

D2N2 LEP Scrutiny

Current challenges on the 'delivery' of Local Growth Fund (LGF) programme

The 2020/21 Financial Year is the final year of the 6-year LGF programme, all funding for the entirety of the programme must be spent by 31st March 2021. Any grant that is given to projects must be able to evidence they have used the LGF by proving their expenditure figures on the project. Central Government have made clear the 31st March 2021 deadline still must be met and there will be no extensions to the LGF programme, which includes no further funding being made available.

Lockdown conditions from the Covid pandemic had an initial impact on projects which were on site, whilst all those projects are now back on site, social distancing and supply chain issues are causing additional cost and time pressures to projects. Projects which are near completion and have mainly indoor work left to be completed have been hardest hit. The LEP is working closely with projects to look at what flexibilities are possible and review the situation around costs once full assessments can be carried out to understand the extent of price increases to the projects across the whole programme.

Most projects yet to be finally approved have continued to progress and some have been able to submit full business cases and come forward for approval. One project has now been withdrawn from the programme as the Local Authority promoter did not want to enter into any additional borrowing in the current climate to fund the project. This has now left the programme under programmed by £710k. The LEP are now in discussions with 2 further projects from the pipeline to see if these projects can be brought forward onto the programme. These must be able to do two things, be compliant with the Local Assurance Framework as quickly as possible to ensure it is 'contractually committed' and spend its allocation before 31st March 2021.

Lobbying Government for an extension of the programme will continue as these types of projects will play a vital role in the recovery from the pandemic with new jobs being created, jobs being safeguarded, new homes being built and new learners engaged.

Some projects are rethinking the delivery of their project and presenting different ways of bringing them forward, for example re-phasing them in a different order to ensure the deadline can be met,

The 2019/20 quarter 4 monitoring data is now available, the overall programme looks as follows:

	Jobs	Homes	Learners
Contracted Target to Q4 2019/20	9,834	4,036	1,709
Actual to Date (Up to and including Quarter 4 2019/20)	10,428	1,516	2,122
Percentage	106%	38%	124%

The impact of Covid on the outputs is relatively unknown and is likely to affect future periods rather than this one.

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