

## **AGENDA ITEM 6**

### **PAPER FOR THE FINANCE AND AUDIT COMMITTEE 16/03/2021**

#### **OVERVIEW OF PROGRAMME FUNDS**

##### Local Growth Fund

The Local Growth Fund is in its final year and by the end of January 2021 we had received claims equivalent to 95% of the fund value. The remainder is under contract and claims in February will increase that to 97%. Project managers remain confident that the full fund will be spent and claimed by 31<sup>st</sup> March 2021. Cash payments typically lag claims by 2-4 weeks, and the fund held a cash balance of £11.9M as of 31<sup>st</sup> January.

##### Getting Building Fund

This fund was introduced by Government in 2020-21, in two tranches, the first of which has been received towards three schemes in the sub-region. Business cases have been approved for two of the three nominated projects, with the third expected to be finalised in March 2021. As the projects are already underway, the full allocation for 2020-21 of £7.7M is expected to be claimed by 31<sup>st</sup> March 2021.

##### Growing Places Fund

GPF has been used to provide a loan to support the development of the Cheshire Green industrial park. The loan is reduced as plots within the park are sold and the current outstanding balance is ca. £3M. The disposals are expected to continue with the loan due for repayment by September 2022.

Temporary funding of EZ projects was provided by GPF. This funding is being replaced by EZ loan facilities and a first repayment, for Glasshouse amounting £3.9M, was received in December. In the meantime, responding to Covid-19 during 2020-21, the LEP Board agreed to two phases of business restructuring grants paid from GPF and to use GPF, rather than EZ retained business rates, to support the development of business cases.

GPF was initially funded with £12.1M which after the grants and business case costs are deducted, leaves a fund of £9.7M, of which £3M remains lent. Hence a closing balance of £6.7M.

There are several potential investment opportunities for those funds arising to support recovery from Covid-19. 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 31<sup>st</sup> January 2021 stood at £4.86M. This included £4.01M of loan funds drawn down in readiness to meet payments for Blocks 22-24 at Alderley Park. The remaining balance of £0.85M has been fully allocated towards other activities.

Of the balance, £0.6M is committed for Accelerate grants. By the end of January, grant claims for Accelerate totalled £27k and this has been temporarily funded from LEP cash flow. Grant has, however, been allocated to numerous course participants the invoices for which will flow as courses are completed.

For the remaining £0.25M these relate to operational and project funds yet to be drawn from the EZ account to meet LEP costs. Forecasts indicate the available EZ balance close to being exhausted and which will need to rebuild over 2021-22 and 2022-23.

The Government has responded to the Covid pandemic by, among other things, providing business rate relief. In the longer term there are calls for the business rates scheme to be reviewed. The uncertainty adds a level of risk to forecast levels of business rate income in the short and longer term. This risk is reflected on the corporate risk register.