

# Hull and East Yorkshire LEP Board

Humber LEP Outturn report 2020/21

Report to the Board, 21<sup>st</sup> July 2021

Joint Report from the HEY LEP Chief Operating Officer and Hull City Council (HEY LEP Accountable Body).

## 1. Summary

1.1 This report updates the LEP Board on the Funding position of those funds where Hull City Council is the Accountable Body. This covers the financial year to 31<sup>st</sup> March 2021. These figures relate to the predecessor LEP, the Humber LEP. Balances from the Humber LEP roll forward to HEY LEP.

1.2 The National Local Growth Assurance Framework requires us to adhere to the following:

*In order to allow the public to access information regarding public funds overseen by the LEP, each LEP, in addition to any requirements linked to their model of incorporation e.g. the publication of company accounts, must publish a financial statement each year within their annual report, including:*

- a. *The total amount of funds within the LEP's direction or control at the start and end of the financial year;*
- b. *The total amounts committed by the LEP to external organisations through grants and risk finance (loans, equity, guarantees and quasi-equity);*
- c. *The total amounts committed to suppliers to purchase goods, works or services; and*
- d. *The total amounts incurred in running the LEP (for example salary costs, lease payments and expenses).*

### How met

*Summary position in section 3/  
Details are set out at Appendix 5*

*Grants through the LGF are shown in Appendices 2a and 2b, Grants through the GBF are shown in Appendices 3a and 3b, loans through GPF are in Appendix 3*

*Details are in Appendix 6*

*Summary provided in section 4/  
with full details set out at Appendix 1*

1.3 This report & its appendices fulfil that requirement

## 2. Recommendations

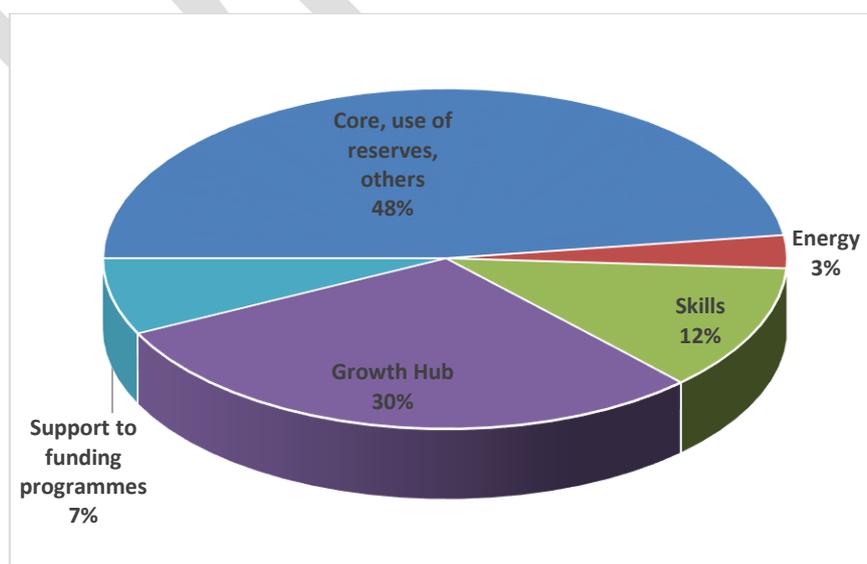
- 2.1 That the year-end position be noted.
- 2.2 That the HEY LEP Board note and affirm commitments against Reserves, as previously approved by the Humber LEP Board as set out in section 9.
- 2.3 That the HEY LEP Board note and approve the contract variations for Local Growth Fund Projects as set out in appendix 2c and Getting Building Fund projects as set out in appendix 3c.

## 3. Summary Position

- 3.1 Overall, the position is as below.

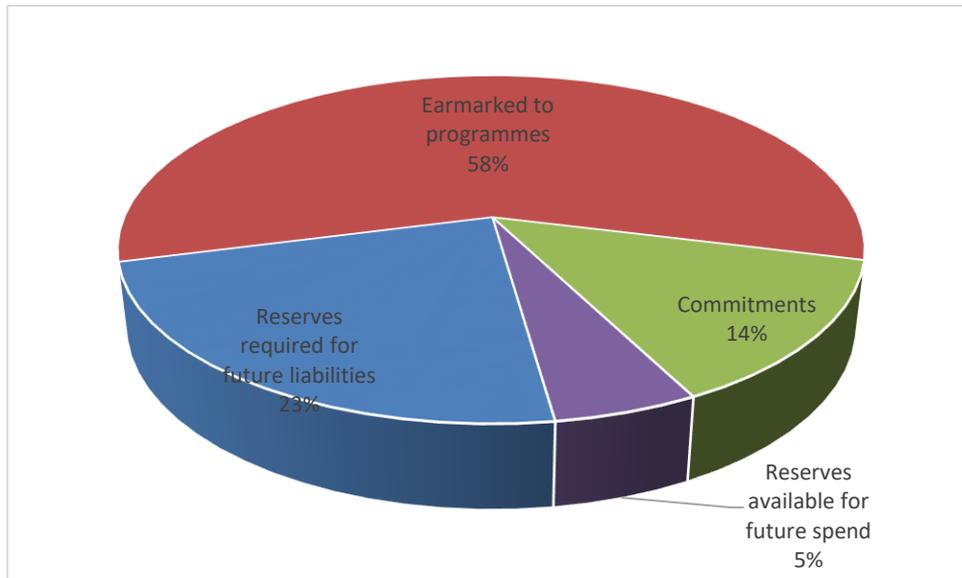
|                     | <u>Revenue</u><br>£'m | <u>Capital</u><br>£'m | <u>Total</u><br>£'m |
|---------------------|-----------------------|-----------------------|---------------------|
| Balance b/f         | 1.00                  | 14.55                 | 15.55               |
| Income in year      | 1.97                  | 29.01                 | 30.99               |
| Expenditure in year | (1.81)                | (26.99)               | (28.80)             |
| Balance c/f         | 1.16                  | 16.57                 | 17.73               |

- 3.2 Further detail on the individual funding streams is given later in this report and the appendices. The above table shows all funding that comes within the influence of the LEP not just monies spent directly.
- 3.3 Appendix 6 details all spend across all programmes. Revenue spend is across the following broad categories.



## Reserves

- 3.4 Details of reserves are covered in the following sections and in appendix 5, but the overall disposition of reserves at the year is illustrated below.



## 4. Core Funding

- 4.1 Details of the spend vs budget for Core costs are attached at appendix 1 alongside an explanation for significant variances
- 4.2 The core budget for the Humber LEP in 2020/21 was £700,000 (£500,000 from BEIS and £50,000 each from the 4 local authorities).
- 4.3 Sections 8 & 9 of this report outline the committed spend, including the provision of future liabilities and provides an analysis of funds presently available for discretionary use in 2021/2022 or subsequent years. Sections 10 to 15 cover other funding received by the LEP during the financial year.
- 4.4 The 21/22 budget assumes use of £2,500 of the free reserves.
- 4.5 Spend against previous years commitments are shown separately at appendix 1 and also within this report.

**At the time of writing BEIS had not released the Core Funding of £500,000 for 2021/22. This means that the HEYLEP is presently operating at risk and operations are in effect bankrolled by HCC as Accountable Body. Should all of the funding not be forthcoming then there will need to be savings identified and there may be a further need to call on reserves.**

## 5. Local Growth Fund

- 5.1 Through three Growth Deals secured with Government between 2014 and 2017, the Humber LEP secured £131.71m to deliver a programme of capital investments targeting identified growth priorities and maximising the potential offered by the Humber Estuary. They included investment in flood alleviation, transport, housing and place-making, as well as £8.23m ring-fenced to support investment in skills.
- 5.2 The Local Growth Fund ended on 31st March 2021 with the significant majority of these projects being financially and physically complete at this time. However, a small number of projects have experienced delivery slippage and will be completed in the current financial year. In addition, there is an ongoing requirement to monitor and report output delivery for the programme. Full benefit realisation for many schemes will come in future years.
- 5.3 The position at the end of the year was as shown in the table below.

| <u>LGF</u>     |                   |
|----------------|-------------------|
| underspend b/f | £5,699,827        |
| grant in year  | £22,232,046       |
| spend in year  | (£22,413,899)     |
|                | (£181,853)        |
| underspend c/f | <u>£5,517,975</u> |

- 5.4 Details on scheme specific spend is shown at Appendix 2. The underspend represents 4.2% of the total allocations
- 5.5 Spend and progress on the Local Growth Fund was presented regularly to the Humber LEP Board and ongoing updates on the funding will be presented to the HEY LEP Board.
- 5.6 As the Board will note there are some projects that have not spent at the end of the financial year. BEIS allow a series of “freedoms and flexibilities” that – in essence – allow the Accountable Body to temporarily substitute similar spending from its own resources to comply with BEIS requirements. This allows us to carry forward any underspend, although we expect that BEIS will require spend to have taken place by 30<sup>th</sup> September 2021.
- 5.7 These schemes are expected to spend fully during 2021/22 and are as follows:

|  | <b>Grant o/s at<br/>31/3/21</b> |
|--|---------------------------------|
| Growing the Humber 3 - Business Growth Programme | £353,804                        |
| Stoneferry Road                                  | £2,178,317                      |
| Development of Priory Park                       | £1,074,721                      |
| Central Cleethorpes Regeneration Programme       | £35,781                         |
| Humber High Street Challenge Fund                | £399,999                        |
| Brough Relief Road Phase 3                       | £1,450,624                      |

- 5.8 In addition the programme management budget has underspent by just under £24,700. £5,400 of this is committed for the final payment on the LGF evaluation work and it is proposed that the residual balance is transferred to the GBF programme management budget with the two combined to manage the overall programmes.
- 5.9 These funds roll forward to the HEY LEP in accordance with the report on Transition and Legacy plans approved by the Humber LEP Board<sup>1</sup>. Responsibility for ongoing monitoring of projects on the South Bank will pass to GLLEP once the projects are financially complete. This applies to 4 projects<sup>2</sup>. To avoid the complexity of novating funding agreements to Lincolnshire County Council (accountable body for GLLEP) these will remain with Hull City Council.

#### Revenue Support

- 5.10 Details of the balance on the revenue fund is shown at Appendix 6. The fund is made up of interest earned on unspent balances offset by costs of the Accountable Body. The balances are available to be carried forward in full against which Accountable Body costs will continue to be charged until the fund is exhausted,

#### Capital switching

- 5.11 The grant received by the Accountable Body for this scheme comes via s31 grant, which means that it is all required to be spent in year on capital schemes. BEIS allow us the undertake “capital switching” which in effect means that we can apply the grant temporarily against other capital schemes undertaken by the Accountable Body - in effect a form of temporary borrowing.
- 5.12 In relation to this scheme, we have spent more in the year than we received in grant (& have done since 2016/17) therefore there is no in-year capital switching required for the LGF funding, this having already having taken place in the first 3 years of the programme.

<sup>1</sup> Minute 296, Humber LEP Board meeting 19<sup>th</sup> March 2020

<sup>2</sup> These are - Grimsby Town Centre: Unlocking the Potential, Central Cleethorpes Regeneration Programme, Constructing Future Growth and the South Humber Gateway

Contract variations

5.13 Arising from the outturn position, there are a number of projects where spend has not been completed and therefore the Accountable Body, in conjunction with the LEP, needs to formally vary the contracts in place to allow spend to take place beyond 31/3/21. These are detailed at appendix 2c.

**6. Getting Building Fund**

6.1 On 30th June 2020, the Prime Minister set out the Government's 'New Deal'. As part of that announcement, the Prime Minister announced that Government will be making £900m available through the new Getting Building Fund investing in local infrastructure projects to drive economic growth. An allocation of £13.4m was confirmed for the LEP, over 2020/21 and 2021/22. This allocation covered Hull and East Yorkshire only.

6.2 Funding has been allocated through a competitive process and the Getting Building Fund is investing in projects that create jobs and support economic recovery.

6.3 The position at the end of the year was as shown in the table below.

| <u>GBF</u>     |              |                   |
|----------------|--------------|-------------------|
| underspend b/f |              | £0                |
| grant in year  | £6,700,000   |                   |
| spend in year  | (£4,576,850) |                   |
|                |              | £2,123,150        |
| underspend c/f |              | <u>£2,123,150</u> |

6.4 Details on scheme specific spend is shown at Appendix 3.

6.5 The same "freedoms and flexibilities" applies to GBF as it does to LGF in relation to spend at the end on 2020/21. As yet it is unclear whether this will also apply to the end of 2021/22 and therefore it is imperative that projects ensure spend takes place prior to 31<sup>st</sup> March 2022.

6.6 These funds roll forward to the HEY LEP in accordance with the report on Transition and Legacy plans approved by the Humber LEP Board<sup>3</sup>.

<sup>3</sup> Minute 296, Humber LEP Board meeting 19<sup>th</sup> March 2020

### Revenue Support

- 6.7 Support for the GBF and LGF projects are in effect taken together for 2020/2021 whilst LGF revenue funding is in place. Details of the balance on the revenue fund is shown at Appendix 6. The fund is made up of interest earned on unspent balances plus we have received an additional £50,000 contribution from BEIS, offset by costs of the Accountable Body. These funds roll forward to the HEY LEP. Costs in relation to the day to day support of the programme are to be capitalised.

### Capital switching

- 6.8 The grant received by the Accountable Body for this scheme comes via s31 grant, which means that it is all required to be spent in year on capital schemes. BEIS allow us the undertake “capital switching” which in effect means that we can apply the grant temporarily against other capital schemes undertaken by the Accountable Body - in effect a form of temporary borrowing.
- 6.9 In relation to this scheme, the Accountable Body can confirm that it is able to accommodate the capital switching required.

### Contract variations

- 6.10 Arising from the outturn position, there are a number of projects where spend has not been completed and therefore the Accountable Body, in conjunction with the LEP, needs to formally vary the contracts in place to allow spend to take place beyond 31/3/21. These are detailed in Appendix 3c.

## **7. Growing Places Fund – business loans**

### Loans fund

- 7.1 The Humber LEP has received two tranches (in February and March 2012) of Growing Places Funding from central Government, totalling £8,097,724 (capital) and £664,516 (revenue) funding. These funds are held by Hull City Council as Accountable Body. The Growing Places Fund was designed to support key infrastructure projects designed to unlock wider economic growth, create jobs and build houses in England through providing access to low cost finance especially where had been stalled or delayed due to instances of prior lack of investment in infrastructure or land assembly through market or the planning process.
- 7.2 Details of the revenue account is shown at Appendix 5. It should be noted that this funding was a one off and balances will continue to fall. At present

this pays for the cost of an officer and due diligence costs on potential projects.

7.3 These funds roll forward to the HEY LEP in accordance with the report on Transition and Legacy plans approved by the Humber LEP Board<sup>4</sup>.

Loans fund position

7.4 In summary the position is:

|  |                                   |
|--|-----------------------------------|
|  | <u>Position at<br/>March 2021</u> |
| Total funds b/f  | £8,849,552                        |
| Interest earned in year  | £80,002                           |
|  | <u>£8,929,554</u>                 |
| gross value of loans outstanding                                   | (£5,635,030)                      |
| potential further advances on existing loans                       | (£1,330,488)                      |
| total available for lending  | <u>£1,964,036</u>                 |
| potential loans at some point in the approval process <sup>5</sup> | £1,500,000                        |
| available balance if <u>all</u> applications subsequently approved | £464,036                          |
|  | <u>£1,964,036</u>                 |

7.5 It should be noted that the number and value of potential loans is a dynamic figure.

7.6 Movement on the loans during the year has been:

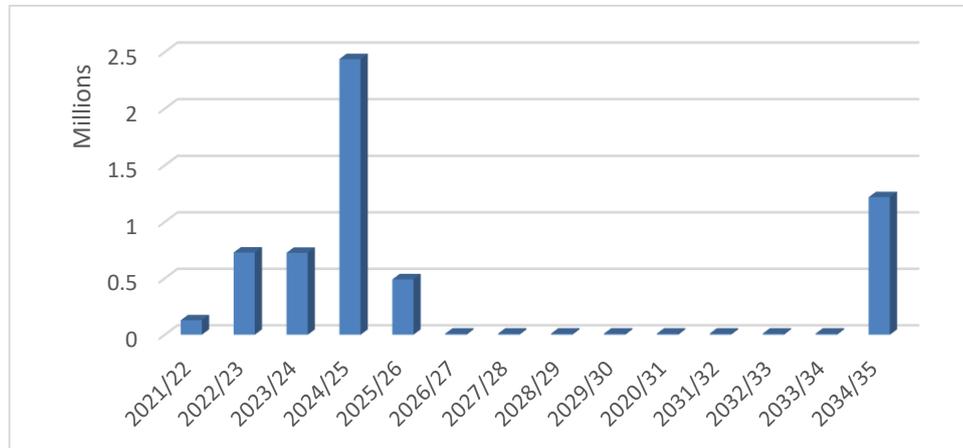
|                          |                              |
|--------------------------|------------------------------|
|                          | <u>loans<br/>outstanding</u> |
| Balance b/f              | £4,236,417                   |
| loans made in the year   | £1,737,531                   |
| loans repaid in the year | (£418,921)                   |
| interest earned          | £80,002                      |
|                          | <u>£5,635,030</u>            |
| provision for bad debts  | (£200,864)                   |
|                          | <u>£5,434,165</u>            |

<sup>4</sup> Minute 296, Humber LEP Board meeting 19<sup>th</sup> March 2020

<sup>5</sup> Represents two loans approved in principle, final business cases are awaited for both. Final approval will be dependent upon funds being available at the time, an assessment of the final business case itself and ultimately Board approval of the loan proposal.

### Recycled funds

- 7.7 The chart below shows the expected amounts repaid from existing loans over future years. These funds will be available for re-investment.



- 7.8 The Humber Street loan is due for a bullet repayment at the end of 24/25. Should properties be sold earlier then partial repayments are payable at that point.

### Bad debts

- 7.9 At the year end, we are making provision for potential non-payment against one loan.
- 7.10 Trinity Quays LLP: The owner of TQ llp Mr Fulstow has an IVA in place with Quantuma llp acting as his nominees. This commenced in September 2016. The report from the IP in October 2018 effectively halved the assumed realisations of Mr Fulstow's assets (with none actually realised over the two years at that point) and suggested at best a final distribution rate of 16p per £1, but the bulk of that comes from a property described as being in a "poor state". The other main asset, being shares in an Egyptian Hotel, are expected to have "little value". Therefore, overall 100% of this loan has been provided for.

### Growing Places - revenue

- 7.11 Details of the balance on the revenue fund is shown at Appendix 6.

### Equity, guarantees and quasi-equity

- 7.12 There are no commitments or transactions in respect of equity, guarantees and quasi-equity

## 8. Future commitments

- 8.1 The LEP needs to carry a level of base reserves to reflect any future commitments, including any redundancy costs should funding no longer be available.
- 8.2 An annual re-assessment of this figure will take place including reflecting updates as to the potential future status of the LEP and its funding streams alongside staff and other changes.
- 8.3 Details of the required level of commitments (in summary form) is set out in Appendix 5. Clearly, these values are calculated based on the individual's age, length of service and salary and therefore – for the organisation - can change significantly should there be changes of personnel. Pension strain costs are especially volatile and highly dependent upon an individual's age.
- 8.4 In addition we continue to retain responsibility for the ESIF programme across the Humber where liabilities are possible. This programme closes in 2023 at which point we will assess which liabilities might fully crystalize. At this stage it is not possible to assess a potential value.

## 9. Use of Reserves

- 9.1 The table below details the use of Humber LEP reserves previously authorised by the Board. Spend on commitments brought forward from 2019/20 has been severely impacted by restrictions in place as a consequence of the pandemic with significant commitments related to physical events and marketing which did not take place.

| <u>Commitments</u>                                | <u>bal b/f</u>  | <u>allocated<br/>in year</u> | <u>spend in<br/>year</u> | <u>Transfer<br/>(to)/<br/>from<br/>Core</u> | <u>Newly<br/>arising</u> | <u>bal c/f</u> | <u>Report<br/>Ref</u> |
|---|-----------------|------------------------------|--------------------------|---|--------------------------|----------------|-----------------------|
| Activity to support the education & skills agenda | £69,463         |                              | (£39,239)                |   | £23,776                  | £54,000        | 9.2                   |
| Marketing   | £17,405         |                              | (£1,680)                 |   |                          | £15,725        | 9.4                   |
| Business day                                      | £15,056         |                              | £0                       | (£12,556)                                   |                          | £2,500         | 9.5                   |
| Humber Energy Campus                              | £6,300          |                              | £0                       |   |                          | £6,300         | 9.6                   |
| Chair's remuneration                              |                 | £30,000                      | (£24,842)                | (£5,158)                                    |                          | £0             |                       |
|   | <b>£108,224</b> | <b>£30,000</b>               | <b>(£65,761)</b>         | <b>(£17,714)</b>                            | <b>£23,776</b>           | <b>£78,525</b> |                       |

| <u>Commitments</u>            | <u>bal b/f</u>  | <u>allocated<br/>in year</u> | <u>spend in<br/>year</u> | <u>Transfer<br/>(to)/<br/>from<br/>Core</u> | <u>Newly<br/>arising</u> | <u>bal c/f</u>  | <u>Report<br/>Ref</u> |
|-------------------------------|-----------------|------------------------------|--------------------------|---|--------------------------|-----------------|-----------------------|
| QICS Reassessment             | £6,000          |                              | (£2,000)                 |   |                          | £4,000          | 9.7                   |
| Gold Standard                 | £21,835         |                              | (£12,868)                |   |                          | £8,967          | 9.7                   |
| Humber LEP Chief<br>Executive |                 |                              |                          |   | £90,000                  | £90,000         | 9.10                  |
|                               | <b>£136,059</b> | <b>£30,000</b>               | <b>(£80,629)</b>         | <b>(£17,714)</b>                            | <b>£113,776</b>          | <b>£181,492</b> |                       |

#### Activity to support the education & skills agenda

- 9.2 The Humber LEP Board previously agreed to set aside £100,000 to support the education and skills agenda, in particular reflecting that more work will be required to respond to the challenges of Brexit and narrowing of the labour pool and to support the actions emanating from the Industrial strategy. This enabled the fixed term employment of an additional member of staff to support on the social inclusion agenda working with client furthest from the labour market leading to an increased future workforce with the focus on young people who are not engaged in education, training or employment
- 9.3 The balance of the fund will be used to support a secondment to the post of Local Digital Skills Manager, which is a **pan Humber role**. This has been previously agreed to be funded until September 2021 and the proposal is to extend this until 31<sup>st</sup> March 2022.

#### Marketing

- 9.4 The residual balance was held to reflect the need to do more promotional work post Covid, alongside maintenance of the Invest Humber web site, on which this years spend took place. The balance will be used to continue the promotion of the Humber as the Energy Estuary at appropriate exhibitions and agreed with the LEP and the Humber Leadership Board.

#### Business Day

- 9.5 The balance was held to support sponsorship of the event, alongside costs in setting up the exhibition space. The Humber LEP Board in March agreed to sponsor the 2021 virtual Business day event at a cost of £2,500. The sponsorship would enable the event to go ahead with quality speakers and on the basis that it would be free for all. The balance of the provision has been released accordingly.

Humber Energy Campus

- 9.6 The balance was to fund a joint event with Hull University and others. Again no spend took place in 20/21 and the balance will be rolled forward.

QICS Reassessment & Quality in Careers Standards (AKA Gold Standard)

- 9.7 This supports the delivery of a national quality careers kite mark to schools and colleges in the Humber area & funding to enable Quality in Careers Standard re-assessments to take place. Funds will be drawn down as standards are achieved over the next 18-24 months.
- 9.8 Potential commitments to date are:

|                                       | <b>Renewal /<br/>Assessment<br/>Fee</b> | <b>Annual<br/>Review</b> | <b>Total</b> |
|---------------------------------------|---|--------------------------|--------------|
| Schools wanting to renew the standard | £4,500                                  | £3,600                   |              |
| Annual Reviews to be completed        |   | £1,600                   |              |
| New applications                      | £1,800                                  | £800                     |              |
|                                       |   |                          | £12,300      |

- 9.9 The remaining balance to be used to support those schools who have/will commit to renew within the time period.

Humber LEP Chief Executive

- 9.10 The Humber LEP Board in January 2021 agreed plans for Humber LEP's Chief Exec to continue in the role on a part time basis from 1<sup>st</sup> April to support the smooth transition and the wind down of Humber LEP and to pick up some of the cross estuarial work. The provision reflects all salary costs, National Insurance etc. for this period alongside the estimated final redundancy package.

**10. Industrial strategy, Freeports & Key Account Management**

|                        | <b>bal b/f</b> | <b>Income in<br/>year</b> | <b>Spend in<br/>year</b> | <b>Transfer</b> | <b>bal c/f</b> | <b>Ref</b> |
|------------------------|----------------|---------------------------|--------------------------|-----------------|----------------|------------|
| Industrial Strategy    | £27,884        | £0                        | £0                       | £0              | £27,884        | 10.1       |
| Freeports              | £0             | £57,000                   | (£36,575)                | £0              | £20,425        | 10.2       |
| Key Account Management | £0             | £52,769                   | (£52,582)                | (£187)          | (£0)           | 10.3       |
| Export support         | £0             | £20,000                   | £0                       |                 | £20,000        | 10.4       |
|                        | <b>£27,884</b> | <b>£129,769</b>           | <b>(£89,157)</b>         | <b>(£187)</b>   | <b>£68,308</b> |            |

### Industrial Strategy & Freeports

- 10.1 The Humber LEP Board agreed that the residual balance from Industrial Strategy Funding would be used to support specific pieces of work including any requirements for Freeports.
- 10.2 During 2020/21 the Humber LEP raised funding to support the Humber Freeports bid – raising £57,000 and spending £36,575 – the balance of £20,425 will be used to contribute towards funding the ongoing business plan development.

### Foreign Direct Investment (FDI) Key Account Management

- 10.3 This is a contract with the Department for Internal Trade to deliver the Northern Powerhouse Key Account Management programme, and the grant is to deliver additional Foreign Direct Investment into the Northern Powerhouse, by enabling the Hull and East Yorkshire Local Enterprise Partnership to identify and engage existing foreign investors in the Hull and East Yorkshire Local Enterprise Partnership area to generate reinvestment in the region. Funding for 21/22 has now been confirmed and this continues on a HEY LEP basis.

### Export Support

- 10.4 The Export Partnership Manager is a role that is seconded to the HEY on an annual basis. The funding has been provided by DIT to their delivery partner EGS Ltd under the levelling up programme, with the remit to develop an export plan for the LEP region. The export plan will look to build an overview of the pan-Humber exporting environment and encourage engagement amongst key partners in order to increase international trade through export, with a strong focus on supporting earlier stage businesses and SMEs to plan for international growth. Funding for 21/22 has not yet been confirmed and this would continue on a HEY LEP basis should this be the case. In addition, the LEP has received funding of £20,000 from Enterprise Growth Solutions towards marketing costs which have already taken place in 21/22. Accordingly £20,000 has been earmarked for this purpose.

## **11. Growth Hub**

|                       | bal b/f | Income in year | Spend in year | Transfer | bal c/f | Ref  |
|-----------------------|---------|----------------|---------------|----------|---------|------|
| Growth Hub            | £2,699  | £454,000       | (£406,511)    | (£20)    | £50,169 | 11.1 |
| EU Transition Funding | £0      | £99,461        | (£98,079)     |          | £1,383  | 11.1 |
| Peer Networks         | £0      | £34,909        | (£34,909)     |          | £0      | 11.1 |
|                       | £2,699  | £588,370       | (£539,498)    | (£20)    | £51,551 |      |

## Growth Hub

- 11.1 The Growth Hub was founded as part of a government scheme which was aimed at simplifying the business support landscape for businesses. The Growth Hub provides a one-stop-shop for businesses, primarily funded by BEIS. During the year the Hub has received core funding, EU transition funding and funding for Peer Networks. The balance carried forward represents committed spend in 21/22 and is therefore fully ringfenced.
- 11.2 The Humber Growth Hub service includes core BEIS-funded advisors, plus three ERDF projects that augment the core offering (growth, ICT and access to finance programmes). Delivery is predominantly via partners (local authorities and e-Factor in North East Lincolnshire).
- 11.3 The Humber Growth Hub will become the HEY Growth Hub on 1 April. BEIS Growth Hub funding allocations have been updated to reflect this. The HEY allocation is sufficient to ensure there will be no reduction in service in Hull & East Yorkshire due to the reduced geography. GLLEP have agreed to utilise their increased funding to cover the cost of the current Humber advisor in North East Lincolnshire, which is matched into the Humber ERDF growth project. North Lincolnshire Council are recruiting to their vacant post matched into the project and will cover the cost of this.
- 11.4 With match funding secured, delivery of all three ERDF projects will now be able to continue across the Humber until they end in 2022/2023. However, it is noted that HEY LEP will be providing the programme management capacity for one of the projects out of its BEIS Growth Hub funding, and Hull City Council continues to act as accountable body for the three projects and manages the other two.

## **12. Energy Projects**

|                                   | bal b/f         | Income in year | Spend in year    | Transfer  | bal c/f        | Ref  |
|-----------------------------------|-----------------|----------------|------------------|-----------|----------------|------|
| Energy Conference                 | £78,374         | £0             | £0               |           | £78,374        | 12.1 |
| North East & Yorkshire Energy Hub | £38,334         | £0             | (£18,363)        |           | £19,970        | 12.2 |
| Cluster Plan                      | £0              | £38,457        | (£38,457)        |           | £0             | 12.3 |
|                                   | <u>£116,708</u> | <u>£38,457</u> | <u>(£56,820)</u> | <u>£0</u> | <u>£98,344</u> |      |

## Energy Conference

- 12.1 The Humber LEP was invited by the NP11 to host an Energy Summit that will demonstrate the north's capabilities and future development potential in the fields of energy, decarbonisation and clean growth to businesses, Government, stake holders and potential investors. Income of £150,000 was received from the Green Port Growth programme, with further funding of

£30,000 being provided by the NP11 group in 2019/20. Funding was also received from sponsorship. This generated a surplus overall of £78,000. The balance will be focused on future work on decarbonisation, promotion for future inward investment and to support future events where the Humber presence may be useful.

#### North East and Yorkshire Energy Hub

- 12.2 The Energy Hub is a programme aimed at building capacity in energy and developing energy projects within LEPs and Combined Authorities. The North East and Yorkshire Energy Hub consists of this LEP along with Tees Valley Combined Authority, North East LEP, York and North Yorkshire LEP, West Yorkshire Combined Authority, and Sheffield City Region. The Energy Hub funds an Energy Projects Manager post within the LEP and has officer representation on the Energy Hub Board. There may be additional access to small amounts of capital funding via the Energy Hub and the Hub is also a vehicle for delivering Local Area Delivery, housing retrofit and other BEIS-funded programmes. Spend is likely to focus on future work to support local authority decarbonisation pathways. HEY LEP will be part of the renamed North East & Yorkshire Hub, which has had funding extended to 2023. The south bank is already covered by the Midlands Hub via GLLEP, which offers an equivalent service.

#### Humber Industrial Cluster Plan

- 12.3 The Humber Industrial Cluster Plan (HICP) will provide an evidence-based framework for identifying, understanding, prioritising and delivering the measures that will enable the Humber industrial cluster – the UK’s largest by carbon emissions – to achieve net zero by 2040, while maximising strategic opportunities to drive the green recovery. Led by the HEY LEP, with CATCH and eight private sector partners (including the lead partners in the Humber’s IDC Deployment Projects – HumberZero and ZeroCarbonHumber), the plan will be informed by ongoing work on proposed industry-led decarbonisation investments and will have access to world-class industrial expertise.
- 12.4 HCP, and the evidence base that will be assembled through its development, will provide a clear way forward for industry, Government and local leaders to work together to achieve rapid decarbonisation of the UK’s largest industrial cluster, whilst maximising opportunities for local people and businesses to benefit from the transition.
- 12.5 More details can be found at <https://www.humberindustrialclusterplan.org/>

### 13. Skills Funding

|                        | bal b/f | Income in year | Spend in year | Transfer | bal c/f | Ref  |
|------------------------|---------|----------------|---------------|----------|---------|------|
| Skills Advisory Panels | £250    | £75,000        | (£69,783)     |          | £5,467  | 13.1 |
| Careers Funding        | £10,461 | £174,561       | (£109,990)    |          | £75,032 | 13.2 |
| EZ Skills Fund         | £3,423  | £0             | £0            | (£3,423) | £0      | 13.3 |
| Other Skills Funding   | £12,553 | £0             | (£112)        | £3,423   | £15,864 | 13.4 |
| Mid Life MOT           | £0      | £23,544        | (£23,544)     |          | £0      | 13.5 |
|                        | £26,687 | £273,105       | (£203,428)    | £0       | £96,363 |      |

#### Skills Advisory Panels (“SAP”)

- 13.1 The Department for Education (DfE) provided funding of £75,000 to further develop the SAP research and the production of the Local Skills Report. The central aims of the Grant funding were to continue to build and increase the Skills Advisory Panel’s analytical capability sustainably; and build the Skills Advisory Panel’s influence and local leadership role. These funds are ringfenced under the MoU with the DfE.

#### Careers Funding

- 13.2 The LEP receives funding from the Careers and Enterprise Company towards the Careers Hub and staffing, which covers the period 1<sup>st</sup> September to 31<sup>st</sup> August, ie the academic year. Balances reflect unspent money at 31<sup>st</sup> March 2021 which is all ring fenced to this funding.

#### Enterprize Zone Skills Fund

- 13.3 This relates to the balance of funding received in 2012/13 to develop a skills plan aimed at the emerging Enterprize Zones. The funding is un-ringfenced. It is proposed to combine this with the other skills funding below.

#### Other Skills Funding

- 13.4 The SAP funding received in 2019/20 did not reflect the fact that Hull CC was able to fully reclaim input VAT on all costs which resulted in a balance of £12,553 being retained. DfE agreed not to reclaim this money and to allow the LEP to spend it on Skills related projects aligned to the SAP work. Spend to date relates to expenditure incurred that was not eligible for the 20/21 SAP grant. It is proposed to combine this with the EZ skills funding above to create a single pot of skills related funding. These monies are ringfenced following discussions with the DfE as outlined above.

### Mid Life MOT Digital Discovery Trial

- 13.5 This relates to a grant from DWP – the aim was to build on their existing local infrastructure and networks with SMEs, working with voluntary and community-based organisations to deliver tailored approaches through a combination of digital products and local outreach/engagement to reach those in-work, those who may be furloughed (and at risk of losing their jobs) and those who may have become redundant or lost their jobs.

## 14. Transport

|                    | bal b/f  | Income in year | Spend in year | Transfer | bal c/f  | Ref  |
|--------------------|----------|----------------|---------------|----------|----------|------|
| Transport Capacity | £122,179 | £0             | (£20,000)     | £0       | £102,179 | 14.1 |
|                    | £122,179 | £0             | (£20,000)     | £0       | £102,179 |      |

### Transport Capacity Funding

- 14.1 This is the residual balance of initial funding towards supporting LEPs in Transport strategy. Transport projects were originally funded separately but were brought under the ambit of the Local Growth Fund and this money is un-ringfenced.
- 14.2 It has been used historically for transport related projects, most recently to fund a feasibility study to investigate value and ability to develop a parkway station at Melton adjoining the Melton EZ site.
- 14.3 It is proposed that this remains to address **pan-Humber** transport issues.

## 15. Support for programmes

- 15.1 Spending to support specific programmes is shown below

|                       | bal b/f         | Income in year  | Spend in year     | Transfer   | bal c/f         | Ref |
|-----------------------|-----------------|-----------------|-------------------|------------|-----------------|-----|
| Local Growth Fund     | £169,856        | £59,674         | (£74,017)         | (£155,513) | £0              | 5.7 |
| Getting Building Fund | £0              | £57,673         | £0                | £155,513   | £213,186        | 6.4 |
| Growing Places        | £105,816        | £20,378         | (£58,023)         |            | £68,172         | 7.9 |
|                       | <b>£275,672</b> | <b>£137,726</b> | <b>(£132,040)</b> | <b>£0</b>  | <b>£281,358</b> |     |

### Local Growth Fund and Getting Building Fund

- 15.2 As the Local Growth Fund programme is drawing to a close it is intended to merge the residual balance with that of the Getting Building Fund to create a single support pot for these funds.

- 15.3 These funds are mainly an accumulation of interest earned on the LGF/GBF programme's unspent balances which has been used to cover costs of due diligence and external business assessments of projects<sup>i</sup> and also meets some of the costs for the Accountable Body. A final evaluation report will also be commissioned in relation to GBF. BEIS also explicitly funded the GBF programme in 20/21.
- 15.4 As funds are spent on schemes the balances are reducing so future income will be minimal. The monitoring requirement for both these funds stretch beyond the period of the capital programme and therefore there will need to be some spend going forward to around 2030. The balance will be retained to cover those costs.

#### Growing Places

- 15.5 The Humber LEP received one off revenue funds at the start of the programme which funds a member of staff, external due diligence costs<sup>ii</sup> for applications as well as a provision to potentially cover bad debts if needed.
- 15.6 Details on the scheme can be found at <https://heylep.com/our-funding-and-projects/funding/business-loan-fund/eligibility-and-how-to-apply/>

#### 16. Enterprise Zones

- 16.1 The Humber Enterprise Zones supports growth in ports, logistics and renewables and is a key tool in achieving regions ambition to become a leading national and international centre for low carbon energy. The Enterprise Zone sites were designated in two tranches in 2012 and 2016 and comprise more than 40 employment sites in the Humber Region, with individual sites of up to 290ha. These sites constitute the key strategic sites around the Humber Estuary and are in close proximity to key strategic infrastructure such as ports, motorways, airports and motorways on both banks of the Humber Estuary.
- 16.2 As of 1st April 2021 UK Government Incentives for investors on Enterprise Zones have now lapsed, however local authorities still retain uplift in business rates from investments on these sites to reinvest in HEY LEP strategic priorities.

#### 17. Financial and resource implications

- 17.1 These are as set out in the report.

Graeme Smith, Finance Business Partner, Hull CC  
Teresa Chalmers, Chief Operating Officer, HEY LEP

## Notes

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<sup>i</sup> The Local Growth Fund and Getting Building Fund projects were all assessed by an independent external evaluator to ensure compliance with Government guidelines generally, that appropriate Value for Money criteria were achieved, and that the projects were deliverable in the requisite timescales. The evaluator reported their conclusions as part of the final decision making process to the Humber LEP Board.

<sup>ii</sup> The LEP will fund all due diligence costs up to a ceiling of £3,500 providing that:

- The project proceeds after a successful due diligence process and the loan is taken up by the applicant
- The applicant has gone through the process and is refused a loan by the LEP provided they have provided accurate information in a timely manner. (Note: the LEP Investment Panel will not invite projects to proceed that are likely to fail the process)

The applicant may be charged for due diligence costs under the following circumstances:

- Additional due diligence costs over the £3,500 ceiling are incurred due to the applicant failing to supply required adequate information in a timely manner, misrepresenting their situation or changing their proposals.
- The applicant fails to proceed with due diligence within a suitable timescale (applicants will normally be expected to complete the due diligence process within six weeks of starting). Unless there are special circumstances, agreed with the LEP in advance, applicants who do not complete the process within 18 weeks will be automatically be rejected by the Investment Panel and required to pay costs incurred to date
- After successful due diligence checks, the applicant refuses the loan. Typically any loan offer from the LEP would remain valid for up to 3 months after which the offer will expire.