

Appendix 4 – Analysis of LGF spend forecast relative to LGF available

This Appendix sets out the scenario testing which has been completed by the SELEP Secretariat in partnership with the SELEP Accountable Body (Essex County Council) to consider the forecast Local Growth Fund (LGF) spend in future years of the LGF programme relative to the provisional allocation of LGF identified in the Grant Offer Letter from the Cities and Local Growth Unit (CLG). This analysis considers the current position and three potential scenarios, which may arise as a result of the potential slippage to LGF spend between financial years and/or changes to the forecast LGF spend through the spend of local partner contributions to LGF projects in advance of LGF.

Current Forecast Position

Table 1 sets out the difference between the current LGF spend forecast (as shown in Appendix 2) and the LGF available. This shows that whilst in 2018/19 there is only a minor over-profiling of £0.480m, in 2019/20 the forecast LGF spend exceeds the amount of LGF available by £26.739m.

Table 1 – Current difference between the LGF spend forecast and LGF availability

£m	15/16	16/17	17/18	18/19	19/20	20/21	Total
Actual spend or current forecast	55.562	69.730	97.153	113.582	81.174	42.829	460.030
LGF Allocation as per CLG	69.450	82.270	92.088	91.739	54.915	77.873	468.335
LGF Allocation b/fwd from earlier years		13.888	26.428	21.363	-0.480	-26.739	
Total grant funding in year	69.450	96.158	118.516	113.102	54.435	51.134	468.335
Over/(under) allocation	13.888	26.428	21.363	-0.480	-26.739	8.305	8.305

Scenario A

Scenario A sets out the difference between the forecast LGF spend and the LGF available, based on an assumption that:

- An additional 5% slippage of LGF spend will occur between 2017/18 and 2018/19, in addition to the £21.262m identified to date; and
- A 15% slippage of LGF spend is identified from 2018/19 to 2019/20.

Under Scenario A there would be an under-profiling of the forecast LGF spend in 2018/19 by £4.378m. However in 2019/20 there would continue to be an over-profiling of LGF forecast spend by £21.881m.

During the first two years to the programme, greater than 15% slippage has been identified between financial years and therefore the proposed 15% slippage applied in Scenarios A is conservative.

Table 2 - Current difference between the LGF spend forecast and LGF availability, based on scenario A.

£m	15/16	16/17	17/18	18/19	19/20	20/21	Total
Actual spend or current forecast	55.562	69.730	97.153	113.582	81.174	42.829	460.030
Revised profile - with updated b/fwd	55.562	69.730	97.153	118.440	98.940	57.670	
Additional slippage	0.000	0.000	4.858	17.766	14.841	0.000	
Revised spend for year	55.562	69.730	92.295	100.674	84.099	57.670	
LGF Allocation as per CLG	69.450	82.270	92.088	91.739	54.915	77.873	468.335
LGF Allocation b/fwd from earlier years		13.888	26.428	26.221	4.378	-21.881	
Total grant funding in year	69.450	96.158	118.516	117.960	59.293	55.992	468.335
Over/(under) allocation	13.888	26.428	26.221	4.378	-21.881	13.163	8.305

Scenario B

Scenario B sets out the different between the forecast LGF spend and the LGF available, based on potential changes to the LGF spend forecast which have been identified by local partners through options to spend local funding contributions in advance of LGF.

The changes to the spend forecast in 2018/19 and 2019/20 considered as part of this analysis have not been included in Appendix 2, but have been identified as potential options to be considered when the 2018/19 LGF budget is agreed by the Board.

Under Scenario B there would be an under-profiling of the forecast LGF spend by £1.520m in 2018/19. In 2019/20, the difference between the LGF available and the LGF spend forecast decreases relative to the current position, but there continues to be an over-profiling of forecast LGF spend by £10.989m.

Table 3 - Difference between the LGF spend forecast and LGF availability, based on scenario B.

£m	15/16	16/17	17/18	18/19	19/20	20/21	Total
Actual spend or revised forecast spend	55.562	69.730	97.153	111.582	67.424	58.579	460.030
LGF Allocation as per CLG	69.450	82.270	92.088	91.739	54.915	77.873	468.335
LGF Allocation b/fwd from earlier years		13.888	26.428	21.363	1.520	-10.989	
Total grant funding in year	69.450	96.158	118.516	113.102	56.435	66.884	468.335
Over/(under) allocation	13.888	26.428	21.363	1.520	-10.989	8.305	8.305

Scenario C

Scenario C sets out the difference between the forecast LGF spend and the LGF available, based on:

- An additional 5% slippage of LGF spend will be identified between 2017/18 and 2018/19, in addition to the £21.262m identified to date;
- A 15% slippage of LGF spend is identified from 2018/19 to 2019/20; and

- Based on potential changes to the LGF spend forecast which have been identified by local partners, through spend of local funding contributions in advance of LGF.

Under Scenario C there would be an under-profiling of the forecast LGF spend in 2018/19 of £6.378m. In 2019/20, the difference between the LGF available and the LGF spend forecast decreases but there continues to be an over-profiling of forecast LGF spend by £6.131m.

Table 4 - Difference between the LGF spend forecast and LGF availability, based on scenario C

£m	15/16	16/17	17/18	18/19	19/20	20/21	Total
Actual spend or revised forecast spend	55.562	69.730	97.153	111.582	67.424	58.579	460.030
Revised profile	55.562	69.730	97.153	116.440	84.890	71.312	
Additional slippage	0.000	0.000	4.858	17.466	12.733	0.000	
Revised spend for year	55.562	69.730	92.295	98.974	72.156	71.312	
LGF Allocation as per CLG	69.450	82.270	92.088	91.739	54.915	77.873	468.335
LGF Allocation b/fwd from earlier years		13.888	26.428	26.221	6.378	-6.131	
Total grant funding in year	69.450	96.158	118.516	117.960	61.293	71.742	468.335
Over/(under) allocation	13.888	26.428	26.221	6.378	-6.131	13.163	8.305

Summary

The outcome of the analysis shows that based on the three scenarios considered, the following conclusions have been drawn:

- The difference between the amount of LGF available and the planned LGF spend in 2018/19 does not present a substantial programme risk and can be managed through the slippage of LGF spend which has been reported to date and based on the assumption that a further 5% slippage of LGF will occur from 2017/18 to 2018/19.
- The difference between the amount of LGF available and the LGF spend forecast in 2019/20 presents a greater programme risk due to the potential over-profiling ranging from £6.131m to £26.739m, depending on the scenario considered.
- To reduce the difference between the LGF available and the LGF spend forecast in 2018/19, where feasible, scheme promoters will be required to spend local funding contributions towards LGF projects in advance of LGF.
- When setting the 2018/19 budget in Q4 2017/18, local areas will be asked to adjust the LGF spend profile to plan for the spend of local funding contributions in advance of LGF where it is feasible to do so.