

REPORT SUMMARY SHEET

LOCAL ENTERPRISE PARTNERSHIP REVENUE OUTTURN 2018/19

Purpose

This report presents the draft revenue outturn position for the West of England Joint Committee for the financial year 2018/19. This report covers the Local Enterprise Partnership (LEP) and Invest in Bristol and Bath (IBB) revenue budgets.

Summary

This report includes the following key information:

- The West of England Combined Authority acts as the Accountable Body for a range of funding streams on behalf of the West of England Councils and LEP.
- Appendix 1 details the LEP draft revenue outturn position for the 2018/19 financial year, which, overall, is a net surplus of £464k.
- Appendix 2 details IBB's draft revenue outturn position for the 2018/19 financial year, which shows a breakeven position.

Recommendations

Members of the Joint Committee are asked to approve:

1. The LEP draft outturn position as set out in Appendix 1 is noted.
2. The transfer to reserves as detailed in paragraph 2.1.6 is approved.
3. The allocation of £150k from the LEP reserve for the 'West of England' Leadership Challenge' subject to final business case that demonstrates the regional outcomes deliverable through this funding. Approval to draw down the funding to be delegated to the WECA Chief Executive in consultation with the West of England Chief Executive Officers.
4. The IBB draft outturn position as set out in Appendix 2 is noted.

Contact officer: Malcolm Coe

Position: Director of Investment & Corporate Services

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REPORT TO: WEST OF ENGLAND JOINT COMMITTEE

DATE: 14th June 2019

**REPORT TITLE: LOCAL ENTERPRISE PARTNERSHIP REVENUE
OUTTURN 2018/19**

**DIRECTOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND
CORPORATE SERVICES**

AUTHOR: MALCOLM COE

Purpose of Report

- 1 This report presents the draft revenue outturn position for the West of England Joint Committee for the financial year 2018/19. This report covers the Local Enterprise Partnership (LEP) and Invest in Bristol and Bath (IBB) revenue budgets.

Recommendation

The Joint Committee agrees:

- a) **The LEP draft outturn position as set out in Appendix 1 is noted;**
- b) **The transfer to reserves as detailed in paragraph 2.1.6 is approved;**
- c) **The allocation of £150k from the LEP Reserve for the 'West of England Leadership Challenge', subject to final business case that demonstrates the regional outcomes deliverable through this funding. Approval to draw down the funding to be delegated to the WECA Chief Executive in consultation with the WoE Chief Executive Officers;**
- d) **The IBB draft outturn position as set out in Appendix 2 is noted.**

Background / Issues for Consideration

- 2 The West of England Combined Authority acts as the Accountable Body for a range of funding streams on behalf of the West of England Councils and LEP.
 - 2.1 **Appendix 1** details the LEP draft outturn revenue position for the 2018/19 financial year, which, overall, is a net surplus of £464k. The main points to note are:

Salary related:

- 2.1.1 The £18k staff variation reflects additional costs for the Careers Hub, which are fully funded through the Careers Enterprise Company.

Project spend:

- 2.1.2. £289k of project spend has been incurred against a revised budget of £298k, as follows:

Project Spend	Revised Budget £000	Actual Spend £000	Variance £000
5G Network	150	145	5
Stepping Up	50	50	0
Local Fibre Network	25	25	0
Energy Strategy	19	10	9
EDF Administration	25	25	0
Digital Study	18	14	4
Other	11	20	(9)
Total	298	289	9

Local Industrial Strategy:

- 2.1.3 The Committee approved, in July 2018, £364k to be set aside to meet the costs of developing the Local Industrial Strategy; to provide capacity to undertake the evidence gathering and policy development. The spend in 2018/19 was £149k with the remaining £215k being carried forward into 2019/20.

Income and Reserves

- 2.1.4 As previously reported, the interest returns are higher than the set budget in year due to a higher than anticipated holding of grant income, (mainly Local Growth Fund), and increased average interest rates achieved through our investments. This has resulted in a surplus in 2018/19 of £331k.
- 2.1.5 As approved at the last committee, the net surplus at year end is being transferred to the LEP Reserve which is held on behalf of the Unitary Authorities. Any future drawdown against this reserve will be determined by the Joint Committee.
- 2.1.6 The accumulated LEP Reserves, held by WECA as Accountable Body, stand as follows based on the draft outturn position:

LEP Reserve Balances £000's

LEP Reserve balance b/fwr d 1st April 2018	(590)
Draw-drawn for Local Industrial Strategy (net of grant)	147
Draw-drawn for Global Mayors Summit	28
LEP surplus forecast for 2018/19 to be transferred to Reserve	(464)
	(879)

The following committed allocations are to be funded in 2019/20 from this forecasted reserve balance:

- Local Industrial Strategy £215k and;
- Careers Hub £25k

2.1.7 From the remaining £639k LEP reserve balance there is a funding request, from Bristol City Council, for £150k in relation to the 'West of England Leadership Challenge'. The LEP previously approved £50k for the 'Stepping Up' programme and now, building on this, the new programme would include a diverse range of participants, (in terms of race, gender and background), from across regional public, private, voluntary and community sectors who would develop their capacity for leadership through working together on a shared, complex challenge. The proposed £150k allocation is subject to final business case which needs to clearly articulate the regional benefits that will be delivered through the funding.

2.1.8 WECA also administers the following funding streams, acting as an agent, on behalf of the LEP and partners;

Other funding Streams	Expenditure £000	Income £000	Net £000
Growth Hub	330	(330)	0
Energy Hub	93	(93)	0
Leader & ERDF Administration	258	(258)	0
Total	681	(681)	0

Funding matches expenditure in each Financial Year, with a straight pass through of funding and related costs.

Invest in Bristol and Bath (IBB)

2.2 **Appendix 2** details IBB's draft outturn revenue position for the 2018/19 financial year, which shows a breakeven position. The main points to note are:

- 2.2.1 Staff Costs are £8k less than the revised forecast due to post vacancies. In addition, as previously reported, a £20k underspend is generated through the freeing up of the provision for a historic pensions deficit.
- 2.2.2 Marketing expenses are £288k for the financial year. This includes £132k on attendance at trade conferences and Farnborough and South West Aerospace activities, which weren't included in the 2018/19 original budget, but were in the previous revised forecast and are fully covered by sponsorship income and contributions.
- 2.2.3 Funding for IBB is secured by way of an annual grant, (for five years from 2015/16 to 2019/20), from the Economic Development Fund (EDF). Actual drawdown of EDF for 2018/19 is £899k against a set budget of £1m with any unspent grant carried forward to the following financial year. 2019/20 is the final year of the EDF approved grant and the future funding of IBB, from 2020/21 onwards, will need to be reviewed.

Consultation

- 3 Consultation has been carried out with the Chief Executives, S151 Officers and the WECA Monitoring Officer.

Other Options Considered

- 4 None

Risk Management/Assessment

- 5 This report forms a core part of the WECA's governance and risk management process. The West of England Office agreement underpins the LEP; a Memorandum of Understanding between the four West of England UAs underpins the IBB service. These agreements deal with the risk sharing mechanisms between the four West of England councils. For all other WoE budgets administered by the WECA, it acts as "agent" with a straight pass through of funding and related costs.

Public Sector Equality Duties

- 6 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
- 6.1 The Act explains that having due regard for advancing equality involves:
- Removing or minimizing disadvantages suffered by people due to their protected characteristics.
 - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
 - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 6.2 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.
- 6.3 There are no specific public sector equalities issues arising from this report although budget managers are reminded to consider how they could positively contribute to the advancement of equality and good relations.

Finance Implications, including economic impact assessment where appropriate

- 7 The financial implications are contained within the body of the report. The LEP and IBB functions support the economic growth and vitality of the region.

Advice given by: Malcolm Coe, Director of Investment & Corporate Services

Legal Implications

- 8 This report monitors how the Local Enterprise Partnership (LEP), and Invest in Bristol and Bath (IBB) revenue budgets are performing against the financial targets set in February 2018 through the Budget setting process.

Advice given by: Shahzia Daya, Director of Legal Services

Human Resources Implications

- 9 These are set out in the body of the report, including the use of interim staffing resources and the proposals for the on-going WECA staffing resources.

Advice given by: Alex Holly, Head of Human Resources

Appendices & Background papers:

Appendix 1: Draft revenue Outturn LEP

Appendix 2: Draft revenue outturn IBB

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email:

democratic.services@westofengland-ca.gov.uk

APPENDIX 1

LEP April to March 2018/19				
	£000s			
	Original Budget	Revised Budget	Outturn	Variance
Staff	896	940	958	-18
Additional Pensions costs	66	0	0	0
Supplies & Services				
Support Services	95	95	95	0
Property costs	102	102	95	7
Project Spend	279	298	289	9
Skills Advisory.	0	0	19	-19
Global Mayors Summit	0	28	28	0
Local Industrial Strategy	364	248	149	99
Transfer to reserve	0	0	25	-25
Total Supplies & Services	840	771	700	71
Total Expenditure	1,802	1,711	1,658	53
INCOME				
UA Grant	440	440	440	0
DCLG Core Grant and Capacity Grant	500	500	500	0
Skills Grants	75	104	149	45
Skills Advisory	0	0	19	19
Energy Grant	0	18	10	-8
Interest Received	223	490	554	64
EDF Income	0	0	57	57
LEP General & Earmarked Reserves	564	495	393	-102
Total Income	1802	2047	2,122	75
Surplus	0	336	464	128

APPENDIX 2

IBB April to March 2018/19				
	£000s			
	Original Budget	Revised Budget	Outturn	Variance
Staff	516	484	476	8
Pension	20	0	0	0
Supplies & Services				
Support Services	67	67	68	-1
Property Services	85	85	66	19
Sector Specialists	200	200	125	75
Marketing Expenses	92	300	288	12
Review	20	20	26	-6
Total Supplies & Services	464	672	573	99
Total Expenditure	1,000	1,156	1,049	107
INCOME				
Economic Development Fund Grant	1,000	1,043	899	144
Sponsorship Income	0	90	77	13
Contribution	0	15	69	-54
Internal Recharges	0	8	4	4
Total Income	1,000	1,156	1,049	107