

HEY LEP Board

HEY LEP Finance Report – 23/24 Paper B

Report to the Infrastructure Board 28th April 2023

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 Infrastructure Board on the funding position for the financial year 23/24 and the latest position for the year ended 31st March 2023.

2. Latest projection

2.1 As at period 10 the core budget had received £375k from CLGU, £100k from the two Local Authorities and is expected to recharge £24,400 to other projects in relation to shared accommodation charges. Spend to date has been £332k.

2.2 Overall spend and income allocate to core have been:

L0200 - HEY LEP - Core costs	(£167,173.97)	
0001 - Pay - Basic	£215,173.29	
0008 - Pay - Employers National Insurance	£22,562.27	
0009 - Pay - Employers Superannuation	£53,749.93	
0021 - Casuals - Salaries - Basic	(£2,500.02)	Chairs allowance not yet fully drawn down – credit balance reflects reversal of last years accrual. Any allowance not drawn down will be carried forward.
0130 - Employee Related Pay Schemes	£18.21	
0380 - Apprenticeship Levy	£1,046.54	
1100 - Rents	£16,000.02	Rents on Queen Street
1390 - Contract Cleaning & Refuse Services	£2,466.87	
2460 - Public Transport Costs	£327.05	
2600 - Vehicle Allowances	£2,005.06	
3000 - Materials & Consumables	£35.28	
3800 - Food & Drink (inc Catering)	£368.75	
4000 - Stationery	£1,005.83	
4153 - Professional/Consultants Fees	£12.19	
4310 - External Contractors Fees	£6,466.61	£4k business day, £1275 room booking and catering, £2242 relating to the office move and a credit for £1050 misposted that offsets the charge to 4900.
4507 - Mobile Tels Calls & Rental	£493.79	
4509 - Telephone Calls and Rental	£2,189.10	
4810 - Officer Subsistence Payment	£677.75	Inc Chair's expenses
4900 - Grants/Donations to Other Organisations	£1,050.00	As above (4310), will be corrected for year end.
4902 – Subscriptions	£7,000.00	LEP Network
5020 - Advertising & Publicity	£701.00	Website & re-direction of mail
5250 - Internal Expenditure	(£10,611.74)	Includes £12k recharge to Skills Advisory Panel fund
7002 - Government Grants	(£375,000.00)	
7082 - Other contributions	(£112,411.75)	

Grand Total (€167,173.97)

2.3 Between February and March we have further commitments of around €97.5k mostly reflecting pay in the final two months and the balance of the chairs allowance to be drawn down at the conclusion of the year.

2.4 In addition we expect to further recharge €11k in relation to shared accommodation charges.

2.5 Assuming there are no further unexpected costs then this would imply an out turn position of

Income – including recharges	€510k
Expenditure	€430k
Potential Surplus	€80k

2.6 This is largely derived from not recruiting to vacancies and almost no non-essential spend.

2.7 Free reserves at the end of last year were just over €200k with a further €38k earmarked for specific purposes. Potentially €10k of those reserves might be available for other uses (€6k Humber Energy Campus & €4/5k of the marketing budget assuming we were to part fund Business day). This would mean c €290k of reserves available to fund core activities, with another €102k to support Humber wide Transport Capacity that is technically un-ringfenced and could also be used.

3. Funding & commitments for 23/24

3.1 The LEP has now received confirmation that the Core funding for next year shall be €250k (down from €375k in the present year, which in turn was a reduction from €500k in 21/22).

3.2 A copy of the funding letter is attached. For the purposes of this exercise it is assumed that both Local Authorities continue to pay €50k per annum each meaning total funding of €350k,

3.3 Minimum staffing commitments for next year are presently c €352k¹. This assumes that Andy Hewitt (Senior Policy and Business Manager) is not replaced [a like for like replacement would add €77k to the above]. Stacey

¹ This covers the Chief Operating Officer, Employment & Skills Manager, Business Development Manager, Senior Advisor on Employment & Skills (2 part time roles equivalent to 1 post) and Service Support Assistant (half year only) plus Chair/Vice Chair allowances. The existing Fixed Term events and marketing admin officer would also be deleted. Replacing/continuing that post would add a further €34k to the cost base.

This also assumes that the current national Local Government pay offer of €1925 per grade is implemented with no changes.

Alexander (Support Service Assistant) is due to return from secondment and is included in the above from September 2023.

- 3.4 Comms and Marketing support is expected to be in the region of £10k per annum as is the cost of additional admin support prior to Stacey's return. Further costs, including the LEP Network subscription will add £10k to £15k at a minimum.
- 3.5 Ergo costs of c £385k would be expected as a minimum. This makes no allowance for any marketing activity costs, consultancy or research support, no skills funding etc.

Other funding

- 3.6 Skills Advisory panel funding of £55k has been received in 22/23 and used in part to offset staff costs in the current year. It had already been announced that 22/23 was the final year of such funding.

4. Redundancy costs

- 4.1 Provision of £290,700 was included in last years accounts to allow for any future redundancy costs. The latest estimate (at 31/3/23) is that the need is now £230,000 assuming one months' notice were given. This rises to £257,700 in the event of no notice. Project costs do not cover redundancy costs. These numbers assume it is not possible to redeploy affected staff within HCC or ERYC.
- 4.2 This number is relatively volatile each year being mainly strain costs to the Pension Fund for employees who would, on redundancy, be able to access their pensions early.

5. Financial and resource implications

- 5.1 These are as set out in the report.

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