

Forward Plan reference number: FP/AB/187 and FP/AB/188

Report title: Capital Programme Management of the Local Growth Fund	
Report to Accountability Board	
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Meeting Date: 15 th February 2019 Date of report: 31 st January 2019	For: Decision
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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 2018/19, along with the delivery of the LGF programme and sets out the main programme risks.
- 1.3 As SELEP approaches the penultimate year of the LGF programme and given the LGF3b process which is currently underway, the report provides a more detailed review of risks of the spend of the LGF allocation within the Growth Deal period.
- 1.4 The report also sets out the LGF budget for 2019/20 to be agreed by the Board.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the updated LGF spend forecast for 2018/19, as set out in section 2.
 - 2.1.2. **Note** deliverability and risk assessment, as set out in section 5.
 - 2.1.3. **Approve** the acceleration of £1.700m LGF spend in 2018/19 for the following A127 Fairglen New Link Road project, subject to approval under agenda item 7.
 - 2.1.4. **Approve** the acceleration of £0.896m LGF spend in 2018/19 for the A131 Chelmsford to Braintree.
 - 2.1.5. **Approve** the re-profiling of LGF spend from 2018/19 to future years of the growth deal programme for the following ten projects:

Capital Programme Management of the Local Growth Fund

- Eastbourne and South Wealden Walking and Cycling LSFT (£84,000);
- Hasting and Bexhill Movement and Access Package (£85,000);
- A289 Four Elms Roundabout to Medway Tunnel Journey time and Network Improvements (£583,000);
- Strood Town Centre Journey Time and Accessibility Enhancements (£988,000);
- Chatham Town Centre Place-making and Public Realm Package (£399,000);
- Medway City Estate (£101,000);
- Rochester Airport Phase 1 (£51,000);
- Rochester Airport Phase 2 Innovation Park (£3,000)
- London Southend Airport Business Park (£1.051m);
- TGSE LSTF Thurrock (£163,000).

2.1.6. **Approve** the 2019/20 LGF budget, subject to confirmation of LGF grant in April 2019 as set out in section 4. This includes the planned spend of £79.503m LGF in 2019/20, excluding Department for Transport (DfT) retained schemes, and £107.314m LGF including DfT retained schemes.

2.1.7. **Note** the return of the LGF allocations in relation to the following three projects:

- Basildon Integrated Transport Package (£2.414m);
- A133 Braintree to Sudbury (£1.800m); and
- A414 Harlow to Chelmsford (£2.173m);

The changes to these three projects are considered under Agenda Items 12, 16 and 18 respectively.

2.1.8. **Agree** the removal of the Fort Halsted project from the Growth Deal programme and the reallocation of the £1.53m LGF provisional allocation to the project through the LGF3b process, as detailed in section 7 below.

2.1.9. **Agree** the removal of the A22/A27 Improvements Package from the Growth Deal programme and the reallocation of the £1m LGF provisional allocation to the project through the LGF3b process, as detailed in section 7 below

2.1.10. **Note** that SELEP's receipt of LGF awards from Central Government is dependent on the outcome of the Annual Performance Review and the confirmation by SELEP that the National Assurance Framework will be implemented in full, as detailed under Agenda Item 21.

1. LGF Delivery

- 1.1. To date, the Board has approved a total of 77 LGF projects in full and a further 9 projects have received part approval (excluding the projects to be considered during the course of the meeting). There are 11 projects included in the LGF programme which have not yet received a funding award by the Board to date, as set out in Appendix 2.
- 1.2. A deadline was previously agreed for the approval of all projects within the current LGF programme by the end of the 2018/19 financial year. At its meeting on the 7th December, the Board agreed an extension to this deadline until the 12th April 2019.
- 1.3. As such, all LGF projects included within the current LGF programme must now come forward for a funding decision by the Board meeting on the 12th April 2019. Where it is not feasible to do so, then the provisional funding allocation to the project will be considered for re-allocation as part of the LGF3b process and the refresh of SELEP's investment pipeline; in accordance with the recommendations of the SELEP Deep Dive.
- 1.4. A progress update and approval status on all 97 projects can be found in Appendix 2.

2. 2018/19 spend forecast update

- 2.1. The planned LGF spend in 2018/19 has been updated to take account of the updated spend forecast provided by each local area through January 2019.
- 2.2. The expected LGF spend in 2018/19 now totals £87.637m in 2018/19, excluding Department for Transport (DfT) retained schemes (see Table 1). This is relative to £130.972m available through the £91.739m allocation from the Ministry for Housing, Communities and Local Government (MHCLG) and the £39.233m carried forward from 2017/18, as set out in Table 2 below. Table 2 takes account of the planned slippage which was agreed at the outset of 2018/19.
- 2.3. In comparison to the position reported at the last Board meeting, the planned spend in 2018/19 has reduced by £6.142m, excluding DfT retained schemes. Table 3 below sets out the slippages and acceleration between 2018/19 and future years of the programme which have been identified through the latest update reporting.
- 2.4. No slippages to LGF spend has been identified for projects in Kent during the last quarter.

Table 1 LGF spend forecast 2018/19

LGF (£m)					Reasons for Variance	
	Planned spend in 2018/19	Total forecast spend in 2018/19 (as reported in January 2019)	Variance*	Forecast LGF spend relative to planned spend in 2018/19* (%)	Additional spend/slippage identified for 2018/19 **	Slippage previous agreed by the Board **
East Sussex	16.650	14.522	-2.128	87.2%	-0.705	-1.423
Essex	18.654	17.407	-1.247	93.3%	-1.099	-0.148
Kent	24.867	19.722	-5.144	79.3%	0.000	-5.144
Medway	16.755	6.530	-10.225	39.0%	-3.124	-7.100
Southend	17.573	5.070	-12.503	28.9%	-1.051	-11.452
Thurrock	13.647	12.986	-0.661	95.2%	-0.163	-0.498
Skills	0.000	0.000	0.000	100.0%	0.000	0.000
M20 Junction 10a	11.400	11.400	0.000	100.0%	0.000	0.000
LGF Sub-Total	119.546	87.637	-31.908	73.3%	-6.142	-25.766
Retained	35.454	12.884	-22.570	36.3%	0.200	-16.444
Total Spend Forecast	154.999	100.521	-54.478	64.9%	-5.942	-42.209

*Variance between the total planned spend in 2018/19 as reported in March 2018 and the total forecast LGF spend in 2018/19, 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 2018/19 (excluding retained schemes)

	(£m)
LGF allocation in 2018/19 from MHCLG	91.739
LGF carried forward from 2017/18	39.233
Total LGF available in 2018/19	130.972
Total LGF spend in 2018/19	87.637
Total slippage from 2018/19 to 2019/20	43.334

- 2.5. When the DfT retained scheme funding is taken into consideration, for projects such as the A13 widening, the forecast LGF spend increases to £100.521m including retained schemes. The changes in forecast spend for retained schemes are set out in Section 5 below.
- 2.6. LGF spend in 2018/19 is currently under-profiled by £43.334m, as set out in Table 2 above. The forecast slippage LGF from 2018/19 to 2019/20 will help

to provide a smoother profile to the LGF available for spend over future years of the Growth Deal programme.

- 2.7. The Board have previously been made aware of a potential gap in 2019/20 between the planned LGF and LGF available. The increased slippage of LGF spend between 2018/19 and 2019/20 and the re-profiling of LGF spend which has been identified through the most recent update report has now removed this funding gap in 2019/20. As such, this programme risk has now been mitigated, as shown in Appendix 1.
- 2.8. As the amount of LGF available in 2018/19 now exceeds the LGF spend forecast for projects currently included in the LGF programme, the potential availability of LGF in 2019/20 will be considered as part of the LGF3b process and the prioritisation of projects by the Investment Panel on the 8th March 2019.

Table 3 Identified slippages or acceleration to 2018/19 LGF spend (£m)

Project	LGF forecast, as reported in October 2018	Latest LGF spend forecast (as reported in January 19)	Change to spend in 2018/19*
East Sussex			
Hailsham/ Polegate/ Eastbourne Movement and Access Package	0.600	0.588	-0.536
Eastbourne and South Wealden Walking and Cycling LSTF	0.805	0.720	-0.084
Hastings and Bexhill Movement and Access Package	1.012	0.927	-0.085
Essex			
Basildon Integrated Transport Package	2.800	0.750	-2.050
A131 Chelmsford to Braintree	1.104	2.000	0.896
A127 Fairglen New Link Road	0.000	1.700	1.700
A414 Harlow to Chelmsford	1.200	0.000	-1.200
A133 Braintree to Sudbury	0.445	0.000	-0.445
Medway			
A289 Four Elms Roundabout to Medway Tunnel	1.294	0.711	-0.583

Project	LGF forecast, as reported in October 2018	Latest LGF spend forecast (as reported in January 19)	Change to spend in 2018/19*
Strood Town Centre Journey Time and Accessibility Enhancements	3.558	1.571	-1.988
Chatham Town Centre Place-making and Public Realm Package	1.503	1.105	-0.399
Medway City Estate	0.189	0.088	-0.101
Rochester Airport Phase 1	0.318	0.267	-0.051
Rochester Airport Phase 2 Innovation Park	0.210	0.208	-0.003
Southend			
London Southend Airport Business Park	4.471	3.420	-1.051
TGSE LSTF Thurrock	0.285	0.122	-0.163

*Change to spend between 2018/19 spend forecast received in January 2019, relative to LGF spend forecast received in October 2018. Negative values show slippages to LGF spend whilst positive values show acceleration to LGF spend.

3. Retained schemes 2018/19 spend forecast update

- 3.1. In addition to the LGF received by SELEP from MHCLG, LGF is also received from the DfT for the delivery of retained projects. DfT retained projects, include six projects for which the DfT has a greater oversight, including direct reporting to the DfT on LGF spend and project delivery progress.
- 3.2. The spend forecast for LGF retained schemes has marginally increased from £12.648m, as reported to the Board in October 2018, to £12.884m, as a result of a £200,000 acceleration of spend for the A127 Essential Maintenance Project.

4. LGF Budget 2019/20

- 4.1. In 2019/20, SELEP has been provisionally allocated a total of £54.915m LGF, as per table 4 below.
- 4.2. In addition, it is forecast that £43.334m LGF slippage will occur from 2018/19 to 2019/20, as show in Table 2 above. As such, it is expected that £98.249m LGF will be available to spend in 2019/20.

Table 4 SELEP confirmed and provisional future year LGF allocations (£)

LGF received to date				LGF provisional funding allocations (to be confirmed)	
2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
69,450,000	82,270,227	92,088,396	91,738,956	54,914,715	77,873,075

- 4.3. The planned LGF spend in 2019/20 totals £79.503m, excluding DfT retained schemes and £107.314m including retained schemes, as set out in Table 5 below.
- 4.4. Given that £98.249m LGF is available and the planned spend in 2019/20 is currently £79.503m (excluding retained schemes), a slippage of £18.746m LGF is planned between 2019/20 and 2020/21, as shown in Table 6.
- 4.5. As a result of LGF being returned to the central pot, the amount of unallocated LGF has increased to £16.248m, subject to the reallocation of LGF considered as part of the wider meeting Agenda. Spend of this unallocated LGF funding is currently being shown in 2020/21, however, through the LGF3b process, opportunities will be considered to accelerate the spend of the unallocated funding in order to reduce the amount of LGF slippage from 2019/20 to 2020/21.

Table 5 Planned LGF spend in 2019/20 and 2020/21

LGF (£m)	2019/20	2020/21	Total
East Sussex	9.346	7.948	17.294
Essex	15.210	18.396	33.606
Kent	18.289	31.692	49.981
Medway	16.555	6.160	22.716
Southend	15.693	9.035	24.728
Thurrock	4.410	7.140	11.550
Skills	0.000	0.000	0.000
M20 Junction 10a	0.000	0.000	0.000
Unallocated	0.000	16.248	16.248
LGF Sub-Total	79.503	96.619	176.122
Retained	27.811	38.255	66.066
Total Spend Forecast	107.314	134.874	242.188

Table 6 Forecast LGF slippage from 2019/20 to 2020/21

	(£m)
LGF allocation in 2019/20 from MHCLG	54.915
Forecast LGF carried forward from 2018/19	43.334
Total LGF available in 2019/20	98.249
Total LGF spend in 2019/20	79.503
Total slippage from 2019/20 to 2020/21	18.746

5. Deliverability and Risk

- 5.1. Appendix 2 sets out a delivery update and risk assessment for all projects included in the LGF programme.
- 5.2. To date, it is reported that a total of 7,193 jobs and 15,535 dwellings have been completed through LGF investment, as shown in Table 7 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. However, 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 7 Jobs and homes delivered through LGF investment to date

	To date	
	Jobs	Homes
East Sussex	1,241	1,661
Essex	5,684	6,240
Kent	169	2,626
Medway	99	1,144
Southend	0	3,864
Thurrock	0	0
Total	7,193	15,535

- 5.3. Workshop meetings have been held between the SELEP ITE and each Federated Board to discuss the SELEP monitoring and evaluation approach

and to support officers in completing this information for each LGF project following project completion.

- 5.4. Deadlines have been agreed with local delivery partners for the completion of 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.
- 5.5. The first wave of post scheme evaluation is due to be completed by the end of the financial year for the projects which have been completed to date.
- 5.6. The summary project risk assessment position is set out in Table 8 below. A score of 5 represents high risk whereas a score of 1 represents low risk.
- 5.7. The risk assessment has been conducted in accordance with the Ministry for Housing and Local Government (MHCLG) guidance for the assessment of LGF projects based on:
 - 5.7.1. Delivery – considers project delays and any delays to the delivery of project outputs/outcomes
 - 5.7.2. Finances – considers changes to project spend profiles and project budget
 - 5.7.3. Reputation – considers the reputational risk for the delivery partner, local authority and LEP

Table 8 LGF project delivery, financials and reputational risk (5 high risk, 1 low risk)

Score	Delivery	Financials	Reputation	Overall
5	10	15	5	13
4	9	11	8	10
3	11	13	14	18
2	13	11	10	15
1	54	47	60	41
Total	97	97	97	97

- 5.8. A total of thirteen projects have been identified as having a high overall project risk (overall risk score of 5). Details are provided on each of these projects.

- A22/ A27 Improvements Package

An update on the delivery of this project is set out in section 7.2 to 7.8 below.

- Beaulieu Park Railway Station

The project is allocated £12m LGF but is currently categorised as high risk owing to the current substantial gap in funding to deliver the project, the low benefit to cost ratio for the project and the forecast spend of £9.7m LGF beyond 31st March 2021.

The project is considered in further detail under agenda item 8.

- Basildon Integrated Transport Package (ITP)

In total, Basildon ITP was originally allocated £9m, with the package including three tranches of works. In May 2017, the Board awarded £1.9m to support the delivery of Endeavour Drive Bus Lane; however, considerable delivery constraints have been identified to taking forward the delivery of this project. A full project update is provided under agenda item 12.

Under agenda item 12 it is recommended that £1.9m in relation to the Endeavour Drive Bus Lane is returned to the central LGF unallocated pot, in addition to the £0.514m which is not required for Basildon ITP Tranche 3.

- A28 Chart Road

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.

Whilst it was originally intended that the project would be considered by the Board at this meeting, additional time has been allowed for local partners to confirm the availability of funding contributions to the project. An update will be provided at the next Board meeting on the 12th April 2019.

- Maidstone Integrated Transport Package (ITP)

The first phase of the Maidstone ITP, for junction improvements at either end of Wilmington Street, was awarded £1.3m LGF funding in February 2016. Since the approval of the project in 2016, developer contributions towards the delivery of the project have also been identified. However, the Phase 1 project is currently on hold pending further local consideration of the proposed scheme.

The A274 Sutton Road Maidstone/ Willington Street scheme suffered negative comments during the public consultation and engagement phase. Furthermore, there is also a dispute between Kent County Council and Maidstone Borough Council in relation to the developer contributions towards the A274 Sutton Road/Willington Street Junction. As such, the project has experienced significant delays and there is a risk that the scheme is not deliverable by the end of the Growth Deal period.

It is proposed, by Kent County Council, that the LGF is diverted to deliver a larger scale project at the A20 London Road/ Willington Street junction. It is expected that the increased scale of intervention at A20 London Road/ Willington Street will increase the benefits delivered through this revised project. A revised Business Case has been submitted for the revised scope of the Willington Street scheme and for the

final phase of the Maidstone ITP project, for consideration by the Board on the 12th April 2019.

- A28 Sturry Link Road

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. An additional £4.5m LGF is sought from SELEP through the LGF3b process to increase the probability that the project can be delivered within the Growth Deal period, but this would increase the public sector contribution sought for the delivery of the project relative to private sector contributions.

- A28 Sturry Integrated Transport Package

The project was awarded £300,000 LGF for the extension of the existing bus lane along the A28 Sturry Road corridor to enhance the provision of public transport. 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. Alternative delivery methods have been considered but these would increase the project cost and would reduce the benefits to cost ratio for the project.

Work is underway locally to consider the abortive cost of not progressing and whether delivery options are available to progress with the project as planned in the original business case. If this is not achievable, it is expected that the £300,000 allocated to the project will be returned to SELEP as part of the LGF3b process (to be confirmed at the Board meeting on the 12th April 2019). As such, the bus journey time reliability and the expected increase in bus use, anticipated as a result of the project, will not materialise.

- Thanet Parkway

In total, Thanet Parkway project is allocated £10m LGF. At the outset of 2018/19 financial year the LGF spend profile was adjusted to re-profile the LGF spend towards the end of the LGF programme. The project is rated as high risk owing to the substantial funding gap for the project of around £15m. Discussions with potential third party investors are ongoing but have not been successful to date. Whilst Kent County Council has now started on Network Rail GRIP Stage 4, no LGF has been approved by the Board to date until the funding package is in place to deliver the project.

A funding bid has been submitted through the LGF3b process to seek an additional £5m to £8m LGF to help the project funding gap. The LGF3b applications will be considered by the Investment Panel at its meeting on the 8th March 2019.

A funding decision is expected to come forward to the Board on the 12th April 2019, as per the deadline agreed by the Strategic Board, once the outcome of the LGF3b progress has been agreed.

- Leigh Flood and East Peckham Storage Area

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. The East Peckham 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. Furthermore, there is also a funding gap, the value for which has not yet been confirmed.

Local correspondence is underway with Rt Hon James Brokenshire MP, as Secretary of State for Housing, Communities and Local Government to investigate whether any flexibility can be granted by MHCLG to enable spend of LGF beyond the Growth Deal period for LGF projects. If such flexibilities cannot be granted then the Board will be updated accordingly and a decision will be sought in relation to the £2.287m LGF which is currently allocated to the East Peckham aspect of the Project. It is expected that a decision will be brought to the Board on the 12th April 2019 in relation to the East Peckham scheme.

- Fort Halsted

A decision in relation to the project is sought in section 7 below.

- A289 Four Elms Roundabout to Medway Tunnel

The project is currently allocated £11.1m LGF to improve capacity and journey time reliability. Subsequently a bid for a further £170m Housing Infrastructure Fund (HIF) has been submitted and has passed through to the next stage of consideration. A funding decision is expected from MHCLG by May 2019. If the HIF application is successful then a larger scale project would be delivered and a change request would be sought to increase the scope of the project to utilise both the LGF and HIF contributions to the project. This larger scale project would deliver significantly greater benefits than the existing LGF project, but it would require longer to complete the development and the construction of the project. As such, a two year extension of LGF spend beyond the Growth Deal has been sought.

This request for an extension to LGF spend has been communicated with MHCLG, but no formal response has been received to date. As such, the project will be impacted by the decision making under agenda item 5 (LGF spend beyond the Growth Deal period).

If the requested two-year extension to the LGF programme isn't agreed then it is Medway Council's intention to deliver the LGF project in accordance with the existing programme, with completion due by the end of March 2021. In order to

facilitate this, work will continue on the planning application and land acquisition processes in advance of the decision on the Council's HIF bid.

- Medway City Estate Connectivity Improvement Measures

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 MCE to Chatham town centre, including a new landing stage on the River Medway at Medway City Estate. The river taxi could connect Medway City Estate with Chatham Town Centre, with the pier in Chatham Town Centre having been refurbished in 2013 using Growing Places Fund (GPF).

However, 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. Further options are currently being investigated and a revised Business Case will be brought forward for consideration by the Board in April 2019.

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 and the level of LGF to be received by SELEP in 2019/20 has yet to be confirmed. The receipt of future year LGF allocations is also subject to 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 21, Assurance Framework Implementation update, details the latest position in relation to compliance with the governance requirements from Central Government.

LGF spend within Growth Deal period

Risk: There is a clear expectation from Central Government that LGF is spent on LGF projects during the Growth Deal period, until 31st March 2021. There are currently projects included within SELEPs LGF programme which will not be able to spend the LGF by this date, as set out in section 6 above. The full impact of failure to spend the LGF allocation by the end of the Growth Deal period has not been clearly articulated by Government. However, there is a 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.

Mitigation: The LGF3b process is well underway to establish a refreshed project pipeline to the end of the Growth Deal should underspend become available. The LGF3b projects will be considered by the Investment Panel on the 8th March 2019.

Further detail about this risk and the option to be considered by the board are set out in Agenda Item 5.

Slippage of LGF from 2018/19 to future years of the programme

Risk: A slippage of £43.334m LGF is anticipated from 2018/19 to 2019/20. The slippage of LGF spend 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. The backloading of LGF spend will also create delivery pressures during the final years of the Growth Deal programme.

Mitigation: There will be clear communication with Government about the successful delivery of LGF projects to date and the need for SELEP to retain LGF slippage to help manage the cash flow position in 2019/20.

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 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 each Federated Area 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. LGF reallocation to Central 'unallocated' LGF pot

- 7.1. Through agenda items 16 and 18 the Board have been made aware of the intention to remove the A141 Braintree to Sudbury and A414 Harlow to Chelmsford projects from the Growth Deal programme, as well as the

underspend from the Basildon Integrated Transport Package (Agenda Item 12). In addition, delivery constraints have also been identified for the A22/A27 Improvements Package in East Sussex and Fort Halsted in Kent.

A22/A27 Improvements Package

- 7.2. The A22/A27 Improvements Package was provisionally allocated £4m LGF in July 2014. These junctions comprised the Cophall roundabout, A27/A2270 traffic signals and A2270/Polegate High Street/Wannock Road traffic signals in Polegate, as well as the A27/A22 Golden Jubilee Way roundabout and the A22 Golden Jubilee Way/Dittons Road junction in Stone Cross.
- 7.3. Since the LGF allocation was initially made in 2014, the delivery of a number of the junction improvements has been successfully secured from different match funding sources. The A27/A2270 traffic signals along with dual carriageway in both directions to Cophall roundabout will be funded and delivered through Highways England's package of smaller interventions for the A27 (estimated cost £25-30m), whilst the Polegate High Street/Wannock Road signals will be implemented using LGF monies as part of the Hailsham–Polegate–Eastbourne Movement and Access Corridor (HPEMAC).
- 7.4. In addition, any potential improvements to Cophall roundabout are dependent on the much wider lobbying across the board for additional funding for a more comprehensive solution for the A27 between Lewes and Polegate, and whether this scheme will feature in Highways England's (HE) Roads Investment Strategy (RIS) 2020-25 which is expected in Autumn 2019.
- 7.5. As a consequence, and in light of other funding pressures on the East Sussex LGF programme, £2m was reallocated to the North Bexhill Access Road and £1m to the Queensway Gateway Road Project – leaving only £1m available for the remaining junctions in this proposed package.
- 7.6. To utilise the remaining £1m LGF, East Sussex County Council has progressed design work for two junctions in Stone Cross as part of the wider package of junction improvements in the south Wealden area in order to support the planned housing growth as set out in the Wealden Local Plan.
- 7.7. It has become clear from going through the design and latterly the costing process that the £1m LGF currently available is not sufficient to enable the delivery of any of the junctions within the package without significant additional monies being allocated.
- 7.8. Whilst the reallocation of the £1m will reduce the amount of investment along the A22/A27 corridor, a number of improvements to this corridor have already been delivered through interventions funded through alternative means and as such, it is not expected that the original outcomes, stated in the Growth Deal, will be lost.

Fort Halsted

- 7.9 The Fort Halsted was identified as an LGF3 project and was provisionally allocated £1.530m LGF to support the delivery of a new employment hub and mixed use development on ex Ministry of Defence land.
- 7.10 The Fort Halsted scheme would have enabled the purchase and development of an ex-MOD site in Sevenoaks to open up housing, employment and commercial development in an area where availability of such sites is extremely low.
- 7.11 However, in 2017 there was a change in land ownership and the current land owners are not expected to leave the site until 2021 and, as such, the project cannot be progressed within the Growth Deal period.
- 7.12 The Merseyside Pension Fund (who took over ownership earlier in 2017 of the long leasehold interest in the site) are continuing to review their future strategy for this key employment led redevelopment site and, as part of that work, Sevenoaks District Council are continuing discussions with them. The Project will continue to be developed and should remain a priority for future funding opportunities (such as UK Shared Prosperity Funding).
- 7.13 As a result of the underspend from Fort Halsted, A22/A27 Improvements Package, Basildon Integrated Transport Package, A414 Harlow to Chelmsford and A133 Braintree to Sudbury, the amount of unallocated LGF now totals £16.248m, as set out in Table 9 below.

Table 9 Unallocated LGF

Originally Unallocated	8.331
Basildon ITP Tranche 2	1.900
Basildon ITP Tranche 3	0.514
A414 Harlow to Chelmsford	2.173
A133 Braintree to Sudbury	1.800
Fort Halsted	1.530
Total	16.248

- 7.14 This unallocated LGF funding will be reinvested through the projects prioritised through the LGF3b process to enable spend of this grant by the 31st March 2021 and to accelerate the delivery of projects outcomes, as committed to through the Growth Deal.

8. Financial Implications (Accountable Body comments)

- 8.1. 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 2018/19 have been confirmed however funding for future years is indicative. Government has made future funding allocations contingent on full compliance with the revised National Local Growth Assurance Framework. Allocations for 2019/20 are also contingent on the Annual Performance Review of SELEPs LGF programme by Government, the outcome of which is expected in March 2019.
- 8.2. There is a high level of forecast slippage within the overall programme which totals £43.3m in 2018/19; this presents a programme delivery risk due to the increased proportion of projects now due to be delivered in the final years of the programme; and it presents a reputational risk for SELEP regarding securing future funding from Government where demonstrable delivery of the LGF Programme is not aligned to the funding profile. This risk, however, is offset, in part, by the recognition that the profile of the LGF allocations did not consider the required spend profile when determined by HM Government.
- 8.3. Any decisions regarding the use of the identified unallocated LGF through the LGF3b process, must include a full consideration of the spend profile of projects in delivery and the expected funding profile for future years.
- 8.4. It is noted above that there is a 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. An approach for managing this risk is being considered under agenda item 20.

9. Legal Implications (Accountable Body comments)

- 9.1. There are no legal implications in this report.

10. Equality and Diversity implication

- 10.1. 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.

- 10.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3. 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.

11. List of Appendices

- 12.1 Appendix 1 – LGF financial update
12.2 Appendix 2 – Project deliverability and risk update

12. 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 Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	07/02/19