

16th July 2020

Local Growth Fund (LGF) Programme

Purpose of Report

This report gives an update on the current LGF programme position, the available headroom and the current level of over programming.

The report recommends selection of one scheme onto the LGF Programme in order that a Full Business Case may be developed.

Thematic Priority

Secure investment in infrastructure where it will do most to support growth

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

The paper will be available under the Combined Authority Publication Scheme.

Recommendations

The LEP Board are asked to:

1. Approve the selection of Company 0118 into the LGF Programme to develop a Full Business Case.

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. Some investment made in the early years of the programme have now repaid loan funding back to the programme which has increased the total value of available programme funding to £377.6m.

- 1.2 **The current programme position is:**

- £123.1m of projects have now completed
- £186.4m of projects are currently in delivery
- £11.3m has been approved for projects which are in the process of satisfying conditions prior to contract.

Cumulatively this gives a total commitment of £320.8m

There are, in addition a ringfenced schemes within the programme pipeline totalling a further £40.1m.

Collectively the total commitment is £360.9m

When set against the total programme value of £377.6m, the available programme headroom is £16.7m.

- 1.3 Projects already accepted into the pipeline but still at various stages of development stands at £17.7m. Therefore, there remains a small amount of flexibility to continue to work with identified opportunities which are aligned with the approach to working to businesses which was laid out in the LEP meeting on the 21st of May and also within the Recovery Action Plan Paper which is being discussed at the LEP meeting today.

2. Proposal and justification

- 2.1 Company 0118 is seeking support from the LEP with regard to its growth plans including additional jobs. In order to evaluate the proposal and consider its value to the economy against any public sector investment the company will need to be adopted into the pipeline of the LGF programme.
- 2.2 Entry into the programme does not imply any particular outcome beyond a commitment to evaluate the company's ask for support.

3. Consideration of alternative approaches

- 3.1 Developing further new LGF applications could be paused due to the slight over-programming position. However, contracts would not be entered into if LGF funding is not available to ensure any over-programming did not result in over-commitment. Whilst LGF is not in a position to invite general applications, at this stage it is considered prudent to continue to explore any strong business opportunities with businesses.

4. Implications

4.1 Financial

Inviting this application to develop a full business case would take the total LGF Programme activity to £380.1m against a budget of £377.6m. It is expected the budget will not be exceeded once all LGF activity that meets value for money criteria and is able to deliver within the LGF Programme period is committed into contract.

4.2 Legal

Legal considerations including state aid issue will be evaluated as part of the appraisal process.

4.3 Risk Management

A number of mechanisms are in place to accurately monitor LGF spend during the final year of the Programme in order to manage any financial risks including all projects reporting monthly expenditure during 20/21, regular and enhanced project monitoring and . At a project level, the applicant is required to share project risks at full business case stage which are assessed as part of the SCR assurance process.

4.4 Equality, Diversity and Social Inclusion

The project will be engaged during any development of a full business case to test whether wider ambitions around apprenticeships and training opportunities could be incorporated into the business case.

5. Communications

- 5.1 Not applicable

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, Sheffield S1 2BQ