

5th March 2020

LGF PROGRAMME 19/20, 20/21 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. 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.

1. Introduction

1.1 The annual spend target for 2019/20 is £35.5m this is made up of:

- £29.9m - the 19/20 allocation of LGF, and
- £5.59m – carried over from 2017/18.
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1.2 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). Based on this the risk level for spend was low risk. Within the year there has been significant movement and we are now predicting a potential in year underspend and the risk level has increased.

2. Proposal and justification

2.1 19/20 Programme position at the end of Quarter 3

After in year movements projects are currently forecasting the following spend profile:

Projects in contract	£30.7m
Projects approved not yet in contract	£9.6m
Total Forecast Spend	£40.3m

Whilst this picture suggests there is a buffer for any slippage, we have been made aware by sponsors that further change requests will be submitted to move c£4.4m of planned 19/20 spend into 2020/21 which if approved by the MCA will result in spend of £35.9m. Based on evidence from previous year performance further slippage is anticipated within schemes especially Business Investment Fund schemes which could result in a deficit.

2.2 Financial expenditure claimed to date for 19/20 is currently standing at £14.1m which represents 39% of the annual target. This leaves a significant percentage to be defrayed and claimed in the remaining quarter of the financial year.

2.3 Scheme Promoters have been asked to submit monthly claims to accelerate spend and to maximise activity that can be accrued. An update is shared weekly with CEX, Directors of Finance and Economic Development Directors to increase communication and oversight of performance of the schemes, agreed milestones and slippage.

3. Consideration of alternative approaches

3.1 Do Nothing – this is not an option we need to take all steps to maximise full drawdown of the 19/20 grant so that monies are not lost to the programme

Do more – We have discounted running additional calls for schemes due to the implications this has for the total programme, where there is only £17m of available headroom

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

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

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 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

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 None

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