3.0 WLEP BUDGET REPORT – Q4 2023/24

WLEP BOARD RECOMMENDATIONS

The Board notes the following:

1. the outturn position in respect of the 2023/2024 WLEP revenue budget, including balance of reserves
2. the outturn position in respect of the Growing Places Fund
3. the outturn position in respect of the Growth Hub

3.1 Purpose of the Report

To provide the Board with a position statement relevant to the:

- Forecast outturn position in respect of the 2023/24 WLEP Revenue Budget;
- Outturn position in respect of the Growing Places Fund;
- Outturn position in respect of the Growth Hub.

3.2 2023/24 WLEP Revenue Budget

3.2.1 The LEP's Core budget for 2023/24 can be found in appendix 1.

3.2.2 Outturn levels shown a transfer to WLEP reserve of £309k. A summary of the financial position can be found in **Appendix 1.**

3.2.3 UKSPF funding agreements for both BetaDen and Worcestershire Growth Hub projects were signed with all Local Authority partners and this money has been spent in accordance with agreements.

3.2.4 Key areas of underspend which account for a transfer to reserves include the following:

- WLEP originally budgeted for a 15% overhead charge on staffing costs but subsequently negotiated a lower figure of 8%, which contributed to the transfer to reserves; staffing vacancies during 2023/24 also contributed to the underspend position.
- WLEP relocated the WGH operation from 4 Copenhagen Street, however for a 3 month period the team were based at the MHSP office before moving to Worcester City in March, therefore providing a saving on premises costs.
- The WLEP originally budgeted for a £75k investment into a business diagnostic, but due to a change in management and reassessing priorities, a decision was made to pause this for 2023/24 this will be revisited in the future.
- The Professional Business Advisors budget was also underspent, following the decision to refer into UKSPF-funded business support programmes and avoid duplication of spend in some areas i.e. net zero impact on service delivery.
- The ability to use the Worcestershire County Cricket Club as a venue under the social value agreement for the LEP's Big Conversation event in February, also provided a saving on forecast costs associated with event delivery.
- And in terms of grants, due to BetaDen cohort crossing the two financial years, some of the spend will carry over in 2024/25.

3.2.5 The 2024/25 budget includes a number of the above elements, which have been carried forward.

3.2.6 As per the ongoing agreement, any underspend or overspend on the WLEP budget in 2023/24 would result in a transfer to/from the WLEP reserve at year-end. The opening balance of WLEP reserves for 23/24 was £714k, and following the excess of income over expenditure for 2023/24, the closing uncommitted balance as at 31st March 2024 is £732k. Included in this reserve is an amount needed to be maintained to cover any potential redundancies for the Executive Team employed by the Chamber of Commerce and the team currently employed by the County Council and Worcester City Council to support the Growth Hub. A breakdown of this can be found in **Appendix 2.**

3.2.7 Worcestershire County Council, as the Accountable Body for WLEP, includes all transactions undertaken and managed by the WLEP, within the financial ledger and its sub ledgers which are subject to both internal and external review on an annual basis.

3.3 Current position regarding Growing Places Fund (GPF)

3.3.1 Following successful use of the GPF over the last 5 years, the amount remaining on the balance sheet as at the start of 2023/24 was £1.402m. Of the £1.402m, £292k has been approved for use over the next 2 years for Betaden. Within growing places reserve there is an allocation remaining relating to Project Development of which £7k has been allocated towards recruitment of the WLEP Chair and £35k to support Shrub Hill Quarter SPD development. After taking into account movements in and out of reserves for 2023/24 along with committed expenditure this leaves a closing balance on the balance sheet of £1,136m. A breakdown of this can be found in appendix 3.

3.3.2 One loan allocated from the original GPF is still outstanding to be repaid to WLEP, from Select Research, and work remains ongoing to agree a repayment option.

3.3.3 Following approval by WLEP board a second loan originally paid to Worcestershire County Cricket Club has now been transitioned into a social value agreement, enabling WLEP, WCC, District Councils and other partners/businesses with access to various service in lieu of cash payments.

3.4 Growth Hub

3.4.1 The Growth Hub budget for 2023/24 includes an allocation of an annual grant of £261k from the Department for Business & Trade (DBT), paid out to WLEP on a quarterly basis, £432,000 from UKSPF and £57k from DBT. The Growth Hub grant has been fully spent by the end of 2023/24 in line with planned expenditure profile submitted to DBT.

Stephanie Simcox – Deputy Chief Finance Officer - Worcestershire County Council

Roxanne Small – Finance Business Partner - Worcestershire County Council

Appendix 1 – WLEP Budget 2023/24

	Budget	Outturn
	£	£
Income		
LEP Core Funding (BEIS)	-250,000	-250,000
Local Government Contribution (LEP)	-90,000	-90,000
WGH Core Funding (BEIS)	-261,000	-261,000
UKSPF - WGH (2022/23 Yr 1 C/F)	-192,421	-260,121
UKSPF - WGH (Yr 2)	-419,000	-432,200
KAM Contract (DIT)	-57,000	-57,000
UKSPF - Betaden (Yr 2)	-361,100	-334,100
Growing Places - Betaden	-145,100	0
Midlands Cyber	-55,000	0
Skills Match	-14,000	-14,000
Use of Reserves	-125,960	0
Other Income	0	-40,768
Total Income	**-1,970,581**	**-1,739,189**
Expenditure		
Staffing, Oncosts, Expenses and Training	1,156,887	896,855
Premises	110,219	55,206
Event Delivery	118,000	44,755
Services & Supplies	352,500	183,612
External Support	113,948	96,339
Subscriptions	23,027	16,876
Grants	96,000	40,529
Agreed Growing Places Expenditure	0	48,456
Total Expenditure	**1,970,581**	**1,382,628**
Net Surplus of Income over Expenditure	**0**	**356,561**
Transferred to WLEP Core Reserve		**(309,553)**
Transferred to WLEP Growing Places Reserve (Betaden)		**(95,485)**
Transferred from Growing Places Reserve		**48,456**
Net Position on Revenue Accounts		**0**

Appendix 2 - WLEP Reserve Statement.

WLEP Core Reserve Statement	**WLEP Core Reserve £**
WLEP Core Opening Reserve Position 1st April 2023	**714,000**
Transfer to reserves	309,553
Committed Spend	-290,873
WLEP Reserve Closing Balance as at 31st March 2024	**732,681**

Appendix 3 - WLEP Growing Places Reserve Statement	**WLEP Growing Places Reserve £**
Opening Reserve Position 1st April 2023	**1,402,844**
Transfer to reserves (Betaden)	95,485
Transfer from reserves (agreed expenditure WLEP)	-48,456
Transfer to reserves (Growing Places other)	20,587
Committed Spend	-333,831
Closing Reserve Balance as at 31st March 2024	**1,136,628**