

5.0 WLEP BUDGET REPORT – Q1 2022/23

FAR COMMITTEE RECOMMENDATIONS

That the FAR Committee notes and recommends to WLEP Board:

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

5.1 Purpose of the Report

To provide the Committee 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.

5.2 2022/23 WLEP Revenue Budget

5.2.1 The LEP's Core budget for 2022/23 is **£535k**, comprising:

- i) DLUHC income of £375k,
- ii) Local authority income of £150k, and
- iii) Other income of £10k.

5.2.2 Current expenditure levels indicate that the WLEP budget is forecasting a broadly breakeven position following the agreed transfer from reserves of c£21k.

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

5.2.4 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.

5.2.5 Following approval at the WLEP Board meeting on 20 May, £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 forecast closing balance on the reserve, subject to the need for any redundancy payments, would be c£628k.

5.2.6 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.

5.3 Current position regarding Growing Places Fund (GPF)

- 5.3.1 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, which includes a ring-fenced allocation of £246k which has been previously earmarked for Project Development.
- 5.3.2 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.

5.4 Getting Building Fund programme

- 5.4.1 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.
- 5.4.2 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.
- 5.4.3 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.
- 5.4.4 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. At the end of Q1, spend being reported is £469,971 as shown in **Table 1** and the spend profiles being received from the project managers indicate full defrayal within this financial year.

Table 1 – GBF summary including Q1 actuals and year end forecast for 2022/23

	2020/21	2021/22 POSITION					Total both years	F&F 2022/23	2022/23 POSITION						
	TOTAL	Q1	Q2	Q3	Q4	Total			Q1	Q2 Forecast	Q3 Forecast	Q4 Forecast	Total		
	£	£	£	£	£	£			£	£	£	£	£		
Malvern Technology Park	265,933	25,500	158,322	122,076	1,002,021	1,307,919	1,573,852	-276,148	276,148	0	0	0	0	276,148	
Worcester Shrub Hill Quarter	84,082		96,542	238,843	430,533	765,918	850,000		0	0	0	0	0	0	
Redditch Transport Interchange	30,867	7,400	105,174	52,259	466,055	630,888	661,755	-338,245	173,903	0	164,341	0	0	338,245	
Superfast Worcestershire - Gigabit Connectivity			47,000	182,000	271,000	500,000	500,000	0	0	0	0	0	0	0	
A456 Improvements: Hagley	160,559	38,462	10,979	0	0	49,441	210,000	0	0	0	0	0	0	0	
Hoobrook Island Capacity Improvements	150,000		1,150,000	0	0	1,150,000	1,300,000	0	0	0	0	0	0	0	
Health, Wellbeing and Inclusive Sport	992,519	798,532	863,211	57,419	288,318	2,007,481	3,000,000	0	0	0	0	0	0	0	
Construction & Automotive Skills Centre		5,100	29,100	22,740	70,386	127,326	127,326	-422,674	19,920	5,760	55,000	341,994	0	422,674	
Low Carbon Housing - Burcot Lane			0	503,382	106,619	610,001	610,001	0	0	0	0	0	0	0	
Kepax Walking & Cycling Bridge	500,000	92,488	407,512	0	0	500,000	1,000,000	0	0	0	0	0	0	0	
Vale Business Park Development	600,000			0	0	0	600,000	0	0	0	0	0	0	0	
Flood Resilience - Tenbury Wells	143,734		184,507	80,320	91,439	356,266	500,000	0	0	0	0	0	0	0	
Claimed	2,927,693	967,482	3,052,347	1,259,039	2,726,372	8,005,240	10,932,934	-1,037,067	469,971	5,760	219,341	341,994	0	1,037,067	
Freedoms & Flexibilities	3,072,307	COUNCIL'S USE OF RESOURCES					-2,035,240	-2,035,240	-1,037,067	469,971	5,760	219,341	341,994	0	3,072,307
Total Capital	6,000,000	Total Capital					5,970,000	11,970,000	0	469,971	5,760	219,341	341,994	0	3,072,307
Project Management - Revenue	30,000	Project Management - Revenue					55,000	85,000	0						-
Total GBF	6,030,000	Total GBF					6,025,000	12,055,000	1,037,067						-

5.5 Growth Hub

5.5.1 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.

5.5.2 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.

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