

AGENDA ITEM 5 (b)

PAPER FOR THE FINANCE AND AUDIT COMMITTEE 14/12/2021

OVERVIEW OF PROGRAMME FUNDS

Local Growth Fund

The Local Growth Fund came to the end of its investment period on 31st March 2021 and the past few months have been focussed on obtaining, checking and approving the final claims from project managers. As at 31st March 2021, cash balances were £6.053M, since when almost all the remaining funds have been claimed and processed. A balance remains of £550k (representing 0.43% of the fund), which may pay towards end of programme audits.

Getting Building Fund

GBF is supporting three large scale projects.

1. The Chester drainage tunnel is progressing at pace. The total project budget has increased by ca. £1M which is being covered by CWaC.
2. Development at the Medicines Discovery Catapult at Alderley Park and development of Warrington Bus Depot are experiencing some delays on construction, where sourcing materials and labour has been difficult, and costs in the sector are rising rapidly. In addition, MDC are finding specialised equipment has long lead times for delivery and commissioning. Early payment risks initiating warranty periods before kit is fully installed. We have more flexibility in Warrington, where funds can be switched to support other projects with Warrington making up the funding on the Bus Depot directly.
3. So far, approximately half the GBF funding has been claimed with £7.7M remaining. We are expecting significant claims in the remainder of the financial year.

Growing Places Fund

GPF was initially funded with £12.1M which, in the meantime, has been reduced to £9.7M following decisions responding to Covid-19 during 2020-21. The LEP Board agreed to two phases of business restructuring grants (£1.6M) and to support the development of business cases (£1.2M).

GPF has been used to provide a loan to support the development of the Cheshire Green industrial park. The loan is repaid in instalments as and when plots within the park are sold. A receipt of £132k was received in October. Interest in the site remains strong, with work currently ongoing on two further plot sales. The borrower remains confident of meeting the repayment timeline of September 2022.

Temporary funding of EZ projects was provided by GPF. We are in the process of making drawdowns under the CWaC EZ loan facility which when completed will leave GPF an available balance of £6.7M, increasing as the Cheshire Green repayments are made.

There are several potential investment opportunities for those funds, currently at early stage. A proposal was considered by Strategy Performance Board in October, and in addition, the board agreed to " earmark" £5M of GPF funds to a Second Life Science Fund. The commitment to the fund is expected to be met by returns from the First Life Sciences Fund but, as these cannot be guaranteed or may not be available to meet the subscription timetable, GPF is effectively underwriting the decision.

Enterprise Zone Retained Business Rates

The cash balance for the EZ fund as of 31st October 2021 stood at £3.8M, following receipt of £0.7M from CwaC. So far this year, £0.6M has been drawn to cover the LEP's commitment to pay grants in support of the Accelerate project with £0.2M utilised for EZ programme and LEP operational costs. The balance includes £3.08M (of £4M) of loan funds drawn down in readiness to meet payments for Blocks 22-24 at Alderley Park.

Two investment proposals, requiring drawdowns from the loan facilities of £3.8M and £1.0M respectively are currently progressing through approval stages.

Initial budget planning for 2022-2023 is underway to estimate the available resources within business rates. Loan repayments for will commence in 2022-23.