

4.0 WLEP BUDGET AND LOCAL GROWTH FUND PROGRAMME UPDATE

WLEP BOARD RECOMMENDATION

That the Board notes the:

1. current forecast position in respect of the 2020/2021 WLEP revenue budget, including balance of reserves
2. current forecast position for Local Growth Fund (LGF) 2020/21
3. current position in respect of the Growing Places Fund
4. current position in respect of the Getting Building Fund
5. current position in respect of the Growth Hub

4.1 Purpose of the Report

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

- Forecast outturn position in respect of the 2020/21 Growth Deal funded programmes;
- Forecast outturn position in respect of the 2020/21 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.

4.2 2020/21 Growth Deal funded programme

4.2.1 **Table 1** shows the total Growth Deal funding for the WLEP from 2015/16 to 2020/21, giving a total funding allocation of £71.725m

Table 1- LEP Growth Funding Profile 2015/16 – 2020/21

	Growth Deal 1/2/3 Profile						Total
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	
GD 1 & 2	13,400,000	24,153,000	15,325,957	1,336,400			54,215,357
GD3				3,516,687	3,624,437	10,368,876	17,510,000
Combined	13,400,000	24,153,000	15,325,957	4,853,087	3,624,437	10,368,876	71,725,357
Rounded	13,400	24,153	15,326	4,853	3,624	10,369	71,725

4.2.2 The WLEP funding for 2020/21 is £10.369m. A full review of each of the projects was undertaken in June 2020 in conjunction with DCLG. Currently LGF funding agreed by WLEP Board is due to be fully utilised in 2020/21 in line with the budget agreed for each. This is shown in detail in **Table 2**. WLEP Board should note that, unlike in previous years, funding will not be able to be carried into future years and will need to be fully committed by 31 March 2021.

4.2.3 Should any project not fully utilise the LGF funding as laid out in Table 2, then funding flexibilities will be used to maximise the use of external funding. This may include allocating different levels of funding against one or more of the other approved schemes,

allocation of funding towards schemes which have been approved (or submitted by WLEP but no funding allocated) as part of the Getting Building Fund or allocation of funding for schemes approved for LGF in previous years which have continued into this financial year. Further updates and recommendations relevant to this will be reported to WLEP Board following the Q3 review of spend.

Table 2 – 2020/21 LGF Budget and Forecast

2020/21 Schemes	2020/21 Budget (£000)	2020/21 YTD spend on scheme (£000)	2020/21 Forecast (£000)	Variation (£000)
Bromsgrove A38	5,762	82	5,762	0
Pershore Northern Link Improvements	3,800	351	3,800	0
Churchfields	553	453	553	0
Duckworth Centre of Engineering	254	0	254	0
Total	10,369	886	10,369	0

4.3 2020/21 WLEP Revenue Budget

4.3.1 The LEP's Core budget for 2020/21 is **£662k**, comprising:

- i) DCLG income of £500k,
- ii) Local authority income of £150k, and
- iii) Other income of £12k.

4.3.2 Current expenditure levels indicate that the WLEP budget is currently forecasting a break-even position.

4.3.3 This position assumes that all relevant Local Authorities pay their WLEP contribution for 2020/21.

4.3.4 Any underspend or overspend on the WLEP budget in 2020/21 would result in a transfer to/from the WLEP reserve at year-end. **Table 3** below shows the opening balance of WLEP reserves and forecast closing position. The forecast year-end position is a balance of £116k in the WLEP General Reserve, the majority of which will need to be maintained to cover any potential redundancies for the Executive Team and the team currently employed by the Chamber of Commerce to support the Growth Hub.

Table 3 – WLEP Reserve position

	2020/21 Opening Balance (£000)	2020/21 Forecast Movements (£000)	2020/21 Forecast Closing Balance (£000)
WLEP General Reserve	116	0	116
WLEP Apprenticeship Reserve	99	75	24
BetaDen Redundancy Reserve	48	0	48
Total	263	75	188

4.3.5 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.

4.4 Current position regarding Growing Places Fund

- 4.4.1 WLEP 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.
- 4.4.2 The original GPF made available to the LEP totalled £5,518,972 of which £418,515 was revenue. The amount currently held on the balance sheet is £2.9m, however, most of this has been committed to individual projects.
- 4.4.3 In February 2020, £890k was received back from Redditch Eastern Gateway (leaving the £910k grant as the only funding now allocated to this scheme). £250k of this has been allocated to the Project Development Fund. As such, £640k remains available for future allocation. Further future funding may become available as loans issued from Growing Places continue to be repaid. A detailed split per project shown at **Appendix 1**.

4.5 Getting Building Fund

- 4.5.1 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. WLEP has been successful in being awarded up to £12m of capital relating to this fund. The projects covered are outlined in **Table 4** and equate to £11.970m, with a further £0.030m approved for costs associated with project management.

Table 4 – Getting Building Fund

Project Name	£'000
Superfast Worcestershire - FTTP	500
Malvern Technology Park	1,850
A456 Improvements (Hagley)	210
Hoobrook Island Improvements (A449 / A442)	1,300
Worcester Shrub Hill Quarter and Masterplan	850
Redditch Transport Interchange	1,000
Health, Wellbeing & Inclusive Sport (UoW)	3,000
Construction and Automotive Skills Centre (Kidderminster College)	550
Low Carbon Housing - Burcott Lane	610
Flood Resilience - Tenbury Wells	500
Kepax walking & cycling bridge	1,000
Vale Business Park Expansion	600
Total	11,970

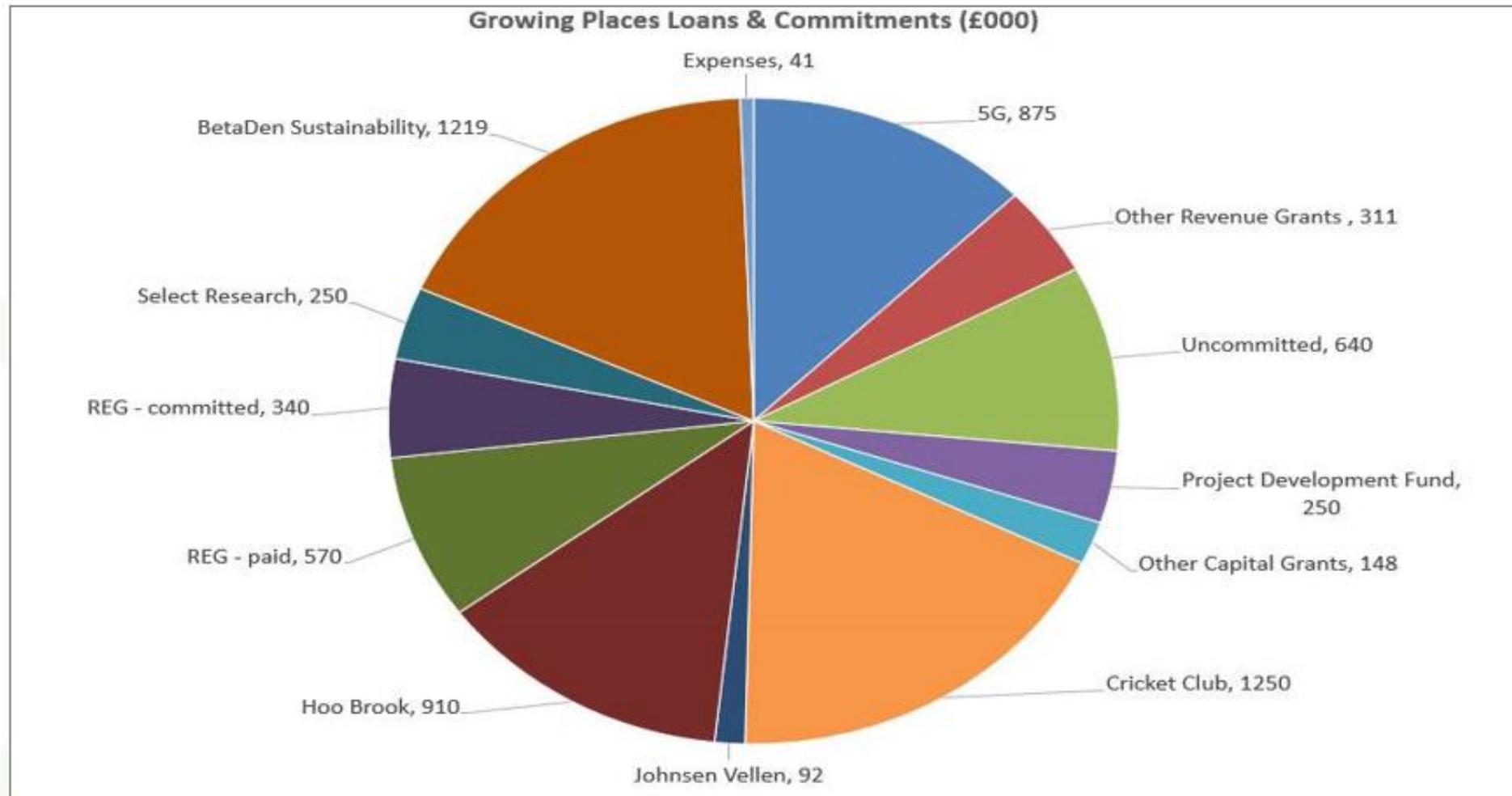
4.6 Growth Hub

- 4.6.1 The Growth Hub is made up of an annual grant of £205k from the Department for Business Energy and Industrial Strategy (BIES) paid out to WLEP a quarterly basis. In addition, in 2020/21, BIES provided supplementary funding for core Growth Hub delivery activities and solutions to alleviate the immediate pressures presented by COVID-19 of £10m across the country. WLEP's allocation of this is £257k and will be paid on a quarterly basis in line with expenditure incurred. Current plans for expenditure of this money has been signed off by the County Council and will be reported in due course. Both grants are expected to be fully spent by the end of 2020/21.

Debra Goodall - Senior Finance Business Partner - Worcestershire County Council

Signed off and Approved by Steph Simcox – Head of Finance and s151 Designated Officer

APPENDIX 1 – GROWING PLACES FUND



TOTAL VALUE £6,896,000