

5.0 WLEP BUDGET AND LOCAL GROWTH FUND PROGRAMME UPDATE

FAR COMMITTEE RECOMMENDATION

That the Committee:

1. notes the outturn position in respect of the 2020/2021 WLEP Revenue Budget and approves the Final Income and Expenditure Accounts for 2020/2021 for subsequent inclusion in the WLEP Annual Report
2. notes the draft revenue budget for 2021/22
3. notes the outturn position for Local Growth Fund (LGF) 2020/2021
4. notes the current position in respect of the Growing Places Fund
5. notes the summary outturn position in respect of the Getting Building Fund
6. notes the outturn position in respect of the Growth Hub
7. makes the relevant recommendations to WLEP Board in relation to items 1 to 6 above

5.1 Purpose of the Report

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

- outturn position in respect of the 2020/2020 Growth Deal funded programmes;
- draft revenue budget for 2021/22;
- outturn position in respect of the 2020/2021 WLEP Revenue Budget
- current position in respect of the Growing Places Fund;
- outturn position in respect of the Getting Building Fund;
- outturn position in respect of the Growth Hub.

5.2 2020/21 Growth Deal funded programme

5.2.1 **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

5.2.2 The WLEP funding for 2020/2021 was £10.369m. The total outturn for the financial year has maximised the funding available so that there is no overall variance. In this way WLEP has maximised its use of LGF in this financial year. This is shown in detail at **Table 2**.

5.2.3 **Table 2** shows the use of Growth Deal monies across schemes in 2020/2021.

Table 2 – 2020/2021 LGF Outturn

2020/2021 Schemes	2020/2021 Budget (£000)	2020/2021 Spend Claimed from LGF	Variation (£000)
Bromsgrove A38	5,794	6,120	326
Pershore Northern Link Improvements	3,800	3,277	(523)
Churchfields	553	0	(553)
HoW Duckworth Centre of Engineering	222	222	0
Southern Link Road	0	750	750
Total	10,369	10,369	0

5.2.4 WLEP Board should note that, unlike in previous years, LGF funding is not be able to be carried into future years as 2020/21 was the final year of the funding being available. The balance of the shortfall of £750k on expenditure against LGF schemes within 2020/2021 has been utilised to fund expenditure on the Southern Link Road scheme previously funded by the WLEP in line with the decision made as part of the November WLEP Board.

5.2.5 The funding required to offset the slippage on spend in 2020/21 against Pershore and Churchfields will be covered in 2021/22 by local authority funding released by applying these Freedoms and Flexibilities in 2020/21.

5.3 WLEP Revenue Budget

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

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

5.3.2 The 'other income' related to budgeted sponsorship and exhibition fees planned for the annual conference.

5.3.3 The year-end position indicates an underspend against budget of **£127,657** which will be transferred to the WLEP reserve. The underspend is largely as a result of the impact of Covid-19 which resulted in reduced running costs of the WLEP, a reduced cost associated with the annual conference which was held virtually and delays in the planned upgrade of the LEP Executive's ICT equipment.

5.3.4 The Assurance Framework requires the LEP to publish an Income and Expenditure account within its Annual Report covering core costs, Local Growth Fund, Getting Building Fund, and Growing Places Fund.

5.3.5 **Appendix 1** provides the Final Income and Expenditure Accounts for the year ending 31st March 2021. Subject to ultimate approval by the WLEP Board, these will be included within the WLEP Annual Report.

- 5.3.6 It is worth reminding the Committee that 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.
- 5.3.7 These figures are provisional and draft until the accounts have been formally audited and signed off by Grant Thornton. Should there be any amendments to the figures detailed in this report, an update will be provided to a subsequent meeting.
- 5.3.8 Based on current indications, the revenue budget requirement for 2021/22 will be similar to that of 2020/21. As such, it is expected that the LEP's Core budget for 2021/22 will remain at **£662k**, comprising:
- iv) DCLG income of £500k,
 - v) Local authority income of £150k, and
 - vi) Other income of £12k

5.4 Current position regarding Growing Places Fund

- 5.4.1 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.
- 5.4.2 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.
- 5.4.3 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).
- 5.4.4 At WLEP Board in November a further £150k was allocated to W5G giving a total allocation for this scheme of £1.025m.
- 5.4.5 At present, £1.050m remains available for future allocation as well as the £250k allocation for Project Development. Further future funding may become available as loans issued from Growing Places continue to be repaid.
- 5.4.6 A detailed split of the amounts relating to grants allocated and the two loans (WCCC and Select Research) remaining to be repaid are shown at **Appendix 2**.

5.5 Getting Building Fund

- 5.5.1 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.
- 5.5.2 WLEP was successful in being awarded up to £12m of capital relating to this fund, and £6m was paid to the WLEP in 2020/21 with a further £6m expected in 2021/22. The projects covered and the planned expenditure profile for each scheme are outlined in **Table 4** and equate to £11.970m, with a further £30k approved for costs associated with project management. This excludes any match funding identified for each scheme.

4.5.3 Work is ongoing to finalise the position for each of the schemes in the GBF for 2020/2021. The full amount of £6m will be claimed in 2020/2021 as any shortfall in expenditure across the whole programme will be claimed from the land purchase at Shrub Hill. A detailed breakdown will be provided in the July report.

4.5.4 In addition, a further £2.405m Capacity Funding Grant for LEPs (shared nationally) to support delivery of the Getting Building Fund was announced by MHCLG in 2020/21. WLEP has been allocated £55k of revenue funding as part of this. This has been carried forward as a receipt in advance in the accounts for use in 2021/2022.

Table 4 – Getting Building Fund Original Forecast position

Project Name	Total Budget £'000	Budget 2020/21 £'000	Budget 2021/22 £'000
Superfast Worcestershire – Rural Gigabit Connectivity	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

5.6 Growth Hub

5.6.1 The Growth Hub’s primary source of funding is from Department for Business, Energy and Industrial Strategy (BEIS), and routed via LEPs. The current funding from BEIS is secured until March 2022. 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. The BEIS Core funding totalled £205k and the ERDF funding is £105k.

5.6.2 The focus for Worcestershire’s Growth Hub (Worcestershire Business Central) has been to facilitate support for all businesses, from start-up to scale-up, and to simplify the business support landscape, essentially creating a ‘one-stop shop’ for business support across the county. The team of nine people have been employed to engage with businesses and signpost them to support – this could be through face to face, telephone (inbound and outbound) or through website and social media. Over the last nine months, reacting to the Covid-19 crisis, this focus has shifted from sign-posting businesses to external support, to direct delivery of support.

5.6.3 This shift to delivery has also come with additional funding in 2020/21. The first tranche of funding came through as supplementary money of £257k to support the further development of the Growth Hubs aligned to the Government’s commitment to ensure that businesses in every region have access to high quality free and impartial advice and guidance via Growth Hubs. In addition, it was also awarded in recognition of the immediate pressures faced by Growth Hubs as a result of Covid-19 to support delivery of activities and solutions to alleviate immediate pressures on businesses caused by COVID-19.

- 5.6.4 The second tranche of additional funding in 2020/21 was mostly awarded through specific, time-restricted projects, and was awarded between September and December 2020 for delivery by 31 March 2021. This funding supported the Growth Hub (and partners) to deliver 11 cohorts on Peer to Peer networks (£144k), award 125 ERDF grants to businesses affected by Covid (£370k) and offer local and regional specialist support to all businesses affected by EU Transition (£136,050).
- 5.6.5 The overall position on the Growth Hub at year end was a minor overspend of £871 which has been met from the WLEP reserves.

Report Authors and Contact Officers

Debra Goodall - Senior Finance Business Partner - Worcestershire County Council

Steph Simcox – Deputy Chief Financial Officer (Service Finance) - Worcestershire County Council

Worcestershire LEP Year Ended 31st March 2021

Income and Expenditure Account

Income	Actual £
Core Funding	500,000
Growth Hub	205,000
Growth Hub Supplementary Funding	257,000
Local Government Contribution	140,000
Contribution for Getting Building Fund	0
Additional Getting Building fund	0
EU Transition Business Readiness	136,050
Peer to Peer income	144,167
Sponsorship and other income	5,746
Apprenticeship Event	75,000
Total Income	1,462,963
Expenditure	
Staffing	-384,670
Growth Plan Project Activity	-205,000
Supplementary Growth Plan Project Activity	-257,000
EU Transition Business Readiness Project Activity	-136,887
Peer to Peer expenditure	-144,167
Apprenticeship Hub	-83,777
External Consultancy Support / Research	-29,770
Services and Supplies	-74,806
Training	-289
Other fees / Expend	-18,940
Total Expenditure	-1,335,306
Excess of income over core expenditure budget	127,657

Reserve balances as at 31st March 2021

	Total Reserve £	LEP General Reserve £	Apprenticeship Reserve £	BetaDen Reserve £
Opening Reserve position	264,069	116,315	99,095	48,659
		0		3,180
Transfer from Skills Reserve for 20/21	-8,777	0	-8,777	
Transfer to WLEP Core budget	136,434	136,434		
Excess of income over core expenditure budget	127,657	136,434	-8,777	0
Transfer to redundancy reserve from BetaDen	3,180			3,180
LEP Reserve Balance at 31.3.21	394,906	252,749	90,318	51,839

APPENDIX 2 – GROWING PLACES FUND

