

4.0 WLEP BUDGET REPORT – Q2 2021/22

FAR COMMITTEE RECOMMENDATIONS

That the Committee:

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
5. makes the relevant recommendations to WLEP Board in relation to items 1 to 4 above

4.1 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.

4.2 2021/22 WLEP Revenue Budget

4.2.1 The LEP's Core budget for 2021/22 is **£662k**, comprising:

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

4.2.2 The first instalment of DCLG funding has been received; £250k. The balance has not yet been confirmed by BEIS and we are currently operating at financial risk. The information within this report assumes that funding will be received for the second half of the year. Significant financial pressure will be seen by the WLEP should the second tranche of £250k not be received as the level of reserves is insufficient to cover the expected expenditure for the remainder of the financial year.

4.2.3 WLEP have submitted the financial information as requested by BEIS which will inform the financial decision-making process for the second tranche of Core Revenue Grant funding (£250k). BEIS confirmed WLEP's submission was compliant with the guidance at our Mid-Year Conversation and indicated that a final decision may not be communicated until mid-December post-CSR announcement.

4.2.4 Current expenditure levels indicate that the WLEP budget is currently forecasting a breakeven position (assuming receipt of the second tranche of BEIS funding). This assumes that the £55k Getting Building Fund grant and Getting Building Fund project manager funding of £30k carried forward from 2020/21 will be fully spent.

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

- 4.2.6 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 4** 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 c£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 and Worcester City Council to support the Growth Hub.

Table 4 – WLEP Reserve position

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

- 4.2.7 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.

4.3 Current position regarding Growing Places Fund

- 4.3.1 The committee 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.
- 4.3.2 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, with c50% of this committed to individual projects.
- 4.3.3 At present, £1.050m remains available for future allocation as well as the £246k remaining within the Project Development Fund. Further future funding may become available as loans previously issued from Growing Places continue to be repaid.
- 4.3.4 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.

4.4 Getting Building Fund programme

- 4.4.1 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 5** and equate to £11.970m, with a further £0.030m approved for costs associated with project management.
- 4.5.2 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 4.2.4.
- 4.5.3 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 5**. This excludes any match funding identified for each scheme.

4.5.4 The Quarter 2 review of the GBF including spend to date and year end forecast is shown in **Table 6**.

Table 5 – 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
	11,970	6,060	5,910

Table 6 – GBF actual for 2020/21, Q1 and Q2 actual and year end forecast for 2021/22

	2020/21	2021/22 POSITION				Total both years £
	TOTAL	Q1	Q2	Planned Q3 - Q4	Forecast Outturn	
	£	£		£	£	
Malvern Technology Park	265,933	25,500	158,322	1,400,245	1,584,067	1,850,000
Worcester Shrub Hill Quarter	84,082		96,542	669,376	765,918	850,000
Redditch Transport Interchange	30,867	7,400	105,174	856,559	969,133	1,000,000
Superfast Worcestershire - Gigabit Connectivity			47,000	453,000	500,000	500,000
A456 Improvements: Hagley	160,559	38,462	10,979	0	49,441	210,000
Hoobrook Island Capacity Improvements	150,000		1,150,000	0	1,150,000	1,300,000
Health, Wellbeing and Inclusive Sport	992,519	798,532	863,211	345,738	2,007,481	3,000,000
Construction & Automotive Skills Centre		5,100	29,100	515,800	550,000	550,000
Low Carbon Housing - Burcot Lane			0	610,000	610,000	610,000
Kepax Walking & Cycling Bridge	500,000	92,488	407,512	0	500,000	1,000,000
Vale Business Park Development	600,000					600,000
Flood Resilience - Tenbury Wells	143,734		184,507	171,759	356,266	500,000
Claimed	2,927,693	967,482	3,052,347	5,022,477	9,042,306	11,970,000
Freedoms & Flexibilities	3,072,307				-3,072,307	0
Total Capital	6,000,000				5,969,999	11,970,000
Project Management - Revenue	30,000				55,000	85,000
Total GBF	6,030,000				6,024,999	12,055,000

4.5 Worcestershire Growth Hub

- 4.5.1 The Growth Hub is made up of an annual grant of £462k from the Department for Business Energy and Industrial Strategy (BEIS) paid out to WLEP on a quarterly basis. The Growth Hub submitted its half-yearly report and third claim to BEIS in October, these have been acknowledged. Growth Hub grant is expected to be fully spent by the end of 2021/22 in line with planned expenditure submitted to BEIS.
- 4.5.2 Peer to Peer Network programme delivery is on track. The Growth Hub have reduced the number of cohorts locally as recruitment has been challenging. This is reflected nationally, with most Growth Hub's reducing the number of cohorts because of conflicting programmes locally and nationally (Help to Grow, etc). We have confirmation from BEIS that we only need to claim for the cohorts we run. They will provide an addendum to the contract if needed but they are content with the impact of a reduced claim.

Sofia Mahmood - Senior Finance Business Partner - Worcestershire County Council

APPENDIX 1 – GROWING PLACES FUND

