

**REPORT TO: WEST OF ENGLAND JOINT COMMITTEE**

**DATE: 20 March 2020**

**REPORT TITLE: LEP & IBB BUDGET OUTTURN APRIL – JANUARY 2020**

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

**AUTHOR: MALCOLM COE**

### **Purpose of Report**

- 1 This report presents the forecast revenue outturn budget for the West of England Joint Committee for the financial year 2019/20 based on actual data for the period April 2019 to January 2020. This report covers the Local Enterprise Partnership (LEP) and Invest in Bristol and Bath (IBB) revenue budgets.

### **RECOMMENDATIONS:**

#### **The Joint Committee agrees:**

- a) The LEP Budget as set out in Appendix 1 is noted.
- b) The IBB Budget 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. The WECA financial regulations require that it regularly reports on the financial monitoring position of these funds.

#### **The LEP**

- 2.1 **Appendix 1** details the LEP Budget current forecast revenue position for the 2019/20 financial year based on actual information to the end of January 2020. This shows the current projection is to spend **£4.994m** against an original budget of **£4.690m**. The difference of **£304k** is mainly due to the receipt and phasing of spend for government grants together with small underspend on core staff and related overheads.
- 2.2 Several grants have been attained throughout the year which have been detailed within previous budget monitoring reports. There are no new grants to report on in this committee cycle. The current forecast of grant spend across financial years is detailed in *Figure 1*.

Figure 1: Analysis of LEP External Grants revised as @ January 2020

LEP Grant Income	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/33 £000s	Total £000s
Creative Scale ups	235	945	120	0	1,300
South West Local Energy Hub	569	1,644	1,272	0	3,485
Growth Hub	468	328	0	0	796
LEP additional Capacity Funding	200	200	0	0	400
Careers Hub	376	121	0	0	497
Low Carbon Challenge Fund	605	905	590	0	2,100
One public Estate	238	293	26	0	557
Infrastructure & Investment Delivery Plan	65	185	164	0	414
Economic Development Fund Admin	67	67	67	67	268
Skills advisory Panel	55	0	0	0	55
WIDJET	238	0	0	0	238
Housing Advisor Programme	48	0	0	0	48
<b>LEP Specific Grant Funding Total:</b>	<b>3,164</b>	<b>4,688</b>	<b>2,239</b>	<b>67</b>	<b>10,158</b>

2.3 The original 2019 budget for external grants was **£3.206m** as detailed in *Figure 2*. For South West Local Energy Hub, Growth Hub, LEP additional capacity funding and Careers Hub, we have been successful, during the year, in extending the overall funding available as evidenced when compared to the 'total' column in *Figure 1*.

Figure 2: Original 2019/20 External Grant Budget

		2019/20 £000	Total Funding £000
a	Creative Scale ups	1,300	1,300
b	South West Local Energy Hub	1,224	2,800
c	Growth Hub	328	328
d	LEP additional Capacity Funding	200	200
e	Careers Hub	154	154
	<b>Totals:</b>	<b>3,206</b>	<b>4,782</b>

## 2.4 Drawdown from Reserves

Approved drawdowns from earmarked reserves of £490k are included in the forecast income for 2019/20 as follows:

**Figure 3: Drawdown from Earmarked Reserves**

<b>Transfer from Reserves</b>	<b>£000s</b>
Nuclear Programme – to provide financial support for the local supply chain programme.	100
Local Industrial Strategy – to deliver our region’s ambition to be a driving force for clean and inclusive growth.	215
Stepping Up – support for a leadership programme for BAME and equality groups.	150
Careers Hub – works with schools to improve careers opportunities and work experience for young people	25
<b>Transfer from Reserves</b>	<b>490</b>

## Interest on Balance

- 2.5 Investment interest earned on LEP balances held relates entirely to cash holding of the Local Growth Fund. Spend has escalated against this fund in recent months as we head towards the government deadline of March 2021 (when the funding expires). At this stage, we are not forecasting any material shortfall against the £400k income budget as set. The income target for 2020/21 has been adjusted down to £200k as cash balances continue to wind down. This figure will be reviewed regularly and updated in future budget monitoring reports to the Joint Committee.

## Invest in Bristol and Bath (IBB)

- 2.6 **Appendix 2** details IBB’s current forecast revenue position for the 2019/20 financial year based on information to the end of January 2020. 2019/20 is the final of five years where the funding for IBB is provided through the Economic Development Fund, (EDF). As such, any underspending at the end of the financial year will be returned to the overall EDF pot.
- 2.7 From 2020/21, IBB will be funded through the Revolving Infrastructure Fund, (RIF), as part of a new five-year deal, (to be reviewed after year three), as approved by the Joint Committee in October 2019.

## Consultation

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

## Other Options Considered

- 4 Value for Money and appropriate use of resources are constantly considered when allocating, monitoring and managing all revenue and capital budgets.

## Risk Management/Assessment

- 5 This report forms a core part of the WECA’s governance and risk management process.

The forecast budgets presented in this report take account of known financial risks and their potential impact on the outturn financial position. 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 minimising 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.

### Climate Change Implications

- 7 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region’s residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- \* The emission of climate changing gases?
- \* The region’s resilience to the effects of climate change?
- \* Consumption of non-renewable resources?
- \* Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

- 7.1 Several of the specific LEP workstreams have a strong focus on improving climate change especially the *South West Local Energy Hub, Low Carbon Challenge Fund and One Public Estate*. Where funds are allocated as grants to local businesses and organisations, the criteria used to prioritise funding allocations will incorporate climate improvement.

**Finance Implications, including economic impact assessment where appropriate:**

- 8 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:**

- 9 This report monitors how the Local Enterprise Partnership (LEP), and Invest in Bristol and Bath (IBB) revenue budgets are performing against the financial targets as set in February 2019 through the Budget setting process.

Advice given by: Shahzia Daya, Director of Legal Services

**Human Resources Implications:**

- 10 Fixed term contracts are applied where staff are appointed against specific LEP grant funding streams that are time limited in nature.

Advice given by: Alex Holly, Head of Human Resources

**Appendices**

**Appendix 1:** Revenue position LEP

**Appendix 2:** Revenue position IBB

**Background papers:**

LEP and IBB 2019/20 Budget – Joint Committee 1 February 2019

LEP and IBB 2019/20 Budget Monitoring reports as presented to each Joint Committee

**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](mailto:democratic.services@westofengland-ca.gov.uk)

## LEP Budget Monitoring Forecast as @ January 2020

	2019/20 Budget £'000s	2019/20 Forecast £'000s	Increase(+) / Decrease (-) £'000s
Core Staff and related overheads	1,459	1,379	(80)
<b><u>Grant Funded Spend</u></b>			
Staff	684	1,023	339
Third Party Payments (project spend)	2,429	2,474	45
Overheads	118	118	0
<b>Total Expenditure</b>	<b>4,690</b>	<b>4,994</b>	<b>304</b>
<b><u>Funded By:</u></b>			
UA Contribution	440	440	0
Other Government Grant	3,206	3,164	-42
DCLG Core & Capacity Grant	500	500	0
Interest on Balances	400	400	0
Use of Reserves	144	490	346
<b>Total Income</b>	<b>4,690</b>	<b>4,994</b>	<b>304</b>
<b>NET TOTAL - Under / (Over) Spent</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## APPENDIX 2

## IBB Budget Monitoring Forecast as @ January 2020

	Budget £'000s	Forecast £'000s	Variance £'000s
<b>EXPENDITURE</b>			
<b>Staff</b>	<b>528</b>	<b>515</b>	<b>(13)</b>
<b>Supplies &amp; Services</b>			
Premises Services	41	41	0
Support Services	41	47	6
Supplies & Services	0	0	0
Project Spend	390	497	107
<b>Total Supplies &amp; Services</b>	<b>472</b>	<b>585</b>	<b>113</b>
<b>Total Expenditure</b>	<b>1,000</b>	<b>1,100</b>	<b>100</b>
<b>INCOME</b>			
EDF Grant (inc £100k c/f from 2018/19)	1,000	1,100	100
<b>Total Income</b>	<b>1,000</b>	<b>1,100</b>	<b>0</b>
<b>NET TOTAL - Under / (Over) Spent</b>	<b>0</b>	<b>0</b>	<b>0</b>