

13th May 2021

Local Growth Fund Update (Year end 2020/21 and 2021/22 Programme Activity)

Purpose of Report

Financial year 2020/21 was the final funded year of the Local Growth Fund (LGF programme). This paper seeks to inform LEP Board members of the Local Growth Fund (LGF) year end 2020/21 position and the wind down of activity in 2021/22.

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 2020/21 Year End position; and,
2. Note the forecast 2021/22 activity.

1. Introduction

- 1.1** The Local Growth Fund programme was a 6-year government funded investment programme. Over £360m of new funding was secured through three bidding rounds, with money awarded to the MCA on behalf of the LEP. Notably, in a break with previous approaches, funding was awarded with significant local flexibilities over its deployment. Financial year 2020/21 was the final year in which new funding was received. This report provides an update on performance over the year, and details how residual activity will be wound down in 2021/22.

2. Proposal and justification

2.1 LGF Final Position 2020/21

The total LGF spend target for 2020/21 was set at £43.2m. Close working with delivery partners towards the end of the financial year enabled the region to meet the annual target.

2.2 LGF programme position 2021/22

Whilst c. £360m was awarded to the region in total, some funding has been recycled over time. Investment loans made a number of years ago have been repaid, allowing funding to be recycled back into further investment.

This recycling of funding has allowed the MCA to run an over-programming position, and accounts for the residual activity that will now winddown in the current year.

The programme position can be summarised as:

	£m
LGF Grant Received	£362.01
Grant Recycled	£19.09
Total Funding Available	£381.10
Allocated to:	
Completed Spend on Projects	£322.87
Residual LGF Activity	£13.16
DfT Majors (Parkway Widening)	£38.22
Total Commitments	£374.25
Residual Recycled LGF Funding	£6.85

The residual LGF funding shown above may be supplemented in time through the repayment of further loans to business and other partners.

2.4. LGF programme position 2021/22

Throughout the year the prospect of funded activity falling outside the funding window has A list of projects with spend in 2021/22 is attached at Appendix A.

Through the change control process projects are reporting delays in achieving their outputs and outcomes due to the pandemic and where recommended these will be considered by the MCA. The MCA Exec will continue to report to the LEP Board on any risks to the programme.

3. Consideration of alternative approaches

- 3.1 Do Nothing – this option and the MCA, on behalf of the LEP Board, is obliged to manage the LGF grant money to meet its contractual obligations.

4. Implications

4.1 Financial

This paper set out the indicative LGF budget for 2021/22. 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 awarding the grants, the MCA exec ensures arrangements are put in place to comply with the grant conditions. The legal implications of grant are 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. Issues detailing delays due to COVID-19 are being highlighted to MHCLG.

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 MHCLG prior to publication.

6. Appendices/Annexes

6.1 Appendix A – LGF Expenditure 2021/22

Report Author	Sue Sykes
Post	AD – Programme and Performance Unit
Officer responsible	Gareth Sutton
Organisation	MCA Executive
Email	Gareth.Sutton@sheffieldcityregion.org.uk
Telephone	0114 220 5000

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