

2nd June 2020

LGF Infrastructure Update (Year end 2019/20 and 2020/21 Programme Position)

Purpose of Report

This paper is to inform Infrastructure Board members of the LGF Year end 2019/20 position and 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. Note the 2019/2020 LGF Programme Year End position;
2. Note the predicted 2020/21 LGF Programme activity.

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. This paper informs the Board of the 2019/20 final position and sets out the predicted 2020/21 programme activity.
- 1.2** Two thirds of the £43,238,940 allocation of LGF Grant has been received from Government, with the final third subject to confirmation that the full allocation can be spent during the financial year.

2. Proposal and justification

2.1 LGF Final Position 2019/20

The total LGF spend target for 2019/2020 was set at £35.6m. Close working with delivery partners towards the end of the 2019/20 financial year enabled the region to meet and slightly exceed the annual target. The end of year spend position was £36.12m. Some projects highlighted during 2019/2020 that they may not be able to spend their full year LGF project allocation and proposed slippage into 2020/21. This enabled the SCR Executive to ensure there was enough other LGF activity to meet the 2019/20 annual target.

LGF Programme Position 2020/21

- 2.2** The Local Growth Fund Programme is now in its sixth and final year. Circa £25m of Infrastructure schemes are expected to contribute towards delivery of the £43m annual target. The full list of schemes, with infrastructure schemes highlighted, is shown in Appendix 1.
- 2.3** The Ministry of Housing, Communities and Local Government (MHCLG) have advised that they will work with individual LEP areas over the Summer to review spend commitments and financial forecasts for the remainder of 2020/21. In order to give the maximum opportunity that SCR can draw down its full grant allocation from Government it is important that schemes can demonstrate that they are able to spend their grant funding allocation during 2020/21. Where schemes have not yet entered into contract or where they are in contract but are unable to demonstrate that they are able to fully spend their grant funding during 2020/21 then there is a risk that LGF funding may be lost.
- 2.4** Early indications from contract discussions are that the coronavirus has had an impact on schemes delivery with slower delivery, increased costs and lower potential outputs being highlighted. Whilst during the early stage of lockdown there was significant uncertainty about the extent of the impact, the monitoring returns on infrastructure projects are due in early June and it is hoped that a clearer picture will then emerge of whether and how projects may be able to complete their activities.

3. Consideration of alternative approaches

- 3.1** LGF is in the final year of delivery and therefore SCR is unable to build up a significant pipeline of other activity which can take the place of any slipping projects due to time constraints. This increases the risk of funding being lost to the region.

4. Implications

4.1 Financial

This paper set out the indicative LGF budget for 2020/21. The total expenditure of the LGF programme will continue to be managed so that it will not exceed the financial resources available.

All funding needs to be fully spent (defrayed) by 31st 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 a representative of the Monitoring Officer.

4.3 Risk Management

High risk schemes will continue to be monitored and reported back to the LEP and MCA. A report detailing delays 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.

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 2020/21 spend

Report Author	Carl Howard
Post	Senior Programme Officer, Programme and Performance Unit
Officer responsible	Ruth Adams
Organisation	SCR Executive
Email	Ruth.adams@sheffieldcityregion.org.uk
Telephone	0114 220 3442

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