

# HEY LEP Board

## HEY LEP Finance Report – 23/24 Paper B

Report to the HEY LEP Board, 23<sup>rd</sup> March 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 Board on the funding position for the financial year 23/24 and the latest position for the year ended 31<sup>st</sup> 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:

<b>L0200 - HEY LEP - Core costs</b>	<b>(£167,173.97)</b>	
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)	
<b>Grand Total</b>	<b>(£167,173.97)</b>	

- 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
<b>Potential Surplus</b>	<b>£80k</b>

- 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 £352k<sup>1</sup>. 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

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<sup>1</sup> 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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