

## 7.0 WLEP BUDGET REPORT – Q3 2022/23

### WLEP BOARD RECOMMENDATIONS

That the Board notes, following review by the FAR Committee on 19<sup>th</sup> January 2023:

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

### 7.1 Purpose of the Report

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

- Forecast 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.

### 7.2 2022/23 WLEP Revenue Budget

7.2.1 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.

7.2.2 Current expenditure levels indicate that the WLEP budget is forecasting a £26k underspend for the financial year 22/23 this is due to a reduction in supplies and services, event delivery and a contribution from UKSPF via the district councils to support their Investment Plan development. A further contribution from Betaden funding relating to their shared occupation of WLEP offices and other overhead costs has increased the income budget from £535k to £612k. The £26k predicted underspend will be transferred to WLEP reserve at the end of the financial year. A summary of the financial position can be found in **Appendix 1**.

7.2.3 All relevant Local Authorities have agreed to pay their WLEP contribution as forecast for 2022/23.

7.2.4 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 22/23 is £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.

7.2.5 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). As such, the closing balance on the reserve, including forecast redundancy payments, is forecast to be £556k. As shown in **Appendix 2**.

7.2.6 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.

### **7.3 Current position regarding Growing Places Fund (GPF)**

7.3.1 Following successful use of the GPF over the last 5 years, the amount remaining on the balance sheet as at the end of 2021/22 was £1.837m, following the approved transfer of £500k to the general WLEP reserve. Of the £1.837m, £621k has been approved for use over the next two years (2022/23 – 2023/24) for Betaden, leaving £1.216m available for use. Within this there is an allocation remaining relating to Project Development of which £15k has been allocated towards recruitment of the WLEP Chair and £35k to support Shrub Hill Quarter SPD development, which leaves £196k available. It is likely that a bid for c. £40k will be made for the River Severn heat network project to support an application for funding from central government which will reduce the balance down to £156k. Development.

7.3.2 Two loans allocated from the original GPF are still outstanding to be repaid to WLEP, namely Worcestershire Cricket Club and Select Research, and work remains ongoing to agree repayment options. A verbal update will be provided at the Board relating to the Cricket Club.

### **7.4 Getting Building Fund programme**

7.4.1 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.

7.4.2 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. WLEP was allocated £0.055m of revenue funding as part of this.

7.4.3 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.

7.4.4 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 will be monitored as per the agreement between WLEP, Worcestershire County Council & delivery partners. Cumulative spend at the end of Q3 is reported as £619,844, as shown in **Table 1**, leaving £417k to be defrayed in Quarter 4.

**Table 1 – GBF summary including Q3 actuals and year end forecast for 2022/23**

Submitted To Worcester County Council Q3									
	2020/21	2021/22	Total both years	F&F 2022/23	2022/23 POSITION				
	TOTAL	Total			Q1	Q2	Q3	Q4 Forecast	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
Wale 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
<b>Claimed</b>	<b>2,927,693</b>	<b>8,005,240</b>	<b>10,932,934</b>	<b>-1,037,067</b>	<b>388,196</b>	<b>47,118</b>	<b>184,530</b>	<b>417,223</b>	<b>1,037,067</b>
<b>Freedoms &amp; Flexibilities</b>	<b>3,072,307</b>	<b>-2,035,240</b>	<b>-2,035,240</b>	<b>-1,037,067</b>	<b>388,196</b>	<b>47,118</b>	<b>184,530</b>	<b>417,223</b>	<b>3,072,307</b>
<b>Total Capital</b>	<b>6,000,000</b>	<b>5,970,000</b>	<b>11,970,000</b>	<b>0</b>	<b>388,196</b>	<b>47,118</b>	<b>184,530</b>	<b>417,223</b>	<b>3,072,307</b>
Project Management - Revenue	30,000	55,000	85,000	0					-
<b>Total GBF</b>	<b>6,030,000</b>	<b>6,025,000</b>	<b>12,055,000</b>	<b>1,037,067</b>					-

## 7.5 Growth Hub

7.5.1 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 is expected to be fully spent by the end of 2022/23 in line with planned expenditure profile submitted to BEIS.

7.5.2 An additional £260,000 funding was approved for 2022/23 by WLEP Board in May 2022. This funding, from WLEP reserves, is to support 200 businesses via the specialist professional business advisor support, enable recruitment to a further 3 roles (2 navigators, 1 Account Manager) 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. Recruitment to the 3 FTE posts is underway with the Worcester City HR team.

**Stephanie Simcox – Deputy Chief Finance Officer - Worcestershire County Council**

**Roxanne Small – Finance Business Partner - Worcestershire County Council**

**Appendix 1 - WLEP Accounts Forecast as of 31<sup>st</sup>  
December 2022  
WORCESTERSHIRE WLEP**

**Forecast Year End Position to 31st March 2023**

<b>Expenditure</b>	<b>£</b>
Overheads	35,979
Rents	77,000
Cleaning Services	5,640
Office Equipment	1,000
Conference Fees	15,000
Professional Fees	35,142
Salary Expenditure	385,442
Website Hosting / Maintenance	3,111
Data Research Expenses	20,000
Subscriptions	7,000
	<b>585,314</b>
<b>Income</b>	
Core Funding	375,000
Other Income	87,000
Local Authority Contributions	150,000
	<b>612,000</b>
<b>Excess of Income Over Core Expenditure Budget – Transfer to WLEP Reserve</b>	<b>26,686</b>

**Appendix 2 - WLEP Forecast Reserve Statement.**

<b>WLEP Forecast Reserve Statement As at 31<sup>st</sup> December 2022</b>	<b>WLEP Core Reserve £</b>
<b>WLEP Core Opening Reserve position 1st April 2022</b>	<b>909,000</b>
Forecast Redundancies For Growth Hub Following The Reduction In The 22-23 Budget	-119,138
Forecasted excess of income over core expenditure budget	26,686
Specialist Support For The Business Community (Option 4)	<u>-260,000</u>
<b>Forecast WLEP Reserve Balance as at 31st March 2023</b>	<b><u>556,548</u></b>