

4.0 WLEP BUDGET AND LOCAL GROWTH FUND PROGRAMME UPDATE

FAR COMMITTEE RECOMMENDATIONS

That the Committee:

1. notes the current forecast position in respect of the 2020/2021 WLEP revenue budget, including balance of reserves
2. notes the current forecast position for Local Growth Fund (LGF) 2020/21
3. notes the current position in respect of the Growing Places Fund
4. notes the current position in respect of the Getting Building Fund
5. notes the current position in respect of the Growth Hub
6. makes the relevant recommendations to WLEP Board in relation to items 1 to 5 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 2020/21 Growth Deal funded programmes;
- Forecast outturn position in respect of the 2020/21 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 2019/20 Growth Deal funded programme

4.2.1 **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

4.2.2 The WLEP funding for 2020/21 is £10.369m. A full review of each of the projects was undertaken in June 2020 in conjunction with DCLG. Previously it was reported that LGF funding agreed by WLEP Board in 2020/21 was expected to slip by c£1m on Pershore Northern Link Improvements.

4.2.3 At quarter 3, it is now anticipated that funding sources for this project may be managed to maximise the use of the LGF in 2020/21. This latest position on the LGF is shown in detail in **Table 2**.

Table 2 – 2020/21 LGF Budget and Forecast

2020/21 Schemes	2020/21 Budget (£000)	2020/21 YTD spend on scheme (£000)	2020/21 Forecast (£000)	Variation (£000)
Bromsgrove A38	5,794	3,610	5,794	0
Pershore Northern Link Improvements	3,800	2,236	3,800	0
Churchfields	553	1,889	553	0
Duckworth Centre of Engineering	222	222	222	0
Total	10,369	7,957	10,369	0

4.2.4 FAR should note that, unlike in previous years, LGF funding will not be able to be carried into future years and will need to be fully committed by 31 March 2021. Any shortfall on expenditure against LGF within 2020/21 will be utilised to fund expenditure on schemes previously funded by the WLEP in line with the decision made as part of the November WLEP Board.

4.3 2020/21 WLEP Revenue Budget

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

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

4.3.2 Current expenditure levels indicate that the WLEP budget is currently forecasting an underspend position of £63k. There is a £20k anticipated underspend on salaries due to a vacancy arising part way through the year. The remaining underspend relates mainly due to the impact of covid on the expenditure profile of the WLEP during 2020/21. This includes the additional revenue funding relating to the operation of the Getting Building Fund (£85k).

4.3.3 This position assumes that all relevant Local Authorities pay their WLEP contribution as agreed for 2020/21.

4.3.4 Any underspend or overspend on the WLEP budget in 2020/21 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 £156k in the WLEP General Reserve, the majority of which will need to be maintained to cover any potential redundancies for the Executive Team and the team currently employed by the Chamber of Commerce (shortly to transition to Worcester City Council) to support the Growth Hub.

Table 4 – WLEP Reserve position

	2020/21 Opening Balance (£000)	2020/21 Forecast Movements (£000)	2020/21 Forecast Closing Balance (£000)
WLEP General Reserve	116	40	156
WLEP Apprenticeship Reserve	99	-75	24

BetaDen Redundancy Reserve	49	3	52
Total	264	-32	232

4.3.5 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.

4.4 Current position regarding Growing Places Fund

4.4.1 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.

4.4.2 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.

4.4.3 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).

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

4.4.5 At present, £1.049m 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.

4.4.6 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**.

4.5 Getting Building Fund

4.5.1 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. 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 has been announced by MHCLG. WLEP has been allocated £0.055m of revenue funding as part of this. This is reflected in the revenue position reported as part of paragraph 4.3.2.

4.5.3 The £12m funding will be paid to WLEP equally across 2020/21 and 2021/22 (£6m per year). The planned expenditure profile for each scheme is also identified in **Table 5**. This excludes any match funding identified for each scheme.

4.5.4 A detailed review of this has been undertaken and the latest forecast position for each year is reflected in **Tables 6 and 7**.

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 – Getting Building Fund Forecast position for 2020/21

	Expected GBF 20/21 (the revised bid)	Expected Match 20/21	Total 20/21	TOTAL FORECAST SPEND 20/21	TOTAL VARIANCE 20/21
Malvern Technology Park	£850,000	£825,000	£1,675,000	£975,000	-£700,000
Worcester Shrub Hill Quarter & Station Masterplan	£50,000	£50,000	£100,000	£100,000	£0
Redditch Transport Interchange	£250,000	£200,000	£450,000	£400,000	-£50,000
Superfast Worcestershire - Gigabit project	£300,000	£0	£300,000	£0	-£300,000
A456 Improvements (Hagley)	£110,000	£55,000	£165,000	£165,000	£0
Hoobrook Island Improvements	£800,000	£1,440,000	£2,240,000	£1,383,000	-£857,000
Health, Wellbeing & Inclusive Sport	£2,000,000	£1,000,000	£3,000,000	£2,000,000	-£1,000,000
Construction & Automotive Skills Centre	£0	£30,000	£30,000	£60,000	£30,000
Low Carbon Housing - Burcot Lane	£0	£1,000,000	£1,000,000	£1,000,000	£0
Keepax Walking & Cycling Bridge	£500,000	£1,034,055	£1,534,055	£1,359,055	-£175,000
Vale Business Park Expansion	£600,000	£1,400,000	£2,000,000	£2,000,000	£0
Flood Resilience - Tenbury Wells	£600,000		£600,000	£250,000	-£350,000
TOTAL	£6,060,000	£7,034,055	£13,094,055	£9,692,055	-£3,402,000

Table 7 – Getting Building Fund Forecast position for 2021/22

	Expected GBF 21/22 (the revised bid)	Expected Match 21/22	Total 21/22	TOTAL FORECAST SPEND 21/22	TOTAL VARIANCE 21/22
Malvern Technology Park	£500,000	£1,700,000	£2,200,000	£3,400,000	£1,200,000
Worcester Shrub Hill Quarter & Station Masterplan	£800,000	£100,000	£900,000	£900,000	£0
Redditch Transport Interchange	£750,000	£0	£750,000	£800,000	£50,000
Superfast Worcestershire - Gigabit project	£200,000	£0	£200,000	£500,000	£300,000
A456 Improvements (Hagley)	£100,000	£90,000	£190,000	£190,000	£0
Hoobrook Island Improvements	£500,000	£960,000	£1,460,000	£2,417,000	£957,000
Health, Wellbeing & Inclusive Sport	£1,000,000	£2,000,000	£3,000,000	£4,000,000	£1,000,000
Construction & Automotive Skills Centre	£550,000	£520,000	£1,070,000	£1,040,000	£-30,000
Low Carbon Housing - Burcot Lane	£610,000	£10,000,000	£10,610,000	£10,610,000	£0
Kepax Walking & Cycling Bridge	£500,000	£900,512	£1,400,512	£1,525,510	£124,998
Vale Business Park Expansion	£0	£550,000	£550,000	£550,000	£0
Flood Resilience - Tenbury Wells	£400,000	£300,000	£700,000	£550,000	£-150,000
TOTAL	£5,910,000	£17,120,512	£23,030,512	£26,482,510	£3,451,998

4.6 Growth Hub

4.6.1 The Growth Hub is made up of an annual grant of £205k from the Department for Business Energy and Industrial Strategy (BEIS) paid out to WLEP on a quarterly basis. In addition, in 2020/21, BEIS provided supplementary funding for core Growth Hub delivery activities and solutions to alleviate the immediate pressures presented by COVID-19 of £10m across the country. WLEP's allocation of this is £257k and will be paid on a quarterly basis in line with expenditure incurred. Both grants are expected to be fully spent by the end of 2020/21.

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APPENDIX 1 – GROWING PLACES FUND

