

**1<sup>st</sup> June 2020**

**Grant Acceptance and LGF 2020/21 Position**

**Purpose of Report**

This paper requests approval to accept the LGF Grant and DIT KAM programme grant for 2020/21 and HMG Emergency Active Travel Funding and seeks delegated authority be given to the S73 Officer in conjunction with the Head of Paid Service and Monitoring Officer to enter into legal agreements for the schemes.

This report also sets out the 2020/21 LGF 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 2020/21, to deliver the programme outlined in Appendix A to this report.
2. Approve acceptance of the Department of International Trade (DIT) continuation funding for Key Account Management (KAM) revenue programme for 2020/21.
3. Approve acceptance of HMG Emergency Active Travel Funding
4. Delegate authority to the S73 Officer in conjunction with the Head of Paid Service and Monitoring Officer to accept the grants of £43.37m plus the allocation for Active Travel, subject to their acceptance of the terms of the agreements when these are received.

**1. Introduction**

**1.1 The Local Growth Fund 2020/21**

LGF is a 6 year, £360m funding programme secured through three rounds of Local Growth Fund deals made between the Government and the LEP Board, with the MCA acting as the Accountable Body for all funds awarded to the LEP. The notional allocation of LGF Grant for the 1920/21 year we are expecting to receive from government is £43,238,940.

## **1.2 Key Account Management (KAM) 2020/21**

The Department of International Trade have funded the Key Account Manager programme since 2018/19 and have offered the LEP, with the MCA acting as accountable body, £140k for 2020/21 to continue and expand the programme for a further year. The KAM programme aims at providing dedicated advisor support to help foreign owned companies achieve their growth potential.

## **1.3 HMG Emergency Active Travel Funding**

Following recent announcements, Government have signalled that they are making available additional funding for MCAs for Active Travel, in recognition of the importance for social distancing of active travel as an alternative to public transport and private car use. The funding allocation for Sheffield City Region is estimated to be between £5m - £8m 70/30 Capital/Revenue Split. This amount will be confirmed in the coming weeks.

## **2. Proposal and justification**

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

To resource the final year of the LGF programme (20/21) Members are asked to approve acceptance of the LGF Grant, estimated to be £43,238,940. At the point of publication, 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 and Monitoring Officer to accept the grant, subject to their acceptance of the terms of the agreement.

The grant will be deployed to fund the schemes remaining in contract and a small number currently progressing through the assurance process. A full list of schemes is included in Appendix A.

### **2.2 Acceptance of DIT KAM grant 2020/21**

This grant acceptance has been brought directly to the MCA due to a need for a speed of decision.

There are estimated to be c700 foreign-owned companies already located in the city region (based upon standard DIT terminology of a minimum of 10% foreign ownership). The KAM programme targets any Sheffield City Region businesses who are not already actively account managed directly by the DIT or local authorities.

Last year's targets were exceeded. The programme engaged with 62 foreign investor businesses to gather business intelligence and discuss future investment strategies. This was against a contract target of 30 businesses. From this the project went on to achieve notable success with 11 of these businesses creating new jobs or making further investments in the region. This was against a contract target of 8.

The programme operates via a specialist business advisor to work with the companies. This support has been contracted via a fixed term consultancy agreement. The proposal for 20/21 is to continue this approach but to manage the workload by engaging two advisors.

### **2.3 Acceptance of HMG Emergency Active Travel Funding**

This grant acceptance has been brought to the MCA, in advance of the grant offer agreement due to the likelihood of a short timescale for acceptance from the DFT.

The scheme is expected to include:

- Reallocating road space for active travel by rapidly introducing temporary measures using cones, safety barriers, or road closures to motor traffic (for part or all of the day);
- Measures to create space for cyclists and pedestrians;
- Actively routing car traffic away from congested areas through measures such as employer communications, travel planning, and variable message signs;
- Engaging with employers to seek to ensure that additional cycling facilities, such as storage and parking, are available;
- Encouraging walking and cycling to school, through measures such as 'school streets,' where traffic is restricted at pick-up and drop-off times;
- Closing roads or residential neighbourhoods to through motor traffic or restricting access for motor vehicles to specific streets or networks of streets
- Working with businesses and community groups to open other under-used facilities in town and city centres for changing or cycle storage; and
- Creating and maximising the use of new "pop up", park and ride, walking and cycling facilities on the outskirts of urban areas – so people can use their cars without creating congestion or preventing active travel in town and city centres.

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

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

KAM – Do Nothing – this option was considered but it is recommended this is rejected as it would minimise the work the LEP are seeking to do with foreign owned business, particularly in converting interest into tangible new investment projects.

HMG Emergency Active Travel Funding – Do Nothing – this option is not desirable as the funding is in response to easing the lockdown restrictions and assisting in the management of mobility using different means of travel.

### **4. Implications**

#### **4.1 Financial**

This paper sets out the indicative LGF budget and the KAM budget for 20/21. The total expenditure of the LGF programme and the KAM budget will continue to be managed so that they will not exceed the financial resources available.

All funding needs to be fully spent (defrayed) by 31<sup>st</sup> March 2021.

#### **4.2 Legal**

Prior to accepting the grants, 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 the S73 officer in conjunction with a representative of the Monitoring Officer.

#### **4.3 Risk Management**

##### **LGF**

Risks include under performance against the agreed outputs which could result in clawback of funding – however performance has been carefully managed through the lifetime of the programme to date and all outputs/targets are currently being achieved.

High risk schemes in delivery will continue to be monitored and reported back to the LEP and MCA.

A report detailing delays in delivery due to COVID-19 has been prepared and issues are being highlighted to MHCLG and an extension to the LGF programme has been requested. However, at the present time no extension has been granted.

## **KAM**

Given the importance of foreign-owned companies to the city region, both in the context of Brexit and their typical innovation and growth-oriented characteristics, the funding on offer through this programme is welcome as it presents an opportunity to fill gaps in existing provision through a dedicated KAM resource that directly supports foreign-owned companies.

Risks include under performance against the agreed outputs which could result in clawback of funding – however performance is carefully monitored through the lifetime of the programme to date and all outputs/targets have been achieved.

## **HMG Emergency Active Travel Funding**

Risks in accepting the funding are the inability to respond rapidly to implement the schemes and the transport network in SCR is not as ready as possible for lockdown restrictions to be lifted

### **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 – LGF Project List with 20/21 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