

23<sup>rd</sup> March 2020

**LGF Monitoring and Budget Update**

**Purpose of Report**

This report provides Board Members with an update on the 2019/20 LGF outturn position and sets out the 20/21 programme activity, noting this is the final year of the current six-year LGF programme.

**Thematic Priority**

Cross cutting - financial

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

This paper will be made available under the MCA publication scheme.

**Recommendations**

Members are asked to

1. Approve acceptance of the Local Growth Fund grant allocation for 1920/21.
2. Delegate authority to the S73 Officer in conjunction with the Head of Paid Service to accept the grant of £43.2m, subject to their acceptance of the terms of the agreement when this is received.
3. Consider the predicted 2019/20 LGF outturn position.

**1. Introduction**

- 1.1** LGF is a 6 year, £360m funding programme secured through three rounds of Local Growth Fund bids. 2020/21 is the final year of funding. The notional allocation of LGF Grant for the 1920/21 year we are expecting to receive from government is £43,238,940.
- 1.2** The financial target for 2019/20 is £35.46m. £15.2m expenditure has already been defrayed during the financial year leaving £20.26m remaining to spend to reach the annual target. Final Q4 claims are due on the 13<sup>th</sup> of March 2020.

**2. Proposal and justification**

**2.1 Acceptance of LGF grant 2020/21**

To resource the final year of the LGF programme (20/21) the proposal is that Members approve acceptance of the LGF Grant, estimated to be £43,238,940, although the formal

grant offer letter has not yet been received from MHCLG. Approval is requested to delegate authority to the S73 Officer in conjunction with the Head of Paid Services to accept the grant, subject to their acceptance of the terms of the agreement when this is received.

## **2.2 2019/20 Indicative Outturn**

With three weeks remaining of 20/21, projects are forecasting that they will spend a further £20.68m during 2019/20 which would result in our annual spend target being exceeded by £480k. This takes into account projects currently going through the change control process which are presented for approval in the LGF Programme Approvals paper.

Full details of all the projects which are contributing towards this year's financial target is given in Appendix 1.

## **2.3 Management actions are in place to ensure the programme maximises spend against target, these actions include:**

- Projects claiming expenditure monthly
- Supporting promoters to capture all eligible expenditure
- Supporting promoters to identify eligible accruals

## **3. Consideration of alternative approaches**

### **3.1 Do Nothing – this is not an option and the MCA is obliged to accept the final year grant money to manage its contractual obligations.**

## **4. Implications**

### **4.1 Financial**

This paper set out the financial position of the LGF Capital Programme for 19/20 and the indicative budget for 20/21. The total expenditure of the LGF programme will continue to be managed so that it will not exceed the financial resources available.

### **4.2 Legal**

Prior to accepting the grant, the SCR will ensure that the conditions are acceptable, and will subsequently put in place arrangements to comply with the grant conditions. The legal implications of acceptance of grant will be fully considered by a representative of the Monitoring Officer.

### **4.3 Risk Management**

High risk schemes will continue to be monitored and any changes in the high-risk project pipeline reported back to the LEP and MCA.

A report on progress on a scheme by scheme basis is being shared weekly with CEX, Directors of Finance and Economic Development Directors to increase communication and oversight of performance of the schemes and slippage

### **4.4 Equality, Diversity and Social Inclusion**

None as a direct result of this paper.

## **5. Communications**

### **5.1 The current 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 1 - Project List with 19/20 spend**

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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