

23rd September 2019

Q1 LGF Capital Programme Monitoring

Purpose of Report

This paper seeks to update Leaders on the position of the LGF capital programme following Q1 updates and current project approvals.

Thematic Priority

Secure investment in infrastructure where it will do most to support growth.

Freedom of Information and Schedule 12A of the Local Government Act 1972

This paper will be available under the Combined Authority Publication Scheme.

Recommendations

The SCR MCA are asked to:

1. Consider and note the LGF Programme update.

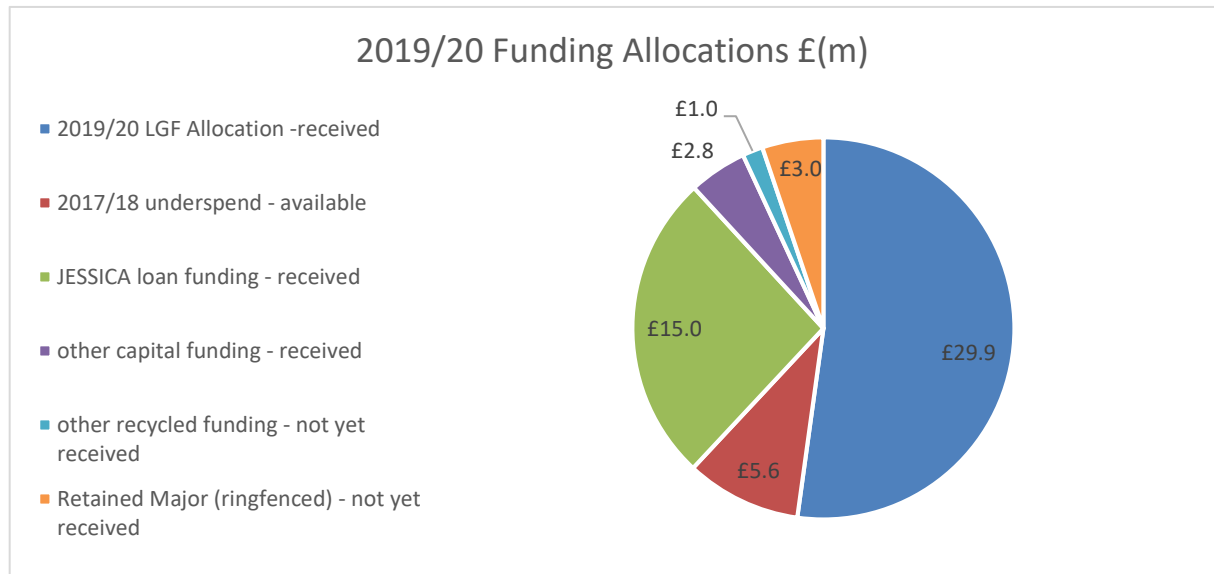
1. Introduction

- 1.1 LGF is a 6 year, £360m funding programme secured through three rounds of Local Growth Fund bids. 2019/20 is the fifth and penultimate year of funding. Some investment made in the early years of the programme have now repaid loan funding back to the programme which has increased the total value of available programme funding to £378m.
- 1.2 In the first four years of delivery £239m has been spent (defrayed). A further £51m is committed to projects currently in contract and a further £17m has been approved for projects which are in the process of satisfying contract conditions. The total combined value of approved projects and spend to date is therefore £307m.
- 1.3 The LGF grant allocation includes a ringfenced amount of £40.5m for a major transport project which is retained for separate approval by the DfT, this funding cannot be utilised for other projects.
- 1.4 The level of funding remaining available for LGF projects across all thematic areas (the programme headroom) is now £30m. The programme spend and funding profile is set out in **Appendix A**.
- 1.5 All funding needs to be fully spend (defrayed) by 31st March 2021.
- 1.6 This paper presents to the MCA the current LGF programme position and the current forecast for the year end.

2. Proposal and justification

2.1 When the 2019/20 budget was set in March 2019 the expected available funding was £60.5m, this increased when the 2018/19 outturn position was confirmed in June 2019 to £62.8m as the estimate of underspend available from 2017/18 increased from £3.3m to £5.6m.

The current expected available funding is now £57.2m and the breakdown is shown below:



The reduction in available funding is due to the estimate for the DfT retained Major reducing from £8.5m to £3m in year.

2.2 Spend to date at Q1 is £1.4m, this equates to 3.9% of the minimum required in year spend (£35.5m) and 2% of the current expected in year spend (£68m).

2.3 2018/19

- The minimum spend requirement for 2019/20 is £35.5m, this includes the in-year LGF grant of £29.9m and the remaining funding brought forward from 2017/18 of £5.6m.
- The in-year value of projects approved and in contract (delivery committed) is £32.4m.
- The in-year value of projects approved but not yet in contract (delivery un-ringfenced) is £7.6m.
- The combined in year approved is therefore £40m which is £4.5m above the current minimum in year spend.

2.4 Whole Programme

- Total spend to date since April 2015 on projects now complete totals £116.2m
- The total committed delivery, for projects in contract, is £164.4m and this includes £113.4m in previous years and a further £18.7m in 2020/21.
- Total for project with full approvals but not yet in contract, is £26.6m, £9.4m of which is profiled for 2020/21. (This includes £9.1m of the £10m housing fund allocation).
- The current ringfenced pipeline is £45.5m, this includes the DfT retained major transport scheme and the DSA airport allocation pending a decision from the European Commission.
- The total potential programme spend is currently £418m against available funding of £377.9m, this equates to over-programming of £40.2m in total which is 10.6% of the total available funding.
- This is not however a programme over-commitment as £65.5m remains in the un ringfenced pipeline category and £6.16m remains in the Housing Fund pipeline.

3. Consideration of alternative approaches

- 3.1 This paper presents a summary of the current position of the LGF capital programme and hence is not an options paper. The LEP have recently received a paper setting out an overview of the current LFG programme commitments and the scale of projects in the over-programmed pipeline and asked to discuss options to address the potential over-programming position.

4. Implications

- 4.1 **Financial** - Whilst the total LGF Programme currently has £40.2m of over programming which is 10.6% of the total available funding, this is not an over-commitment as £65.5m remains in the un ringfenced pipeline category and £6.16m remains in the Housing Fund pipeline.

Based on the current programme profiles the available funding will become fully committed by the November meeting cycle.

- 4.2 **Legal** - The legal implications of each project have been fully considered by a representative of the Monitoring Officer and included in the recommendations agreed by the Appraisal Panel as presented in the supporting information.

- 4.3 **Risk Management** - Programme slippage has been a continued feature of the LGF programme and this will continue to be monitored closely. Spend at Q1 equates to 3.9% of the minimum spend requirement of £35.5m and 2% of the current planned in year spend.

- 4.4 **Equality, Diversity and Social Inclusion** - The principles of equality, diversity and social inclusion are built into the application process of individual projects and continue to be considered and addressed by all applications.

5. Communications

- 5.1 Information relating to the Q1 performance position has been received from individual project promoters and incorporated into the overall programme position which has been communicated with Local Authorities.

6. Appendices/Annexes

A. Programme Graphs

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: n/a