

16th January 2020

LGF Programme Update Paper

Purpose of Report

This report provides an update on the 2019/20 LGF current outturn position and the impact on the LGF programme. The report shows significant fluctuations from predicted spend at the start of the year such that we are currently forecasting a potential underspend.

The paper also presents the contents of the Quarter 2 2019/20 DELTA Dashboard monitoring form, submitted to the Ministry of Housing, Communities and Local Government (MHCLG) on the 22nd November 2019 deadline.

This paper also

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 made available under the MCA publication scheme.

Recommendations

LEP Board are asked to

1. Consider the predicted 2019/20 LGF outturn position, and any remedial action it would wish to see to mitigate any negative impact on the LGF programme.
2. Note the submission of the Q2 2019/20 DELTA Dashboard to MHCLG and its contents.

1. Introduction

- 1.1** LGF is allocated to LEPs on an annual basis based upon the profile of the original deal done with government. The annual allocation must be spent within the relevant financial year or the LEP faces risk of loss of funds as there is no permitted roll over. SCR commenced the 19/20 year with a high degree of certainty of spend and an active pipeline, however scheme slippage into the final year of LGF and proposed scheme slippage highlights a significant drop in certainty of spend, such that SCR may be in an underspend position.
- 1.2** This report also presents the Q2 2019/20 DELTA return which was submitted to MHCLG on 22nd November. DELTA is the method for reporting quarterly performance information regarding the Growth Deal to MHCLG. Noting that the timescales for submission are not synchronised with our LEP Board meeting cycle, the LEP Board devolved responsibility to the Chief Executive and Section 73 Officer to approve prior to its submission.

2. Proposal and justification

- 2.1 The annual spend target for 2019/20 is £35.5m which includes a carryover amount of £5,59m from 2017/18.

At the start of the 19/20 year £38.09m of projects were already approved with a further £30.1m forecasting 2019/20 spend in the pipeline (excluding the retained major).

- 2.3 After in year movements projects are currently forecasting:

Projects in contract	£32m
Projects approved not yet in contract	£1.87m
Total Forecast Spend	£33.87m

The result of this is a potential deficit in spend of £1.63m.

- 2.4 We have been made aware by sponsors that further requests will be submitted to move c£3m of planned 19/20 spend into 2020/21 which if approved by the MCA will result in an in-year deficit of £4.63m.

Based on evidence from previous year performance further slippage is anticipated within the Business Investment Fund line which could add to the in-year deficit.

The detail of spend is presented at Appendix A

- 2.5 Financial expenditure claimed to date for 19/20 is currently standing at £7.5m which represents 21% of the annual target. This leaves a significant percentage to be spent in the remaining 3 months of the financial year.
- 2.6 The Quarter 2 2019/20 DELTA report was submitted to Government on the 22nd of November 2019 and is attached at Appendix B. Of particular note regarding the planned outputs of the LGF Programme the programme is performing to target. 2,689 jobs have been created this year which represents 50% of the annual target.
- 2.7 Actions proposed include requesting Scheme Promoters to commence claiming on a monthly basis to progress more rapidly spend and to maximise activity and activity that could be accrued in year. A report on progress on a scheme by scheme basis will be shared weekly with CEX, Directors of Finance and Economic Development Directors to increase communication and oversight of performance of the schemes and slippage,

3. Consideration of alternative approaches

- 3.1 At this stage we are not considering any further mitigating action including running a time limited call for new schemes, as this will have a negative impact on the total programme.

4. Implications

4.1 Financial

This paper set out the financial position of the LGF Capital Programme. The total expenditure of the LGF programme will continue to be managed so that it will not exceed the financial resources available. This paper highlights however a potential underspend of available funds.

4.2 Legal

There are no direct legal implications as a result of this paper.

4.3 Risk Management

The current risks affecting the programme are set out in section 2.3 and will continue to be closely monitored and addressed through SCR's standard programme and performance arrangements.

4.4 Equality, Diversity and Social Inclusion

None as a direct result of this paper.

5. Communications

5.1 The outturn position reported in this paper has been communicated to Local Authority Chief Executives and Directors of finance prior to publication.

6. Appendices/Annexes

6.1 Appendix A – LGF Spend Position
Appendix B – Q2 DELTA Dashboard

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