

HEY LEP Board

HEY LEP Outturn report 2022/23 Paper B

Report to the Board, July 2023

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

1. Purpose of Report

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 31st March 2023. These figures refer to the second year of operation of the HEYLEP and include some balances brought forward from the predecessor body, the Humber 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:

- | | <u>How met</u> |
|--|---|
| a. <i>The total amount of funds within the LEP's direction or control at the start and end of the financial year;</i> | <i>Summary position in section 3/ Details are set out at Appendix 5</i> |
| b. <i>The total amounts committed by the LEP to external organisations through grants and risk finance (loans, equity, guarantees and quasi-equity);</i> | <i>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.</i> |
| c. <i>The total amounts committed to suppliers to purchase goods, works or services; and</i> | <i>Details are in Appendix 6</i> |
| d. <i>The total amounts incurred in running the LEP (for example salary costs, lease payments and expenses).</i> | <i>Summary provided in section 3/ with full details set out at Appendix 1</i> |

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 set out in section 12.

3. Summary Position

- | | | <u>Revenue</u> | <u>Capital</u> | <u>Total</u> |
|--|----------------|----------------|----------------|---------------|
| | | <u>£'m</u> | <u>£'m</u> | <u>£'m</u> |
| 3.1 Overall, the position is as shown in the table to the right. | Balance b/f | 1.00 | 9.24 | 10.23 |
| | Income in year | 2.16 | 0.13 | 2.29 |
| 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 <u>influence</u> of the LEP not just monies spent directly. | Spend in year | <u>(1.68)</u> | <u>(0.52)</u> | <u>(2.20)</u> |
| | Balance c/f | <u>1.47</u> | <u>8.85</u> | <u>10.32</u> |
- 3.3 Appendix 6 details all spend across all programmes. Revenue spend is across the following broad categories.

	£'m	
Core	0.48	27%
Growth Hub & Business support	0.35	20%
Energy projects, including cluster fund	0.61	35%
Revenue support to Growth programmes	0.07	4%
Careers & Skill funds	<u>0.26</u>	14%
	1.78	
less recharges to other projects	<u>(0.09)</u>	
	<u>1.68</u>	

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.

	Reserve amounts
Reserves required to meet 23/24 actual spend	£16,328
Reserves required to meet potential future liabilities	£256,500
Earmarked to programmes	£710,580
Other commitments	<u>£47,822</u>
	£1,031,230
reserves available for future use	<u>£439,700</u>
	<u>£1,470,931</u>

4. Core Funding

- 4.1 The core budget for the LEP in 2022/23 was £475,000 (£375,000 from BEIS and £50,000 each from the 2 local authorities), a significant reduction on the previous year as BEIS funding was cut.
- 4.2 Sections 10 to 12 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 2023/2024 or subsequent years. Sections 10 to 15 cover other funding received by the LEP during the financial year.
- 4.3 The 23/24 budget assumes use of £7,194 of the free reserves¹. This is based on minimal spend and this allows for the employment of existing core staff only, with the support Services Assistant due to return from secondment in October. Spend against previous years commitments are shown separately within this report.

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.
- | | | |
|-----------------------------------|-----------|---------|
| underspend b/f | | £59,630 |
| grant in year | £0 | |
| spend in year | £0 | |
| | | £0 |
| underspend c/f | | £59,630 |
| Transfer to Growing Places Grants | (£59,630) | |
| | | £0 |
- 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. There was no spend incurred in 22/23. 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 Details on historic scheme specific spend is shown at Appendix 2.
- 5.4 The balances were transferred to the new Growing Places Grants scheme.

¹ Paper D, HEY LEP Board 25th May 2023

Revenue Support (LGF + GBF)

- 5.5 Details of the balance on the combined 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

- 5.6 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. 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.

6. Getting Building Fund

- 6.1 On 30th June 2020, the then 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.
- | | |
|----------------|------------|
| underspend b/f | £367,720 |
| grant in year | £0 |
| spend in year | (£134,280) |
| | (£134,280) |
- 6.2 An allocation of £13.4m was confirmed for the LEP, over 2020/21 and 2021/22. This allocation covered Hull and East Yorkshire only.
- | | |
|-----------------------------------|------------|
| underspend c/f | £233,440 |
| Transfer to Growing Places Grants | (£233,440) |
| | £0 |
- 6.3 Funding has been allocated through a competitive process and the Getting Building Fund is investing in projects that create jobs and support economic recovery.
- 6.4 Other than balances on the GHEY grants scheme and Management & Administration (which will be rolled into the Growing Places Grants scheme – see section 8) there was one project with a balance to spend (Delivering Housing Growth 3 - Ings and Wawne 2) which spent in 22/23.

- 6.5 Details on historic scheme specific spend is shown at Appendix 3. The same “freedoms and flexibilities” applies to GBF as it does to LGF in relation to spend at the end on 2022/23.
- 6.6 The remaining balances were transferred to the new Growing Places Grants scheme.

Revenue Support (LGF + GBF)

- 6.7 Details of the balance on the combined 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,

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- 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. In relation to this scheme, we have spent more in the year than we received in grant therefore there is no in-year capital switching required for the GBF funding, this having already having taken place in the first 3 years of the programme.

7. Growing Places Fund – business loans

- 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 due diligence costs on potential projects. A report on the strategic review of this fund was presented to the LEP Board¹, which concluded that there was an ongoing appetite for a grant scheme within the Hull & East Yorkshire area but a lesser demand in relation to loans. The loans fund was also competing with the Northern Powerhouse Investment

Fund (<https://www.npif.co.uk/>) which also provides equity finance alongside loans.

7.3 Details of the grants and loan schemes can be found at: [Growing Places Fund Business Growth Capital Investment Programme » HEY LEP - Hull and East Yorkshire](#)

7.4 The LEP agreed to utilise

- £3.25m of the balances available on the Growing Places Loan fund
- Any underspend on the Growing Hull & East Yorkshire Grants scheme along with any outstanding management and administration allocation from LGF and GBF programmes is added to this fund.

Loans fund position

7.5 In summary the position is:

	<u>Position at March 2023</u>
Total funds b/f	£5,558,444
Interest earned in year	£131,021
	<hr/> £5,689,465
gross value of loans outstanding	(£4,369,400)
potential further advances on existing loans	(£270,789)
total available for lending	<hr/> <hr/> £1,049,275

7.6 Movement on the loans during the year has been:

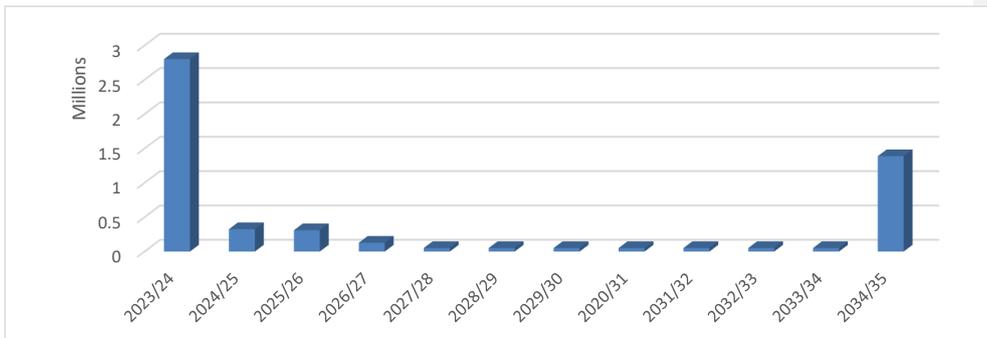
	<u>22/23</u>	<u>Over the scheme life</u>
Balance b/f	£5,205,434.85	
Drawn down	£0.00	£11,125,490.63
interest charged	£131,021.06	£882,083.72
Repaid	(£967,055.14)	(£7,439,886.75)
written off	£0.00	(£198,286.84)
	<hr/> £4,369,400.77	<hr/> £4,369,400.77

Individual loans position

	<u>Loans b/f at 1st April 2022</u>	<u>Loans drawn down in year</u>	<u>Interest (YTD)</u>	<u>Loans repaid in year</u>	<u>Loans c/f at end March 2023</u>
Wykeland (Europarc)	£593,938	£0.00	£5,153.18	(£599,091.09)	(£0.00)
Fruit Market Ip (Humber St)	£2,354,321	£0.00	£59,406.60	(£59,893.97)	£2,353,833.48
Fruit Market Ip (Car park)	£1,200,219	£0.00	£30,271.64	(£30,679.18)	£1,199,811.71
ResQ	£678,893	£0.00	£23,441.44	(£171,461.85)	£530,872.48
PanelTex	£378,064	£0.00	£12,748.19	(£105,929.06)	£284,883.11
	£5,205,434.85	£0.00	£131,021.06	(£967,055.14)	£4,369,400.77

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 full repayment at the start of March 2024. Should properties be sold earlier then partial repayments are payable at that point.

Write offs

7.9 There were no additional write offs in the year

8. Growing Places Fund – business grants

8.1 The totality of the grants fund to date is made up as follows:

<u>Allocations</u>		<u>Para</u>
Growing Places Loans	£3,250,000	
Local Growth Fund	transfer of final underspend £59,630	5.4
Getting Building Fund	transfer of final underspend £233,440	6.5
	<u>£3,543,070</u>	

8.2 Of this £450k is reserved for administration costs, with the balance being for direct grants.

8.3 Spend has been:

	<u>Allocation</u>	<u>Spend</u>	<u>Remaining</u>
Management & administration	£450,000	£71,445	£378,555
Grants	£3,093,070	£310,350	£2,782,720
	<u>£3,543,070</u>	<u>£381,795</u>	<u>£3,161,275</u>

8.4 In total grant awards of £510,714 had been approved (£310,350 actually spent).

8.5 Details of the grants and loan schemes can be found at: [Growing Places Fund Business Growth Capital Investment Programme » HEY LEP - Hull and East Yorkshire](#)

9. Equity, guarantees and quasi-equity

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

10. Future commitments

10.1 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.

10.2 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.

10.3 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.

- 10.4 Based on this assessment with are setting aside £251,200 in respect of core and programme staff (where that can not be funded from the grant regime) and £5,300 in respect of staff employed on growth fund projects.
- 10.5 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.

11. Core Funding

	bal b/f	Income in year	Spend in year	Transfer	bal c/f	Ref
Core funding	£202,696	£535,213	(£428,878)	£28,491	£337,521	11.1
Redundancy provisions	£278,600			(£27,400)	£251,200	10.4
	£481,296	£535,213	(£428,878)	£1,091	£588,721	

- 11.1 The table represents funding free of other obligations and is used to pay the core LEP staff and associated expenses. Funding in this year represents £375k from Central Government (21/22 £500k) and £100k from the two Local Authorities (21/22 £100k). In addition, costs in relation to management, premises etc. are recharged to other projects within the LEP.
- 11.2 Funding of £250k from Central Government has been received in the current year but it is expected that this will be the final year of such funding, with the Government intending for the functions of the LEPs to be delivered by Local Government in future, and thus the Government has stated that it is "minded to withdraw central government support for LEPs from April 2024". Consultation on the government's proposals has taken place and the government intends to publish an updated policy position to confirm the next steps by the summer of 2023. This policy position has not yet been confirmed.
- 11.3 Both East Riding of Yorkshire council and Hull City Council have agreed to hold talks with the government in relation to a Mayoral devolution deal covering the LEP boundaries. A combined authority deal would involve the two councils working together on strategic issues such as economic investment and transport, but the delivery of day-to-day services would remain the responsibility of each individual authority.

12. Use of Reserves

12.1 The table below details the use of LEP reserves previously authorised by the Board.

<u>Commitments</u>	bal b/f	income in year	spend in year	Transfer (to) / from Core	bal c/f	Ref
Local Digital Skills Partnership - match funding	£8,147	£50,042	(£48,912)	£783	£10,059	12.2
Marketing	£15,865				£15,865	12.3
Humber Energy Campus	£5,800				£5,800	12.4
	£29,812	£50,042	(£48,912)	£783	£31,724	
QICS Reassessment	£8,267		(£250)		£8,017	12.5
	£38,079	£50,042	(£49,162)	£783	£39,741	

Local Digital Skills Partnership

12.2 The balance of the fund will be used to support the delivery of the Humber Local Digital Skills Partnership in the absence of the Local Digital Skills Manager, which is a pan Humber role. The post was part funded until 31st August 2022 and then fully funded thereafter by grant. The balance reflects the grant received to 31st March which had not been spent on this activity. This is in effect ring fenced.

Marketing

12.3 The residual balance was originally held to reflect the need to do more promotional work post Covid, alongside the previous maintenance of the Invest Humber web site. The remaining balance will be used to continue the promotion of the Humber as the Energy Estuary at appropriate exhibitions and as agreed with the LEP, the Humber Energy Board and the Humber Leadership Board.

Humber Energy Skills Campus

12.4 The balance was allocated to fund joint events with Humber Energy Skills Campus partners. The Campus concluded when the previous Humber LEP closed, however discussions are now underway regarding reforming this group under the Humber Energy Board. As such, the balance will be rolled forward.

Quality in Careers Standards (QICS) Reassessment

- 12.5 This supports the funding to enable Quality in Careers Standard re-assessments to take place. Funds will be drawn down as standards are achieved over the next 12 months.

13. Growth Hub & other business support programmes

	bal b/f	Income in year	Spend in year	Transfer	bal c/f	Ref
Growth Hub	£0	£236,344	(£228,821)	(£124)	£7,398	13.1
Made Smarter	£0	£49,345	(£49,361)	£17	£0	13.3
Create Growth	£0	£10,000	(£10,000)		£0	13.4
Hull Overseas Trade Awareness	£0	£17,845	(£6,725)	(£20)	£11,100	13.5
Key Account Management	£2,582	£56,550	(£53,190)		£5,942	13.9
Export support	£2,947	£0	£0		£2,947	13.10
Peer Networks	£0	£5,444	(£5,701)	£258	£0	
	£5,529	£375,527	(£353,798)	£130	£27,388	

Growth Hub

- 13.1 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. The balance carried forward represents committed spend in 23/24 and is therefore fully ringfenced. The Growth Hub service includes core BEIS-funded advisors, plus three ERDF projects that augment the core offering (growth, ICT and access to finance programmes), although these ERDF schemes end during 23/24. The Key Account Management function is funded by the Department for Business and Trade and provides localised resource to engage with existing foreign owned businesses in the HEY region. Export support for Hull based companies looking to explore new overseas markets is provided by funding secured from Hull's UKSPF allocation.
- 13.2 Growth Hub funding of £261,000 has been agreed for the coming year. This will allow current core activity to continue.

Made Smarter

- 13.3 Made Smarter is a government funded initiative that supports manufacturing SMEs to explore, adopt and implement industrial digital technology in order to aid productivity gain and boost competitiveness. Made Smarter was created following an industry-led review of how UK manufacturing industries can prosper via digital tools and innovation. The review was commissioned by the UK Government and was led by Professor Jurgen Maier. The review

made four key recommendations upon publication of a report in 2017, namely leadership for digitalisation; adoption of technology amongst SME manufacturers; innovation and creation of new tech; and upskilling workforces to make the most of digital tools.

Create Growth

- 13.4 DCMS funded a sector insight report for the region's creative industries. No further funding is expected for this initiative.

Hull Overseas Trade Awareness

- 13.5 This was a project funded through the UK shared prosperity fund. As part of this project 3 two-hour webinar workshops were delivered by Hull & Humber Chamber of Commerce, which focused on the following topical themes: Export to Europe; International e-Commerce and Cross-Border Digital Trade; and Global VAT and International Trade Services. The aim of this project was to see at least 10 enterprises increasing their export capability. Funding covered one year only.
- 13.6 The balance carried forward represents committed spend in 23/24 and is therefore fully ringfenced.

Export Growth Grant (Hull only)

- 13.7 Building on the success of the UKSPF-funded Hull Overseas Trade Awareness project, HEY LEP will look to deliver this project and operate the specialist Export Growth Grant (EGG) programme. The scheme will further enhance the regional export support offer through the provision of match-funded grants to enable existing and new-to-exporting Hull-based SMEs across a range of key growth sectors to engage with new export markets for both goods and services, through exhibiting at UK, Europe and International-based trade shows, with a focus being on those events which offer market access to Europe and markets where Free Trade Agreements (FTAs) are in development.
- 13.8 This project will be funded by the UK shared prosperity fund during 2023/24.

Foreign Direct Investment (FDI) Key Account Management

- 13.9 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.

Export Support

- 13.10 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. In addition, the LEP has received funding of £20,000 from Enterprise Growth Solutions towards marketing costs most of which took place in 21/22, with the balance rolling forward.

14. Energy Projects

	bal b/f	Income in year	Spend in year	Transfer	bal c/f	Ref
Energy Conference	£78,374	£0	£0		£78,374	14.1
North East & Yorkshire Energy Hub	£7,295	£98,531	(£99,446)		£6,380	14.2
Humber industrial cluster plan	£0	£514,515	(£514,515)		£0	14.3
	£85,669	£613,046	(£613,961)	£0	£84,754	

Energy Conference

- 14.1 The former 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

- 14.2 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

- 14.3 The Humber Industrial Cluster Plan (HICP), published in Spring 2023, provides 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 proposed IDC Deployment Projects – HumberZero and ZeroCarbonHumber), the plan was informed by ongoing work on proposed industry-led decarbonisation investments and will have access to world-class industrial expertise.
- 14.4 HICP, and the evidence base that was assembled through its development, provides 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.
- 14.5 ~~The strategic responsibility for the delivery of the HICP has now transferred to the Humber Energy Board, which in turn, reports to the Humber Leadership Board.~~
- 14.6 More details can be found at <https://www.humberindustrialclusterplan.org/>

Deleted: ¶

15. Skills Funding

	bal b/f	Income in year	Spend in year	Transfer	bal c/f	Ref
Careers Funding	£58,382	£208,302	(£198,174)		£68,510	15.1
Inclusive Careers	£0	£300,000			£300,000	15.2
Skills Advisory Panels	£4,233	£55,000			£59,233	15.3
Other Skills Funding	£15,389	£8,000			£23,389	15.4
Mid Life MOT	£2,003			(£2,003)	£0	
	<u>£80,007</u>	<u>£571,302</u>	<u>(£198,174)</u>	<u>(£2,003)</u>	<u>£451,131</u>	



Careers Funding

15.1 The LEP receives funding from the Careers and Enterprise Company towards the Careers Hub and staffing, which covers the period 1st September to 31st August, i.e. the academic year. Balances reflect unspent money at 31st March 2022, which is all ring fenced to this funding.

Inclusive Careers

15.2 The proposed “Inclusive Careers” project is a partnership between the Humber and North Yorkshire Integrated Care Board (HNY ICB) and the HEY LEP which aims to help the health and social care sector address skills shortages through better careers education, information, advice and guidance on the health and social care sector.

15.3 The HNY ICB has made a financial contribution of £300k to support the project which will deliver a small programme of pilot activities testing new and innovative ways of raising awareness of career occupations in health and social care sectors within communities and cohorts experiencing disadvantage and / or barriers to accessing them. The majority of the funding will resource new staff members to lead on the project.

Skills Advisory Panels (“SAP”)

15.4 The Department for Education (DfE) provided funding of £55,000 (21/22 - £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. 22/23 represents the final year of such funding.

Other Skills Funding

15.5 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.

16. Transport

bal b/f	Income in year	Spend in year	Transfer	bal c/f	Ref
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Transport Capacity	£102,179				£102,179	16.1
	£102,179	£0	£0	£0	£102,179	

Transport Capacity Funding

16.1 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.

17. Support for programmes

17.1 Spending to support specific programmes is shown below

	bal b/f	Income in year	Spend in year	Transfer	bal c/f	Ref
Local Growth & Get Building Funds	£136,669	£105,561	(£65,495)	£6,800	£183,535	17.2
Growing Places	£55,018		£0		£55,018	17.3
	£191,687	£105,561	(£65,495)	£6,800	£238,554	
Redundancy provisions	£12,100			(£6,800)	£5,300	10.4
	£203,787	£105,561	(£65,495)	£0	£243,854	

Growth Funds (LGF & GBF)

17.2 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 projectsⁱⁱ and also meets some of the costs for the Accountable Body. A final evaluation report has also been commissioned in relation to GBF. 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

17.3 The Humber LEP received one off revenue funds at the start of the programme which funds a member of staff, external due diligence costsⁱⁱⁱ for applications as well as a provision to potentially cover bad debts if needed.

17.4 Details on the scheme can be found at <https://heylep.com/our-funding-and-projects/funding/business-loan-fund/eligibility-and-how-to-apply/>

18. Enterprise Zones



18.1 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. 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.

19. Financial and resource implications

19.1 These are as set out in the report.

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Paper B Appendix A – references

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Notes

ⁱ Growing Places Fund Strategic Review & Programme Proposal, LEP Board January 2022

ⁱⁱ 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.

ⁱⁱⁱ 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.