

5.0 WLEP AND WGH BUDGET REPORT – Q4 2021/22

WLEP BOARD RECOMMENDATION

That the Board notes and approves

1. the outturn position in respect of the 2021/2022 WLEP Revenue Budget and approves the Final Income and Expenditure Accounts for 2021/2022 for subsequent publication in the WLEP Annual Report;
2. the current position in respect of the Growing Places Fund;
3. the outturn position in respect of the Growth Hub;
4. the summary outturn position in respect of the Getting Building Fund; and
5. the process for setting a revenue budget for WLEP and WGH in 2022/23.

5.1 Purpose of the Report

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

- draft outturn position in respect of the 2021/2022 WLEP Revenue Budget
- current position in respect of the Growing Places Fund
- outturn position in respect of the Growth Hub
- outturn position in respect of the Getting Building Fund
- setting of a draft revenue budget for 2022/23.

5.2 WLEP Revenue Core Budget Draft Outturn 2021/22

5.2.1 The LEP's Core budget for 2021/22 was **£650k**, comprising:

- i) DCLG income of £500k,
- ii) Local authority income of £150k

5.2.2 The year-end position indicates an underspend against budget of **£29,173.35** which will be transferred to the WLEP reserve.

5.2.3 The Assurance Framework requires the LEP to publish an Income and Expenditure account within its Annual Report covering core costs, Local Growth Fund, Getting Building Fund, and Growing Places Fund.

5.2.4 **Appendix 1** provides the Final Income and Expenditure Accounts for the year ending 31st March 2022. Subject to ultimate approval by the WLEP Board, these will be included within the WLEP Annual Report.

5.2.5 It is worth reminding the Board that 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.

5.2.6 These figures are provisional and draft until the accounts have been formally audited and signed off by Grant Thornton. Should there be any amendments to the figures detailed in this report, an update will be provided to a subsequent meeting.

5.3 Current position regarding Growing Places Fund

- 5.3.1 The Board will recall that the Growing Places Fund (GPF) was originally introduced to provide loans to accelerate the delivery of projects that would deliver economic outputs and outcomes. Loans were agreed at market rates based on the risk profile of the project with all capital being repaid over an agreed period.
- 5.3.2 The original GPF made available to the LEP totalled c£5.m of which c£0.4m was revenue. The amount currently held on the balance sheet is £1.8m of which £621k has been allocated for the remaining spend on Betaden over the coming financial years. At present, £0.969m remains available for future allocation as well as the £247k allocation for Project Development. Further future funding may become available as loans issued from Growing Places continue to be repaid. A detailed split of the amounts previously allocated are shown in **Appendix 2**.

5.4 Growth Hub

- 5.4.1 The Growth Hub's primary source of funding is from Department for Business, Energy and Industrial Strategy (BEIS), and routed via LEPs. The current funding from BEIS is secured until March 2023, although is now 50% of 2021/22 funding. The ERDF contract which was allocated in 2017 also finished in March 2022.
- 5.4.2 The focus for Worcestershire's Growth Hub continues to be to facilitate support for all businesses, from start-up to scale-up, and to simplify the business support landscape, essentially creating a 'one-stop shop' for business support across the county. With the reduction in funding the team has now stands at six roles, a reduction of three from 2021/22. The team are employed to engage with businesses and signpost them to support – this could be through face to face, telephone (inbound and outbound) or through website and social media. During the early stages of the pandemic the role of the Growth Hub shifted from sign-posting businesses to external support, to occasional direct delivery (Specialist Advisors, Government funded Peer Networks, etc). These were well received by our business community and we hope that we can continue to offer aspects of this support in 2022/23.
- 5.4.3 Additional funding in 2021/22 was mostly awarded through specific, time-restricted projects, and was awarded for delivery by 31 March 2022. This funding supported the Growth Hub (and partners) to deliver 4 cohorts on Peer Network programme (£57k) as well as account manage 32 FDI businesses across Worcestershire via the DIT funded KAM Programme (£50k). DIT have awarded the Growth Hub a new contract to deliver KAM programme, initially for 6 months, in 2022/23. The amount awarded has risen to £27.5k to reflect the success of delivery to date.

5.5 Getting Building Fund

- 5.5.1 On 30 June 2020, the Prime Minister set out Governments 'New Deal' to deliver jobs, skills and infrastructure for Britain. This includes £900m for a new Getting Building Fund that will invest in 'shovel ready' local projects to aid economic recovery in response to the COVID-19 crisis.
- 5.5.2 WLEP was successful in being awarded £12m relating to this fund, with capital schemes totalling £11.970m, with a further £30k approved for costs associated with project management. This excludes any match funding identified for each scheme. This was split across financial years with £6,030,000 available in 2020/21 and £5,970,000 in 2021/22.
- 5.5.3 In addition, a further £2.405m Capacity Funding Grant for LEPs (shared nationally) to support delivery of the Getting Building Fund was announced by MHCLG in 2020/21. WLEP was allocated £55k of revenue funding as part of this. This gave WLEP £11,970,000 for capital and £85k for revenue, a total of £12,055,000.

- 5.5.4 In 2020/21, spend on approved schemes totalled £2,927,693 and WLEP used Freedoms and Flexibilities of £3,072,307 to ensure the maximisation of GBF funding in that year i.e. to the total of £6,000,000 for capital along with the £30,000 for revenue project management. This was agreed by the Department for Levelling Up, Housing and Communities (DLUHC), providing the Accountable Body used their resources, to an equal amount, in future years to ensure the continuation of funding for the delayed schemes. As such, over a set time period, all GBF schemes would have access to the total amount of their GBF Grant Agreement irrespective of funding stream, which protected the ability to utilise GBF funding, whilst ensuring the delivery of schemes albeit over a slightly longer time period. The total spend in 2020/21 was therefore confirmed at £6,030,000 including the £30,000 revenue.
- 5.5.5 The total spend in 2021/22 for capital schemes was £8,005,240 of which £5,970,000 was funded by the remaining GBF allocation and the balance (£2,035,240) from resources allocated via the Accountable Body. The £55,000 revenue allocation for project management was also fully spent.
- 5.5.6 The Accountable Body has set aside the remainder of their allocation (£1,037,067) to fund the completion of the three schemes which have been subject to delay. These being Malvern Technology Park, Redditch Transport Interchange and Construction & Automotive Skills Centre. Change control documentation has been completed for each of these schemes and the expenditure in 2022/23 will be monitored as per the agreement between WLEP, Worcestershire County Council & delivery partners.
- 5.5.7 This information can be seen in detail at **Appendix 3**

5.6 2022/23 Budget

- 5.6.1 Following receipt of confirmation of funding from BEIS for Worcestershire LEP and Worcestershire Growth Hub in 2022/23, the Executive Team have worked on developing a draft revenue budget for 2022/23.
- 5.6.2 This has involved engagement with partners to outline the role and function of the LEP and Growth Hub in 2022/23 and to discuss local match funding arrangements as stipulated within the grant offer letters.
- 5.6.3 The team have completed this exercise and worked with the Accountable Body to ensure proposals for 2022/23 are financially sound and robust. This budget proposal will be included as a separate report item for the Board to consider.
- 5.6.4 Subject to WLEP Board approval, the LEP and Growth Hub will continue to report financial performance on a quarterly basis to the FAR Committee and WLEP Board.

Report Authors and Contact Officers

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Appendix 1 – Final Accounts 2021/22

Worcestershire LEP Year Ended 31st March 2022

Income and Expenditure Account

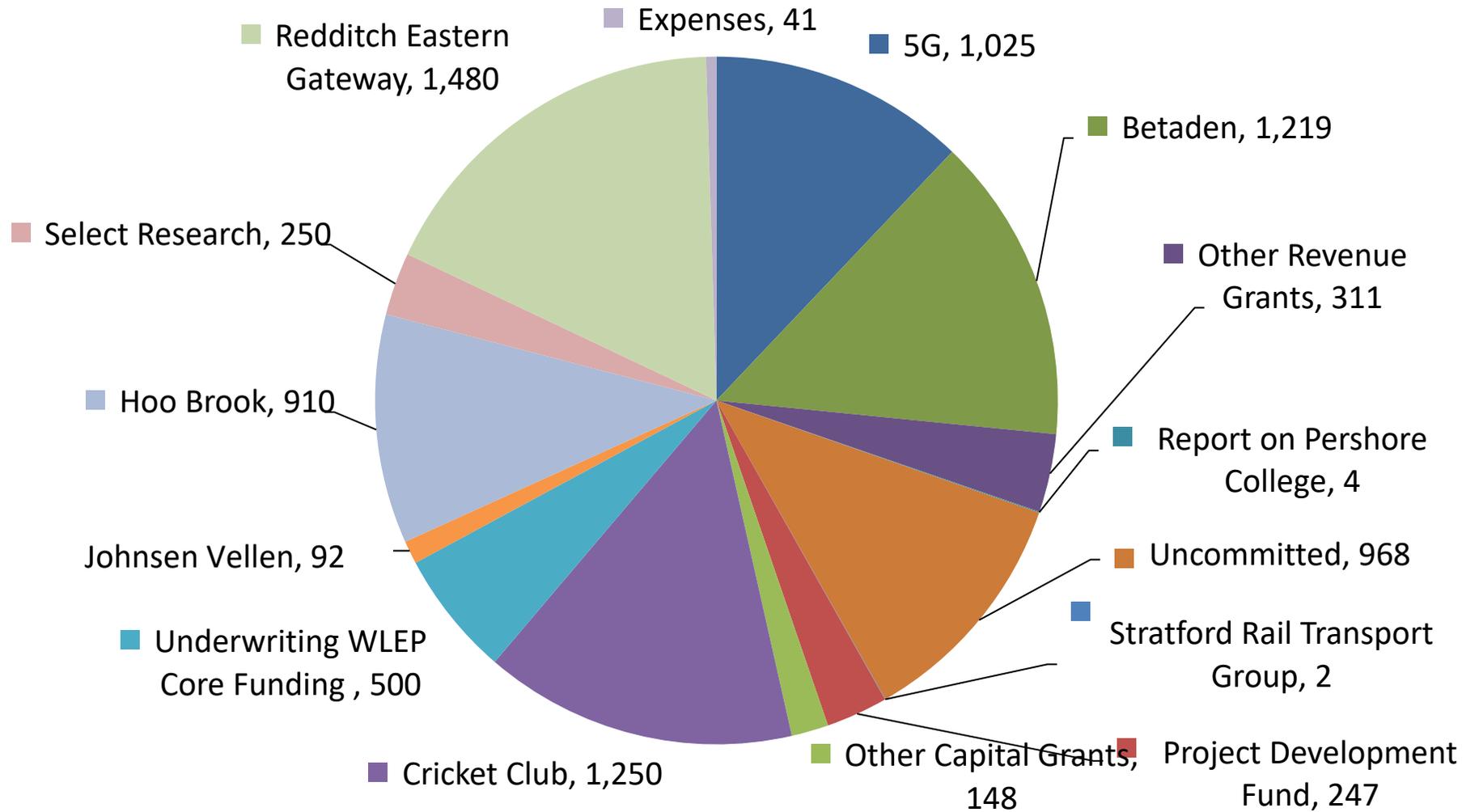
Income	Actual £
Core Funding	500,000
Growth Hub	461,998
Growth Hub Supplementary Funding	49,800
Local Government Contribution	180,000
Contribution for Getting Building Fund	85,000
Additional Getting Building fund	0
EU Transition Business Readiness	0
Peer to Peer income	57,250
Sponsorship and other income	
Apprenticeship Event	75,000
Total Income	1,409,048
Expenditure	
Staffing	-598,494
Growth Plan Project Activity	-461,998
Supplementary Growth Plan Project Activity	-49,800
EU Transition Business Readiness Project Activity	0
Peer to Peer expenditure	-57,250
Apprenticeship Hub	-75,000
External Consultancy Support / Research	-59,329
Services and Supplies	-9,689
Training	-1,100
Other fees / Expend	-67,215
Total Expenditure	-1,379,875
Excess of income over core expenditure budget	29,173

Reserve balances as at 31st March 2022

WLEP RESERVES

Opening Balance	-394,906.59
Computing costs funded from reserve	14,587.50
LEP Transfer to reserves to fund future WLEP salaries	-500,000.00
LEP core transfer to reserve 21.22 - underspend from 21/22	-29,173.35
Closing Balance	<u><u>-909,492.44</u></u>

Appendix 2 - Growing Places Loans & Commitments (£000)



APPENDIX 3 – GETTING BUILDING FUND

	2020/21	2021/22 POSITION					Total both years	Use of Council Resources 22-23
	TOTAL	Q1	Q2	Q3	Q4	Actual Outturn		
	£	£		£		£		
Malvern Technology Park	265,933	25,500	158,322	122,076	1,002,021	1,307,919	1,573,852	276,148
Worcester Shrub Hill Quarter	84,082		96,542	238,843	430,533	765,918	850,000	
Redditch Transport Interchange	30,867	7,400	105,174	52,259	466,055	630,888	661,755	338,245
Superfast Worcestershire - Gigabit Connectivity			47,000	182,000	271,000	500,000	500,000	
A456 Improvements: Hagley	160,559	38,462	10,979	0	0	49,441	210,000	
Hoobrook Island Capacity Improvements	150,000		1,150,000	0	0	1,150,000	1,300,000	
Health, Wellbeing and Inclusive Sport	992,519	798,532	863,211	57,419	288,319	2,007,481	3,000,000	
Construction & Automotive Skills Centre		5,100	29,100	22,740	70,386	127,326	127,326	422,674
Low Carbon Housing - Burcot Lane			0	503,382	106,618	610,000	610,000	
Kepax Walking & Cycling Bridge	500,000	92,488	407,512	0	0	500,000	1,000,000	
Vale Business Park Development	600,000			0	0	0	600,000	
Flood Resilience - Tenbury Wells	143,733		184,507	80,320	91,440	356,267	500,000	
Claimed	2,927,693	967,482	3,052,347	1,259,039	2,726,372	8,005,240	10,932,933	1,037,067
Freedoms & Flexibilities - Shrub Hill	3,072,307						3,072,307	
	6,000,000	967,482	3,052,347	1,259,039	2,726,372	8,005,240	14,005,240	
Funded by GBF Capital Resources	6,000,000	Funded by GBF Capital Resources				5,970,000	11,970,000	
		Funded by WCC Capital Resources				2,035,240	2,035,240	3,072,307
Project Management - Revenue	30,000	Project Management - Revenue				55,000	85,000	
Total GBF	6,030,000	Total GBF				6,025,000	12,055,000	

