

21/22 Overview of Finances



heart of the
south west

local enterprise partnership

Summary

1. Uncertainty over future funding from Government means increased reliance on reserves and Growing Places interest
2. Reduced income matched to reduced expenditure 22/23
3. Reserve position + future Growing Places interest means LEP can fund future operation through 23-24

Income & Expenditure

	2020-21		2021-22	
	£m	£m	£m	£m
Income				
Grant from Government	0.588		0.500	
Local area match funding	0.150		0.150	
Additional local area contributions	1.148		0.162	1
Cashflow interest	0.176		0.038	
Enabling Fund Repayment	-		0.085	3
Draw from reserves	0.469		1.188	2
In-year draw from reserves	-		0.253	
		2.531		2.376
Expenditure				
Salaries & Expenses	0.504		0.506	
Admin & office costs	0.088		0.087	
Service level agreements	0.738		0.738	
Governance	0.020		0.029	
Enabling Fund	0.064		0.087	4
Operational delivery	0.232		0.309	
		1.646		1.756
Surplus of (Deficit) for the year		0.885		0.620

1. Capital programme topslices now largely complete so significant drop in income from this source
2. Corresponding increase in funding from LEP reserves: planned over several years
3. Enabling Fund loans to Enterprise Zones 2019-20 now starting to be repaid.
4. Support to local authorities to help develop Shared Prosperity Fund pipelines. Operational delivery included e.g. inward investment support
5. Surplus transferred to LEP reserves as per previous years – support future operation

Reserves

	2020-21 £m	2021-22 £m
General reserves		
as at 1st April	1.629	1.697
Transfer between reserves	(0.750)	(1.258)
Surplus/ Deficit for the year	0.033	(0.305)
As at 31st March	0.785	0.610
	1.697	0.744
Earmarked reserves		
as at 1st April	0.513	0.392
Transfer between reserves	(0.188)	(0.183)
Surplus/ Deficit for the year	(0.033)	0.305
As at 31st March	0.100	0.010
	0.392	0.524
Total reserve as at 31st March	2.089	1.268

=£620k 21/22 surplus

To cover future running costs of the LEP and earmarked projects

- ‘General reserves’ – providing future running costs of the LEP (see next)
- ‘Earmarked reserves’ – specific activity being delivered by funding through the LEP, e.g. IT, redundancy contingency

Future Expenditure

1. Surplus from higher income vs budget through topslice, interest & reserves plus reduced expenditure largely from reduced Service Level Agreements
2. Government grant was not confirmed until end July 2022 therefore not provisioned for in budget
 - £375k eventually confirmed
3. With no further topslice, income from reserves and Growing Places loan Fund interest make up difference

Total reserve £1.268m of which £524k for Earmarked reserves, £744k for LEP operations: 22/23 budget requires £883k draw but final Govt grant, reduced requirement for Growth Hub underwriting + GPF interest means LEP meets going concern criteria

Expenditure

For operations

Salaries & Expenses
Admin & office costs
Provision for revenue exchange
Enabling Fund

For delivery

Thought Leadership & Delivery
Opportunities Delivery
Inward Investment Delivery
Business, People & Place delivery capacity
Transparency & governance

Total planned expenditure

Funding

22/23 Funding assuming no core grant from Govt and giving LEP one year forward funding

Operating core grant
Area annual contributions
Enabling fund repayment

Additional area contributions
Cashflow interest
Use of reserves
Growing Places Revenue

Funding surplus/ (shortfall)

2021-22 original budget		2021-22 Actual		2022-23 Budget	
£m	£m	£m	£m	£m	£m
0.568		0.506		0.511	
0.094		0.087		0.130	
0.017		0.000		0.000	
0.120		0.087		0.000	
	0.799		0.680		0.641
0.053		0.047		0.075	
0.177		0.237		0.000	
0.017		0.025		0.012	
0.824		0.738		0.547	
0.028		0.029		0.025	
	1.099		1.076		0.659
	1.898		1.756		1.300
0.500		0.500		0.000	
0.150		0.150		0.145	
0.060		0.085		0.085	
	0.710		0.735		0.230
0.000		0.162		0.000	
0.000		0.038		0.000	
1.188		1.441		0.883	
0.000		0.000		0.187	
	1.188		1.641		1.070
	0.000		0.620		0.000

Reserve 31st March 2022: £1.268m