.	220	71	20,547	6,859
Total	8,662	12,319		12,661	5,223	126,398	89,046

- 5.6. Deadlines have been agreed with local delivery partners for the completion of one year post scheme evaluation, to enable more detailed reporting to the Board and Central Government about the benefits which have been achieved through LGF investment, as well as supporting the sharing of lessons learnt through project delivery.
- 5.7. The summary project risk assessment position is set out in Table 4 below. A score of 5 represents high risk whereas a score of 1 represents low risk.
- 5.8. The risk assessment has been conducted for the assessment of LGF projects based on:
- 5.8.1. Delivery – considers project delays and any delays to the delivery of project outputs/outcomes. SELEP has also considered the delay between the original expected project completion date (as stated in the project business case) and the updated forecast project completion date.

- 5.8.2. Finances – considers changes to project spend profiles and project budget. SELEP has considered the certainty of match funding contributions, and changes to spend in 2018/19 between the planned spend (agreed with the Board at the outset of the financial year) and the updated forecast total spend for 2018/19).
(40-60% slippage = 3, 60-80% slippage = 4, Greater than 80% slippage = 5).
- 5.8.3. Reputation – considers the reputational risk for the delivery partner, local authority and SELEP
- 5.9. Since the end of the last calendar year, the number of projects with an overall risk score of 5 has decreased, as a result of funding decisions having been made in relation to certain projects and other projects having been removed from the LGF programme. Furthermore, the Cities and Local Growth Unit (CLog) provide a view that that LGF could be spent beyond the Growth Deal (31st March 2021) if a strong case could be made and justified. Spend of LGF beyond the 31st March 2021 is subject to the Board agreeing that five specific conditions have been met. This has reduced the risk for certain LGF projects.
- 5.10. The conditions which need to be satisfied for LGF spend to be permitted by the Board beyond the 31st March 2021 include:
 - 5.10.1. A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;
 - 5.10.2. A direct link to the delivery of jobs, homes or improved skills levels within the SELEP area;
 - 5.10.3. All funding sources identified to enable the delivery of the project. Written commitment will be sought from the respective project delivery partner to confirm that the funding courses are in place to deliver the project beyond the Growth Deal;
 - 5.10.4. Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021; and
 - 5.10.5. Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project.
- 5.11. As agreed by the Strategic Board in December 2018, all red RAG (red-amber-green) rated projects which have not been considered by the Board in the last 6 months, are being reviewed as part of this Board meeting (7th June 2019) to consider the next steps. At this meeting, it is expected that either an update report will be provided to the Board to give assurance that the project's risk can be mitigated or that the decision report will be brought to the Board to seek agreement on the next steps for the project.
- 5.12. The total LGF allocation to red RAG rated projects is £36.836m. This is a £5.2m reduction relative to the £42.036m LGF allocation to red RAG rated projects, as reported to the last meeting of the Board. This is the result of the Board having agreed to the cancelation of two high risk projects.

Table 4 LGF project delivery, financials and reputational risk (5 high risk, 1 low risk)

Score	Delivery	Financials	Reputation	Overall
5	11	17	3	7
4	14	11	5	12
3	11	7	13	19
2	14	8	14	19
1	50	57	65	43
Total	100	100	100	100

5.13. Seven projects have been identified as having a high overall project risk (overall risk score of 5). These projects include:

- A131 Braintree to Sudbury, Essex

The project has been removed from Essex County Council's capital programme. However, £1.8m LGF currently remains allocated to the project. An update report is provided under Agenda Item 11.

- Beaulieu Park Railway Station, Essex

The project has been awarded £12m LGF by the Board, subject to certain conditions being satisfied. One of the three funding conditions was for the SELEP Strategic Board to endorse spend of £9.27m LGF beyond the Growth Deal period (31/03/2021). This endorsement was secured from the Strategic Board at its meeting on the 22nd March 2019. The remaining two funding conditions must now be satisfied by December 2019.

The remaining two funding conditions include:

- A Value for Money review being completed for the overall Project by MHCLG, as part of the Housing Infrastructure Fund (HIF), that meets the requirements of the value for money exemption 2 of the SELEP Assurance Framework; and
- Receipt of evidence from Essex County Council that they have been awarded sufficient funding through the MHCLG's HIF and through funding contributions from Network Rail, to bridge the project funding gap.

The HIF application has now been submitted by Essex County Council and the Board will be updated on the outcome of this application once known.

- A28 Chart Road, Kent

The delivery of the A28 Chart Road scheme in Ashford is currently on hold following the failure of the developer to provide the security bond required for Kent County Council to forward fund the delivery of the scheme. A full update report is provided under Agenda Item 18.

- A28 Sturry Link Road, Kent

The project was awarded £5.8m LGF by the Board in June 2016. However, the funding package to deliver the project is dependent on private sector developer contributions. The pace of residential development coming forward will impact the deliverability of the project and spend of the funding contributions within the Growth Deal period. A full update report is provided under Agenda Item 19.

- Medway City Estate Connectivity Improvement Measures, Medway

Medway City Estate project was approved by the Board in March 2015 for the award of £2m LGF. The Business Case includes measures for a direct river taxi from Medway City Estate to Chatham town centre, including a new landing stage on the River Medway at Medway City Estate. Further engagement with businesses on Medway City Estate has not demonstrated sufficient demand for the walking, cycling and river taxi options proposed within the original Business Case. As such, an amended proposal is being brought forward by Medway Council. A full update report has is provided under agenda item 13.

- A28 Sturry Integrated Transport Package, Kent

A full update is provided in section 7 below.

- Leigh Flood and East Peckham Storage Area, Kent

A full update is provided in section 8 below.

6. LGF Programme Risks

- 6.1. In addition to project specific risks, the following LGF programme risks have also been identified.

Government's funding commitment to future years of the LGF Programme

Risk: Currently Government has only given a provisional funding allocation for future years of the LGF programme. Whilst the £54.915m LGF award for 2019/20 has now been received, the transfer of £77.873m in 2020/21 remains dependent on full compliance with the requirements of the LEP review, National Local Growth Assurance Framework and successful outcome of the Annual Performance Review.

Mitigation: Agenda Item 17, Operational Plan and Assurance Framework Implementation update, details the latest position in relation to compliance with the governance requirements from Central Government and actions to address these.

LGF spend within Growth Deal period

Risk: Whilst the Cities and Local Growth Unit have indicated some flexibility to spend LGF beyond the Growth Deal Period (31st March 2021), the full impact of failure to spend the LGF allocation by this date has not been clearly articulated by Government. There is a potential reputational risk in terms of our ability to successfully secure funding from Central Government for funding streams which follow on from the Local Growth Fund, such as the Shared Prosperity Fund, if SELEP continues to hold substantial LGF allocations beyond the Growth Deal.

Mitigation: The LGF3b process is well underway to establishing a project pipeline to the end of the Growth Deal should underspend become available. The SELEP Investment Panel is due to meet again on the 28th June 2019 to agree the LGF project pipeline of projects to progress if LGF underspend is identified.

Slippage of LGF to future years of the programme

Risk: A slippage of £55.746m LGF has been reported from 2018/19 to 2019/20 (the final 2018/19 spend position will be reported to the Board in September 2019). Based on the current spend forecast for 2019/20, a slippage of £13.703m LGF is already anticipated from 2019/20 to 2020/21. The backloading of LGF spend will create delivery pressures during the final years of the Growth Deal programme.

The slippage of LGF spend also has a potential reputational impact for the SELEP area, as Central Government is currently using LGF spend as a performance measure to monitor SELEP's Growth Deal delivery.

Mitigation: There will be clear communication with Government about the successful delivery of LGF projects to date and justification provided where slippage of LGF spend is expected beyond 31st March 2021.

Evidenced delivery of project outputs and outcomes

Risk: Local partners have made substantial progress towards the delivery of projects included within the Growth Deal programme, including the outputs identified in the Project Business Cases. However, Government continues to seek evidence of the delivery of jobs and homes which SELEP committed to deliver within its Growth Deal with Government. Whilst this information has been sought through update reports from SELEP, evidence of jobs and homes delivery from some local partners has not been forthcoming. This has a reputational risk for SELEP and the robustness of our case to Government for further funding.

Mitigation: New templates have been prepared by SELEP's Independent Technical Evaluator (ITE), to help structure and provide a consistent approach to the monitoring of project outputs and outcomes following scheme completion. A series of workshop meetings have also been held with local areas to provide guidance on the completion of project monitoring and evaluation information.

The outputs delivered to date are also reported to each Strategic Board meeting to ensure clear oversight of project outcomes to date and oversight of the information reported back to Central Government.

S151 officer letter sign off of each Business Case includes a commitment for each local partner to allocate sufficient resource to the monitoring and evaluation of each LGF project.

7. Sturry Integrated Transport Package - LGF reallocation to central 'unallocated' LGF pot

- 7.1. The Sturry Integrated Transport Package, Canterbury, was awarded £300,000 LGF by the Board in November 2015 for the 0.7km extension of the existing bus lane along the A28 Sturry Road corridor to enhance the provision of public transport. The total project cost was estimated at £550,000 at the stage of business case approval in November 2015.
- 7.2. The Sturry Integrated Transport Package is considered as a separate project to the A28 Sturry Link Road project, considered under agenda item 19.
- 7.3. The overall objective of the project was to help reduce congestion for bus users along the A28 corridor. This would benefit existing bus service users as well as encouraging travellers to switch from car use to bus for more sustainable journeys into Canterbury City Centre.
- 7.4. Whilst the project Business Case set out the intention for the project to be delivered by the end of 2016, the project has been put on hold due to local concerns about the project and traffic diversions which would be required to deliver the project. As such, the project has been red rated by SELEP and the Kent and Medway Economic Partnership (KMEP) in terms of delivery risk.
- 7.5. Whilst revised scheme options have been explored, the alternative options would involve diversion of utilities. This would add considerably to the project's complexity, amount of disruption caused during project delivery and would substantially increase the overall project cost.
- 7.6. The revised scheme options would take 28 weeks to deliver and has an estimated cost of £1.350m; by far exceeding the available budget for the project. The increase in project cost would also reduce the overall benefit to cost ratio for the project.
- 7.7. As no suitable alternative funding has been identified, it is recommended that the £300,000 LGF allocation to the Project is returned to the 'unallocated' central LGF pot for reallocation through the LGF3b pipeline development process.
- 7.8. The cancellation of the project from the LGF programme and the escalation of the total project cost are likely to prohibit the delivery of the project in the

short to medium term. This will prevent the project benefits, in encouraging modal shift from private car to bus use along the A28 corridor, from being achieved. The substantial planned growth along the A28 corridor is also likely to exacerbate existing congestion issues along this corridor.

- 7.9. To date, a total of £83,825 LGF has been spent on the project. As it is not intended that the project will progress to delivery, this funding must be returned to SELEP under the terms of the funding agreement (SLA) in place and the cost of the abortive cost must be met locally.
- 7.10. Given that the project has not been able to progress since the original funding award in 2015, the reallocation of the £300,000 LGF allocation to the project will enable alternative projects to progress which are likely to demonstrate greater certainty of deliverability and benefit realisation within the short to medium term.

8. Leigh Flood and East Peckham Storage Area Project - LGF reallocation to central 'unallocated' LGF pot

- 8.1. The Leigh Flood Storage Area was awarded £2.349m LGF by the Board in September 2018, as part 1 of the project. The remaining £2.287m is allocated to the East Peckham scheme, as part 2, but has not yet been considered by the Board for a funding award.
- 8.2. The East Peckham Phase 2 scheme is not as well developed as the Part 1 project and there is a high risk that the LGF allocated to this part of the project cannot be spent within the Growth Deal period (ending 31st March 2021).
- 8.3. Whilst central government has indicated some flexibility for LGF to be spent beyond the 31st March 2021, the Board has agreed that certain conditions must be satisfied, as listed below. The project has not been able to demonstrate that it fulfils these requirements. Specifically, the project cannot demonstrate that it meets conditions 1, 3 and 5.
- 8.4. The five conditions which a project must satisfy for the extension of LGF spend beyond 31st March 2021 include:

Condition 1 - A clear delivery plan with specific delivery milestones and completion date to be agreed by the Board;

Condition 2 - A direct link to the delivery of jobs, houses or improved skills levels within the SELEP area;

Condition 3 - All funding sources 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;

Condition 4 - Endorsement from the SELEP Strategic Board that the funding should be retained against the project beyond 31st March 2021; and

Condition 5 - Contractual commitments being in place with construction contractors by 31st March 2021 for the delivery of the project.

- 8.5. Given the uncertainty as to the delivery timescales for the project, the lack of security of the additional funding sources required to deliver the project, and the expected extension of the project beyond the Growth Deal period, it is recommended that the project is cancelled from the current LGF programme.
- 8.6. This will result in the £2.287m LGF allocation to the Project being reallocated through the LGF3b process.
- 8.7. Locally this project remains a priority and as such, it is suggested by KMEP that this project should be considered by the Investment Panel for future funding should suitable future funding streams be identified which align more closely with the timescales for project delivery.

9. LGF3b

- 9.1. Following the last meeting of the Board, the amount of unallocated LGF now totals £5.2m. This follows the cancellation of the Chelmsford Flood Alleviation Project and A2 Wincheap off-slip.
- 9.2. In addition, further projects are considered for cancellation as part of this agenda pack and meeting. If the recommendations to remove the East Peckham Phase 2 project and the Sturry Integrated Transport Package from the LGF programme, and to reallocate the remaining £7.371m LGF from the A28 Chart Road (considered under agenda item 18) this will further increase the amount of unallocated LGF which is available to a total of £15.158m.

Table 5 Amount of unallocated LGF, subject to the recommendations made in the June 2019 Agenda Pack being agreed

Unallocated LGF (£m)	
Project removed from programme, as agreed in April 2019	
Chelmsford Flood Alleviation	0.800
A2 Wincheap off-slip	4.400
Funding recommended for reallocation in June 2019	
East Peckham Flood Deference*	2.287
A28 Sturry Integrated Transport Package	0.300
A28 Chart Road **	7.371
Total	15.158

*Phase 2 of Leigh and East Peckham flood storage area scheme

**Return of proportion of unspent LGF allocation

- 9.3. A meeting of the Investment Panel has been scheduled for the 28th June 2019 to agree a pipeline of LGF projects to utilise the unallocated LGF and any further underspend made available through future decision making by the Board.

10. Financial Implications (Accountable Body comments)

- 10.1. All funding allocations that have been agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, however, funding for future years is indicative.
- 10.2. Government has made future funding allocations contingent on full compliance with the revised National Local Growth Assurance Framework. Allocations are also contingent on the Annual Performance Review of SELEPs LGF programme by Government and assurance from the Accountable Body's s151 Officer that the financial affairs of the SELEP are being properly administered.
- 10.3. A key assessment made in the Annual Performance Review is effective delivery of the Programme; it is noted that there was a high level of slippage from 2018/19 into 2019/20 totalling £55.5m; in addition, slippage of in excess of £13.7m is already reported into 2020/21. This creates a risk to delivery in the remaining two years of the programme.

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- 10.4. It is noted that there remains a continuing risk for some projects that have received board approval for their LGF allocations, however, due to local issues, including funding gaps, have been unable to progress with full delivery of those Projects. These projects are now due for consideration to determine whether they should retain their funding allocations.
- 10.5. Three programmes have been recommended for the re-allocation of their approved LGF contributions, through the Investment Panel. This is in line with the requirements of the SELEP Assurance Framework.
- 10.6. In considering the recommendations for the removal of these schemes from the LGF programme, the Board is advised to assess the risk of further delay in spend of LGF in ensuring best use of funding and securing value for money in the use of the grant.
- 10.7. Should the Board choose to approve the recommendations for the removal of these three schemes from the programme, then, in the instances where LGF spend has already been incurred, this funding may be requested to be returned under the terms of the funding agreement or SLA in place with the respective sponsoring local authority.
- 10.8. The Funding Agreements set out the circumstances under which funding may have to be repaid should it not be utilised in line with the conditions of the grant or in accordance with the Decisions of the Board.
- 10.9. ECC, 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.
- 10.10. Should the funding not be utilised in accordance with the conditions, the Government may request return of the funding, or withhold future funding streams.

11. Legal Implications (Accountable Body comments)

- 11.1. There are in place SLA's between Essex County Council, as Accountable Body, and the respective upper tier authorities. These agreements set out the terms and condition upon which the LGF funding is transferred to them, following approval from the Board. Where projects are removed from the capital programme, the allocations would be returned to SELEP for allocation as part of the LGF3b progress. Where LGF has been transferred and spend incurred, in the event of the project being cancelled, that spend will return to SELEP in accordance with the provisions set out within the agreements in place.

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

- 12.1 Appendix 1 - LGF financial update
- 12.2 Appendix 2 - Changes to 2019/20 spend forecast
- 12.3 Appendix 3 - Project deliverability and risk update
- 12.4 Appendix 4 - Letter to Department for Transport
- 12.5 Appendix 5 – Capital Skills Project update

14. List of Background Papers

13.1 None

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

Role	Date
Accountable Body sign off (On behalf of Margaret Lee, S151 Officer, Essex County Council)	04/04/19