

## 8.0 WLEP BUDGET REPORT – Q1 2021/22

### WLEP BOARD RECOMMENDATIONS

That the Board:

1. notes the current forecast position in respect of the 2021/2022 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 2021/22
4. notes the current position in respect of the Growth Hub

### 8.1 Purpose of the Report

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

- Forecast outturn position in respect of the 2021/22 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.

### 8.2 2021/22 WLEP Revenue Budget

8.2.1 The LEP's Core budget for 2021/22 is **£652k**, comprising:

- i) DCLG income of £500k,
- ii) Local authority income of £140k, and
- iii) Other income of £12k.

8.2.2 Confirmation of the DCLG funding of £500k has not yet been received. We expect this to flow following a positive Annual Performance Review and have reflected this as received in the forecast.

8.2.3 Current expenditure levels indicate that the WLEP budget is currently forecasting a breakeven position. This assumes that the £55k Getting Building Fund grant and £30k Getting Building Fund project manager funding of £30k carried forward from 2020/21 will be spent.

8.2.4 This position assumes that all relevant Local Authorities pay their WLEP contribution as agreed for 2021/22.

8.2.5 Any underspend or overspend on the WLEP budget in 2021/22 would result in a transfer to/from the WLEP reserve at year-end. **Table 1** below shows the opening balance of WLEP reserves and forecast closing position. The forecast year-end position is a balance of £122k in the WLEP General Reserve, of which £108k 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 1 – WLEP Reserve position**

	<b>2021/22 Opening Balance (£000)</b>	<b>2021/22 Forecast Movements (£000)</b>	<b>2021/22 Forecast Closing Balance (£000)</b>
WLEP General Reserve	122	0	122
WLEP Apprenticeship Reserve	94	0	94
BetaDen Redundancy Reserve	52	0	52
<b>Total</b>	<b>268</b>	<b>0</b>	<b>268</b>

8.2.6 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.

### **8.3 Current position regarding Growing Places Fund**

8.3.1 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.

8.3.2 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.

8.3.3 In February 2020, £871k was received back from Redditch Eastern Gateway and a further £519k in December 2020 (leaving £400k grant as the only funding now committed to this scheme).

8.3.4 At WLEP Board in November 2020 a further £150k was allocated to W5G giving a total allocation for this scheme of £1.025m.

8.3.5 A report has been commissioned on Pershore College at a cost of £4k and this will be funded from the £250k allocation available for project development.

8.3.6 At present, £1.050m remains available for future allocation as well as the £246k remaining within the allocation for Project Development. Further future funding may become available as loans issued from Growing Places continue to be repaid.

8.3.7 A detailed split of the amounts relating to grants allocated and the 2 loans (WCCC and Select Research) remaining to be repaid are shown at **Appendix 1**. Work is ongoing to look at the repayment options for Select Research going forward.

### **8.4 Getting Building Fund programme**

8.4.1 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 2** and equate to £11.970m, with a further £0.030m approved for costs associated with project management.

8.4.2 In addition, a further £2.405m Capacity Funding Grant for LEPs to support delivery of the Getting Building Fund was announced by MHCLG in 2020/21. WLEP was allocated £0.055m of revenue funding as part of this. This is reflected in the revenue position reported as part of paragraph 8.2.3.

- 8.4.3 The £12m funding was paid to WLEP equally across 2020/21 and 2021/22. The original planned expenditure profile for each scheme is identified in **Table 2**. This excludes any match funding identified for each scheme, with an initial £30k allocated for project management.

**Table 2 – Getting Building Fund Original Forecast position**

Project Name	Total Budget £'000	Budget 2020/21 £'000	Budget 2021/22 £'000
Superfast Worcestershire – FTTP	500	300	200
Malvern Technology Park	1,350	850	500
A456 Improvements (Hagley)	210	110	100
Hoobrook Island Improvements (A449 / A442)	1,300	800	500
Worcester Shrub Hill Quarter and Masterplan	850	50	800
Redditch Transport Interchange	1,000	250	750
Health, Wellbeing & Inclusive Sport (UoW)	3,000	2,000	1,000
Construction and Automotive Skills Centre (Kidderminster College)	550	0	550
Low Carbon Housing – Burcott Lane	610	0	610
Flood Resilience – Tenbury Wells	1,000	600	400
Keepax Walking & Cycling Bridge	1,000	500	500
Vale Business Park Expansion	600	600	0
Project Management	30		30
	<b>12,000</b>	<b>6,060</b>	<b>5,940</b>

- 8.4.4 A detailed review was undertaken as part of the final accounts work and the position based on this for each year is reflected in **Table 3**, along with the quarter 1 actual position.

- 8.4.5 The Council used its freedoms and flexibilities to ensure that all external funding could be maximised for 2020/21, therefore the outturn for 2020/21 and forecast for 2021/22 are different on a scheme by scheme basis to the original profile. WCC will use its own freedoms and flexibilities in 2021/22 in a similar way to ensure all schemes receive the funding in line with their original profile.

**Table 3 – GBF Outturn position for 2020/21, Q1 position and forecast for 2021/22**

	GBF 20/21 (outturn)	Expected GBF 21/22 (the revised funding)	TOTAL FORECAST SPEND	Q1 Actual
Malvern Technology Park	£444,621	£1,405,000	£1,849,621	£25,500
Worcester Shrub Hill Quarter & Station Masterplan	£1,240,747	£0	£1,240,747	
Redditch Transport Interchange	£230,867	£769,133	£1,000,000	£7,400
Rural Connectivity	£0	£500,000	£500,000	
A456 Improvements (Hagley)	£110,000	£100,000	£210,000	£100,000
Hoobrook Island Improvements	£1,300,000	£0	£1,300,000	
Health, Wellbeing & Inclusive Sport	£992,519	£2,007,481	£3,000,000	£619,800
Construction & Automotive Skills Centre	£0	£550,000	£550,000	
Low Carbon Housing - Burcot Lane	£0	£610,000	£610,000	
Keepax Walking & Cycling Bridge	£907,512	£92,488	£1,000,000	£92,488
Vale Business Park Expansion	£600,000	£0	£600,000	
Flood Resilience - Tenbury Wells	£143,734	£356,266	£500,000	
<b>Outturn</b>	<b>£5,970,000</b>	<b>£6,390,368</b>	<b>£12,360,368</b>	<b>£845,188</b>
Freedoms and Flexibilities - Use of WCC Funding		<b>£-390,368</b>	<b>£-390,368</b>	
Project Manager	£30,000	£55,000	£85,000	£77,000
<b>TOTAL</b>	<b>£6,000,000</b>	<b>£6,055,000</b>	<b>£12,055,000</b>	<b>£922,188</b>

## **8.5 Growth Hub**

- 8.5.1 The Growth Hub's primary funding is from Department for Business, Energy and Industrial Strategy (BEIS), and routed via LEPs. The current £462k funding from BEIS is secured until March 2022 paid out to WLEP on a quarterly basis. The core funding for 2021/22 has expanded to support more than just staff salaries and costs. The Growth Hub can now broaden their reach to provide specific, time-restricted projects for delivery by end March 2022. This is expected to be fully spent by the end of 2021/22 in line with planned expenditure submitted to BEIS.
- 8.5.2 In addition to this funding, the Growth Hub secured additional funding from European Regional Development Fund (ERDF) in March 2017. This funding is matched to BEIS funding and is secured until March 2022 at £105k this year.
- 8.5.3 The Growth Hub have received an additional £120k funding to support Peer Networks Year 2. The Growth Hub will be delivering 8 Peer networks in 2021/22 and procurement for delivery partners to support these sessions has been completed.

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## Growing Places Loans & Commitments (£000)

