March 2025

Suffolk Business Board Update: Finance and Investment

1. Background

1.1 Following the previous government's decision to defund LEPs, on April 1st 2024, New Anglia LEP functions were integrated into the upper tier local authorities, Suffolk County Council and Norfolk County Council. An Integration Plan was agreed and LEP functions have continued, split between the two Councils, with remaining funding split accordingly. Government confirmed core funding for LEPs will cease in the future. It is expected that government funded programmes delivered by LEPs, notably the Growth Hub, and the Skills Bootcamp Programme, will continue to be supported. Councils have also become the recipients of some long-term income generating assets, such as Enterprise Zones. Government have been clear that funding Councils inherit must be ring fenced for economic development.

1.2 However, the level of funding committed by government, and retained by Councils, is significantly reduced from peak levels of funding received by LEPs. Over its 12- year life span, New Anglia LEP received over £220m in funding and was able to fund hundreds of projects, ranging from new infrastructure (e.g. relief roads, junctions, flood defences), to business infrastructure (business parks) to people-based interventions (e.g. skills programmes). It was widely assumed that the £16m a year investment fund from the previous Suffolk County devolution deal would replace this funding; however, this deal was withdrawn by government in September 2024. Suffolk and Norfolk are now in the Devolution Priority Programme, but it is not yet known whether the previously proposed Investment Fund will form part of the deal.

1.3 Other funding sources must therefore be sought, such as private sector investment, or better access to finance facilities via e.g. the UK Business Bank. There is often a strong case for match funding when working with such parties, therefore public sector funding has an important role to play.

1.4 It must be recognised that the vast majority of funding which develops the economy in Suffolk (and everywhere else in the UK) is from the private sector. For example, the £35m investment ABP is making in Lowestoft port which will deliver additional quay capacity, new jobs, and support decarbonisation of port operations, or, the £40m investment underway to upgrade the Greene King brewing and distribution facility in Bury St Edmunds. These investments would have occurred regardless of any role or intervention from the public sector or from the former LEP.

1.5 This paper sets out the current economic funding position for Suffolk, post-LEP, supported by the Business Board, and decision making as regards funding.

2. Former LEP functions funding

2.1 The table below sets out the funding associated with former New Anglia LEP functions, which now sits with the County Councils.

Function	Funding	Allocation

Grants – undrawn funding	£1.1m	As of January 2025, £1 of this was re-allocated to the new Suffolk Economy Grants scheme. Companies will access this funding via application process, and via Growth Hub.
Equity investment – New Anglia Capital	£300k	Will be allocated via New Anglia Capital Board to both Norfolk and Suffolk early-stage company equity investments.
Legacy LEP recycled investment funding	£8.5m	To support Economic Strategy projects, overseen by the Business Board. Not drawn down through year 24/25.
Retained Business Rates from Enterprise Zones	£2.6m p/a to 2042	To pay for LEP functions operating costs, and investments to support economic strategy in / near the investment zones.
Skills Boot Camps	£2.5m	To complete delivery of agreed courses through 2024-25.
High Growth Business Support	£165k	To deliver a high growth business support service to Suffolk businesses, to March 2025.
Adult Learning	£2.8m	To provide adult education and training in Suffolk. Currently provided via a contract with Government to be used alongside other funds being provided to colleges/providers.

2.2 In addition, £12m of funding for Skills has been secured from Sizewell C, to be used over the life of the project.

2.3 The £8.5m legacy LEP funding could be used to create a revolving economic fund for future Suffolk investments as identified through the Economic strategy.

2.4 A number of programmes and associated funding end as of March 2025 including Multiply and Thrive for Adults – these are government funded skills programmes for adults with low levels of numeracy or those out of work.

2.5 Suffolk public sector has historically worked collaboratively, with Suffolk Public Sector Leaders (SPSL) the forum through which collective investments are made. There are a number of economic development initiatives which are funded by the SPSL retained business rates investment fund. These include:

Function	**Funding**	**Allocation**
Suffolk Local Visitor Economy Partnership, SPSL funded	£550k	To fund the Norfolk and Suffolk LVEP for 5 years
Suffolk £ - supply chain platform and Suffolk £, SPSL funded	£200k	To develop an online Supply Chain platform to connect local suppliers to large opportunities
Growth Hub, UKSPF funded	£475k	To operate the New Anglia Growth Hub until March 2026

Suffolk Apprenticeships Service, UKSPF funded	£160k	To operate the service to March 2026
Thrive for young people, UKSPF funded	£334k	To operate the service to March 2026

3. Funding for FY25/26

3.1 In addition to the funding streams set out above, during year FY24/25, new funding has been secured to deliver Suffolk Economic strategy interventions, including:

3.2

Strategy area	Funding	Allocation
Skills - Boot Camps	£3.5m	To deliver courses through to March 2026
Tech Convergence - Space East	£90k	To further develop the Space East proposition and network through to March 2026
High Growth Business Support	£311k	To deliver a high growth business support service to Suffolk businesses, to March 2026, alongside the YTKO Growth Hub service.

4. National and commercial funding - The UK Business Bank

4.1 The UK Business Bank (UKBB) is a government-owned development bank established to support small and medium-sized enterprises (SMEs) in the UK. Its main role is to improve access to finance for businesses that may struggle to secure funding from traditional lenders. Its overarching goal is to help SMEs thrive, thereby contributing to economic growth, innovation, and job creation, and is therefore closely aligned to the objectives of the Local Economic Plan.

4.2 UKBB works with over 180 finance providers, ranging from Venture Capital through to pension funds. The bank provides both debt and equity finance via regionally led schemes. To date, schemes have been set up for Northern Ireland, Wales, Scotland, Midlands Engine and Northern Powerhouse. Key functions of the UK Business Bank include:

- **Providing Loans and Guarantees**: It offers loans and guarantees to help SMEs access credit and grow.
- **Equity Investment**: The bank invests in SMEs, particularly those in innovative and high-growth sectors.
- **Supporting Startups and Scale-ups**: UKBB provides specialized funding for early-stage and scaling businesses.
- **Partnerships with Private Lenders**: It works with banks, investors, and financial institutions to increase the availability of finance to SMEs.
- **Stimulating Regional Growth**: The bank focuses on addressing regional disparities by ensuring businesses across the UK have access to the necessary funding.

4.3 There is no East of England or Suffolk specific scheme. The Economic Strategy identifies this is an important gap, and lobbying has already taken place to seek UKBB support for a new fund to cover this area, for both debt and equity funding. This could potentially take the form of a Coastal Fund (as opposed to an East Anglia fund). It is understood this proposal has been put forward for the Spending Review, but UKBB have not been willing to share further details.

4.4 An existing relationship exists with the UKBB, via the Connected Innovation programme, and Business Board members.

4. National and commercial funding - The National Wealth Fund (previously UK infrastructure Bank)

4.5 The National Wealth Fund is the new name (as of October 2024) for what was previously the UK Infrastructure Bank (UKIB) - a government-owned development bank established in 2021 to support infrastructure investment in the UK.

4.6 The National Wealth Fund has a £27bn allocation to support waste, water, digital, clean energy and transport projects, and have also announced that they can now lend into the 8 sectors referred to in the industrial strategy e.g. advanced manufacturing, life sciences etc.

4.7 In addition, whilst the position remains they cannot finance housing, they can now potentially finance enabling infrastructure e.g. roads, groundworks, utilities. Other examples of priority investment areas include ports, carbon capture, green hydrogen & green steel.

4.8 They have so far deployed £4bn across 40 deals and brought in £12bn from private sector – 1:3 is minimum leverage. A key requirement is blended finance – mix of public and private funding. Their debt financing is competitive at Gilts+40bps, but, they do refer to themselves as a lender of last resort when commercial financing is not available.

4.9 Key roles of the National Wealth Fund include:

- **Direct Lending**: Offering loans to local authorities and the private sector.
- **Equity Investment**: Investing in projects to share risks and benefits.
- **Advisory Services**: Providing advice to public sector organizations to help develop viable infrastructure projects.

4.10 From a Suffolk Economy perspective, the National Wealth Fund would be most likely to play a role in funding large infrastructure projects. The Suffolk Economic Strategy sets out the known strategic infrastructure gaps in Suffolk that have a significant economic impact. It could be explored as to whether this National Wealth Fund could support:

- Stalled critical infrastructure in Suffolk
- Water supply improvements
- Pump priming of new Business Parks to support cluster growth
- Development of existing assets e.g. Freeport.

4.11 A West Suffolk Council £5m decarbonisation scheme is cited by the National Wealth Fund as a good practice example:

UK Infrastructure Bank supports West Suffolk Council to expand milestone net zero fund | National Wealth Fund

4. National and commercial funding – other opportunities

4.12 Via the Business Board member for Finance and Investment, other exploratory meetings have taken place over recent months. Foresight Group have a £100m East of England fund for investments in established profitable businesses. They are funded by Local Government pension funds. They are looking to host or sponsor events that puts them in front of their target market, £5m to £20m T/O businesses.

5. Business Board & Financial Decision making

5.1 The Suffolk Business Board has developed an economic strategy, approved by the County Council and endorsed by Suffolk Public Sector Leaders. Alongside the economic strategy sits an implementation plan, setting out interventions that could be funded to implement the strategy. The Board has agreed a methodology by which these interventions will be assessed.

5.2 The County Council is responsible for delivering the former LEP functions and operating these as a balanced budget. Funding for the implementation of the economic strategy, and delivery of former LEP functions is aggregated from multiple sources, including government grants, top slices from capital schemes, continued contributions from Councils, and Enterprise Zone business rates income. In some cases, funding for capabilities is provided to District & Borough Councils, and delivered via that level. Ultimately, the County Council Portfolio Holder is responsible for the delivery of the economic strategy and former LEP functions.

5.3 Whilst the Business Board is formally an advisor, it is able to recommend and take decisions as regards project/programme resourcing and financial priorities and investments, provided these are aligned to the economic strategy and annual plan. Where decisions are required which trigger Council thresholds, these will need to be routed through appropriate local democratic processes as needed. Officers will work with Board members to review and agree proposals to be tabled at Business Board meetings. Business Board decision making is done via majority, with the Chair having casting vote.

5.4 The Business Board is also responsible for steering programmes which are directly funded government, e.g. Skills Bootcamps and Growth Hub. Officers will bring regular updates to the Business Board as to the proposals, operations and outcomes for these programmes.

5.5 County Council governance will be utilised as required. There will be an annual update to the Council as to the progress of the Business Board and Economic Strategy. The County Council Scrutiny Committee may review any Council decision in its role as Accountable Body for the Business Board. The Business Board Chair (and any additional member whom the Chair sees as appropriate) may be asked to attend Scrutiny Committee. The County Council Audit Committee will review how any relevant governance frameworks operate in practice.

5.6 A senior officer group with representatives from County and all District and Borough councils will provide the ‘working group’ for the Business Board. This group will prepare and review key papers, and work within their organisations to brief CEX, portfolio holders and Leaders.