6.0 WLEP BUDGET REPORT – Q4 AND OUT-TURN 2022/23

WLEP BOARD RECOMMENDATIONS

That the Board:

1. Approves the outturn position in respect of the 2022/2023 WLEP revenue budget, including balance of reserves
2. Notes the current position in respect of the Growing Places Fund
3. Notes the current position in respect of the Getting Building Fund for 2022/23 including the use of Freedoms and Flexibilities
4. Notes the current position in respect of the Growth Hub

6.1 Purpose of the Report

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

- outturn position in respect of the 2022/23 WLEP Revenue Budget;
- current position in respect of the Growing Places Fund;
- current position in respect of the Getting Building Fund;
- current position in respect of the Growth Hub.

6.2 2022/23 WLEP Revenue Budget

6.2.1 The LEP's Core budget for 2022/23 is **£612k**, comprising:

i) DLUHC income of £375k,

ii) Local authority income of £150k, and

iii) Other income of £87k.

6.2.2 Outturn levels show an overspend against the WLEP budget of £51k for the financial year 2022/23, this is due to a cost being transferred to WLEP in relation to Midland Cyber staff and an increase in cost for data research services provided by WCC, due to an internal restructure. A summary of the financial position can be found in **Appendix 1.**

6.2.3 All relevant Local Authorities have paid their WLEP contribution as forecast for 2022/23.

6.2.4 As previously reported, any underspend or overspend on the WLEP budget in 2022/23 would result in a transfer to/from the WLEP reserve at year-end. The opening balance of WLEP reserves for 2022/23 was £909k. 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.

6.2.5 Following the restructure of the Growth Hub, a number of redundancies needed to be funded in 2022/23 which totalled £119k. This, along with funding the overspend on the core budget and £25k towards the ongoing costs of the Growth Hub, means the use of reserves in 2022/23 was £195k. The closing balance on the reserve is therefore £714k. An amount of this will need to be earmarked for any potential future redundancies (c£120k) and the use of reserves in 2023/24 to fund the operation of the WLEP. As such, the currently uncommitted balance on the reserve, is forecast to be £468k, which is shown in **Appendix 2.** It is highly likely that all of this will be required to fund the continued operation of the WLEP into 2024/25 as articulated in the budget report elsewhere on this agenda.

6.2.6 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.

6.3 Current position regarding Growing Places Fund (GPF)

6.3.1 Following successful use of the GPF over the last 5 years, the amount remaining on the balance sheet at the 1 April 2022 was £1.837m, following the approved transfer of £500k to the general WLEP reserve.

6.3.2 Following approval at the WLEP Board meeting on 20 May 2022, £260k of the reserves has been allocated for additional specialist support for the business community (Option 4 as per the WLEP Board report in May). Of this £110k was spent in 2022/23 with the remaining due to be spent in 2023/24. £17k was used to fund the successful recruitment of the WLEP chair, £303k for Betaden, £15k for 5G and £2k for Stratford / Honeybourne Rail study. We have also received interest payments totalling £14k relevant to the loan with the Cricket Club. This leaves a closing balance on the reserve of £1.4m

6.3.3 Of the £1.4m remaining, £318k remains for Betaden, £35k to support Shrub Hill Quarter SPD development, £40k for the River Severn heat network project and £150k for business community support (as per above paragraph). This leaves an unallocated balance of £860k which is detailed at **Appendix 3**.

6.4 Getting Building Fund programme

6.4.1 On 30 June 2020, the Prime Minister set out Governments 'New Deal' to deliver jobs, skills, and infrastructure for Britain, including £900m for the Getting Building Fund that invested in 'shovel ready' local projects to aid economic recovery in response to the COVID-19 crisis. WLEP was successful in being awarded £11.970m of capital relating to with a further £0.030m approved for costs associated with project management.

6.4.2 In addition, a further £2.405m Capacity Funding Grant for LEPs to support delivery of the Getting Building Fund was announced by MHCLG (now DLUHC) in 2020/21, and WLEP was allocated £0.055m of revenue funding as part of this.

6.4.3 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.

6.4.4 GBF spend for financial year 2021/22 was reported at £8,005,240, using £2,035,240 of council funding with the remaining £1,037,067 of council funding being spent under Freedoms and Flexibilities in financial year 2022/23. This funding has been allocated towards 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 (in partnership with Kidderminster College). Change control documentation has been completed for each of these schemes and the expenditure in 2022/23 was monitored as per the agreement between WLEP, Worcestershire County Council and delivery partners. All of the Freedoms and Flexibilities have now been utilised within the year, with the year-end position shown in **Table 1.**

Table 1 – GBF summary for 2022/23

Submitted To Worcester County Council Q4									
	2020/21	2021/22			2022/23 POSITION				
	TOTAL	Total	Total both years	F&F 2022/23	Q1	Q2	Q3	Q4	Total
	£	£	£	£	£	£	£	£	£
Malvern Technology Park	265,933	1,307,919	1,573,852	-276,148	276,148	0	0	0	276,148
Worcester Shrub Hill Quarter	84,082	765,918	850,000		0	0	0	0	0
Redditch Transport Interchange	30,867	630,888	661,755	-338,245	92,129	39,438	174,222	32,457	338,245
Superfast Worcestershire - Gigabit Connectivity		500,000	500,000	0	0	0	0	0	0
A456 Improvements: Hagley	160,559	49,441	210,000	0	0	0	0	0	0
Hoobrook Island Capacity Improvements	150,000	1,150,000	1,300,000	0	0	0	0	0	0
Health, Wellbeing and Inclusive Sport	992,519	2,007,481	3,000,000	0	0	0	0	0	0
Construction & Automotive Skills Centre		127,326	127,326	-422,674	19,920	7,680	10,308	384,766	422,674
Low Carbon Housing - Burcot Lane		610,001	610,001	0	0	0	0	0	0
Kepax Walking & Cycling Bridge	500,000	500,000	1,000,000	0	0	0	0	0	0
Vale Business Park Development	600,000	0	600,000	0	0	0	0	0	0
Flood Resilience - Tenbury Wells	143,734	356,266	500,000	0	0	0	0	0	0
									0
Claimed	**2,927,693**	**8,005,240**	**10,932,934**	**-1,037,067**	**388,196**	**47,118**	**184,530**	**417,223**	**1,037,067**
									0
Freedoms & Flexibilities	**3,072,307**	**-2,035,240**	**-2,035,240**	**-1,037,067**	**388,196**	**47,118**	**184,530**	**417,223**	**- 3,072,307**
Total Capital	**6,000,000**	**5,970,000**	**11,970,000**	**0**	**388,196**	**47,118**	**184,530**	**417,223**	**- 3,072,307**
Project Management - Revenue	30,000	**55,000**	**85,000**	**0**					-
Total GBF	**6,030,000**	**6,025,000**	**12,055,000**	**1,037,067**					-

6.5 Growth Hub

6.5.1 The Growth Hub budget for 2022/23 has seen a 50% reduction from last year's allocation and is made up of an annual grant of £231k from the Department for Business Energy and Industrial Strategy (BEIS) paid out to WLEP on a quarterly basis. The Growth Hub grant was fully spent by the end of 2022/23 in line with planned expenditure profile submitted to BEIS.

6.5.2 An additional £260k funding was approved for 2022/23 by WLEP Board in May 2022. This funding, from Growing Places reserves, is to support 200 businesses via the specialist professional business advisor support, enable recruitment to a further 3 roles (1 navigator, 2 Account Managers) and fund 2 business surveys and development of an online business support portal. The WGH Specialist Professional Business Advisor Programme began 1 August 2022 after a successful procurement exercise. £150k of this funding remains for 2023/24.

Stephanie Simcox – Deputy Chief Finance Officer - Worcestershire County Council

Roxanne Small – Finance Business Partner - Worcestershire County Council

Appendix 1 - WLEP Accounts as of 31st March 2023
WORCESTERSHIRE WLEP

Year End Position to 31st March 2023

Expenditure	**£**
Overheads	35,979
Rents	77,000
Cleaning Services	5,640
Office Equipment	1,000
Conference Fees	15,000
Professional Fees	35,142
Salary Expenditure	456,381
Website Hosting / Maintenance	3,111
Data Research Expenses	26,681
Subscriptions	7,000
	662,934
Income	
Core Funding	375,000
Other Income	87,000
Local Authority Contributions	150,000
	612,000
Excess of Expenditure Over Core Expenditure – Transfer from WLEP Reserve	**50,934**

Appendix 2 - WLEP Reserve Statement

WLEP Reserve Statement As at 31st March 2023	WLEP Core Reserve £
WLEP Core Opening Reserve position 1st April 2022	**909,000**
Actual cost of redundancies relevant to reduction in Growth Hub	-119,138
Use of reserves to fund WLEP Core Overspend	-50,935
Use of reserves to fund WLEP Growth Hub	-25,000
Total Use of Reserves in 2022/23	**-195,073**
WLEP Core Closing Reserve position 31 March 2023	**713,927**
Committed to fund WLEP operations in 2023/24	-125,960
Committed WLEP Reserve for potential future redundancies	-120,000
WLEP Uncommitted Reserve as at 31 March 2024	**467,967**

Appendix 3 – Growing Places Reserve Statement as at 31st March 2023

	£
Opening Reserve position 1st April 2022	**1,837,000**
Funding for Betaden	-303,398
Funding for Stratford	-2,256
Funding for Chair Recruitment	-16,600
Funding for 5G	-15,056
Funding for business support	-110,327
Income from Cricket Club	13,940
Total Net Use of Reserves in 2022/23	**-433,697**
WLEP Core Closing Reserve position 31 March 2023	**1,403,303**
Committed Reserve for BetaDen	-318,000
Shrub Hill Quarter SPD development	-35,000
Funding for business support	-150,000
River Severn heat network project	-40,000
WLEP Uncommitted Reserve Balance	**860,303**