

**REPORT TO: WEST OF ENGLAND LOCAL ENTERPRISE  
PARTNERSHIP BOARD MEETING**

**DATE: 18 JANUARY 2023**

**REPORT TITLE: LEP BUDGET SETTING REPORT – 2023/2024**

**DIRECTOR: RICHARD ENNIS, INTERIM ACTING CHIEF EXECUTIVE &  
DIRECTOR OF INVESTMENT AND CORPORATE  
SERVICES (SECTION 73 OFFICER)**

**AUTHOR: SELONGE RUSSELL, HEAD OF FINANCE**

#### **Purpose of Report**

- 1 The report sets out the proposed Budget in respect of the Local Enterprise Partnership (LEP) for 2023/24. This report also represents the forecasted revenue for the financial year 2022/23 based on data from the period April 2022 to December 2022. The report covers the Local Enterprise Partnership (LEP) and Invest Bristol & Bath (IBB) revenue budgets.

#### **RECOMMENDATIONS:**

- a) Note the LEP Budget for 2023/24 as set out in Appendix 1;
- b) Note the forecasted LEP revenue forecast for 2022/23 as set out in Appendix 2;

#### **Background / Issues for Consideration**

- 1 The West of England Combined Authority, (CA), acts as the Accountable Body for the range of funding streams on behalf of the West of England Councils and LEP. This report sets out details of the proposed revenue budgets for the LEP for the 2023/24 financial year and provides a forecast against current year budgets.

## LEP Delivery and Running Costs and Medium-Term Forecast

- 2 The core running costs of operating the LEP in terms of furnishing the Joint Committee, operating the LEP Board and applying for, receiving, and managing various grant streams has been consistent for several years now. Savings have been enacted where possible, however such opportunities are limited due to the need to retain a two-tier committee structure for managing funding within the region. With increments and staff pay awards, the core costs for 2023/24 amount to £1,086k which are mainly funded by:
- A core LEP Capacity grant of £375k (Reduced in 2022/23 from £500k) which is approved on a year-by-year basis;
  - Match funding contributions from the four West of England Unitary Councils (£440k);
  - A time limited RIF administrative grant which will be fully utilised by 2023/24 (£112k)

**Figure 1: LEP Core Running Costs Net of Specific Grant Allocations:**

	2022/23 Budget £'000s	2023/24 Budget £'000s	2024/25 Budget £'000s	2025/26 Budget £'000s	2026/27 Budget £'000s
<b>Core Staff and Related Overheads*</b>	1,287	1,086	1,119	1,140	1,161
<b>Funded by:</b>					
Unitary Authority Contribution	440	440	440	440	440
LEP Core Capacity Grant**	500	375	375	375	375
Drawdown from Reserve	160	160	160	0	0
RIF Admin grant	184	112	0	0	0
<b>Total Funds</b>	1,284	1,087	975	815	815
<b>Increase / (Shortfall) in funding</b>	(3)	1	(144)	(325)	(346)

\* Reduction in staff costs due reduced housing activity.

\*\*Actuals Received in 2022/23 were £375k against the budget of £500k.

### Specific Grants and Activities from the LEP Budget

- 3 Specific grant funding of £10.7m was generated in 2022/23 and correspondingly, £6.8m for 2023/24 as detailed in Figure 2.

**Figure 2: LEP Specific Revenue Grant Income – Medium Term Forecast**

LEP Grant Income	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	Total £'000s
A - Net Zero Hub (BEIS)	3,789	3,296	1,320	1,037	0	9,442
B - Green Homes (BEIS)	3,908	0	0	0	0	3,908
C - Growth Hub (BEIS)	350	350	0	0	0	700
	8,047	3,646	1,320	1,037	0	14,050
D - One Public Estate (DLHUC)	33	678	0	0	0	711
E - Infrastructure & Investment Plan (DLHUC)	19	183	47	0	0	249
F - LEP Additional Capacity (DLHUC)	104	0	0	0	0	104
G - Careers Hub (CEC+DLHUC)	751	665	579	193	0	2,188
	907	1,526	626	193	0	3,252
H - Creative Scale Up (DCMS)	527	488	428	0	0	1,443
I - AMIF (Ashley Housing)	47	65	0	0	0	112
J - Skills Advisory Panel (DfE)	95	0	0	0	0	95
K - IBB (RIF)	1,083	1,000	1,000	0	0	3,083
L - EDF Management	67	67	67	67	67	335
	10,773	6,792	3,441	1,297	67	22,370

- 4 Overall LEP Grant Funding that has been attracted is now circa £22.4m over the Medium-Term Financial Strategy period, (MTFS), as per Figure 2.
- 5 Many of the grants attracted by the LEP are relatively short term in nature. Any staff recruited to support specific grant funded activities are engaged on a fixed term basis linked to the duration and security of the relevant funding stream.
- 6 The majority of spend relates directly to staff administering the specific initiatives and third-party grant payments being made to local businesses and organisations to help build the local economy and skills of the local workforce.

### Revenue Forecast Position

- 7 Appendix 2 details the LEP, (including IBB), revenue forecast for the 2022/23 financial year based on actual information as at the end of December 2022 which shows spend of £12.14m against an original budget of £9m. The difference is mainly due to the receipt and phasing of additional government grants in relation to the Net Zero Hub and associated Green Homes grant together with IBB and Career Hub. The net forecasted deficit is £120k which is due to the reduction in the Core Capacity Grant.

## **Accountable Body Functions**

- 8 The Combined Authority act as Accountable Body for the Local Enterprise Partnership, (LEP), activities, which includes significant capital investment in the region.
- 9 The capital funding streams administered by the Accountable Body include:
  - The Revolving Infrastructure Fund (RIF) - £57m
  - The Economic Development Fund (EDF) - £500m
- 10 The RIF was created in 2012 from funding awards from Government through Regional Growth Fund and Growing Places to create a revolving funding programme aimed at providing the upfront funding to enable development. All the grant funding has been awarded out and claimed, and repayment back to the fund has enabled further schemes to be approved. In line with the RIF principles approved at the Joint Committee in October 2021, the Councils have underwritten repayment and its timing. Aside from IBB, all of the projects within the RIF programme are delivered by the constituent authorities. The Combined Authority are the accountable body for the RIF funding, a function transferred from B&NES (the then LEP accountable body) with the creation of the CA.
- 11 The Economic Development Fund (EDF) was created in 2012 as part of the Growth Incentive through the City Deal and is a £500m fund sourced from retained business rates growth in the area's Enterprise Zones and Areas. The overall funding, which will operate over 25 years to 2039, is managed by South Gloucestershire Council but the Combined Authority is the Accountable Body for the EDF. The Fund seeks to deliver the schemes which will unlock growth and generate the business rates uplift that will provide the £500m. The EDF is predicated on the Councils borrowing to fund the schemes with the EDF repaying the capital and interest over the term of the fund.

## **Consultation**

- 12 Consultation has been carried out with the Chief Executives, S151 Officers and the Combined Authority Monitoring Officer.

## **Other Options Considered**

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

## **Risk Management/Assessment**

- 14 This report forms a core part of the governance and risk management process. The budgets presented in this report take account of known financial risks and their potential impact on the forecast 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 Combined Authority, it acts as "agent" with a straight pass through of funding and related costs.

## **Public Sector Equality Duties**

- 15 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.
- 16 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.
- 17 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.

## **Climate Change Implications**

- 18 Several of the specific LEP workstreams have a strong focus on improving climate change especially the South West Local Energy Hub, 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.

Report and advice reviewed and signed off by: *Roger Hoare, Head of Environment*

## **Finance Implications:**

- 19 All financial implications are contained within the body of the report.

Report and advice reviewed and signed off by: *Richard Ennis, Interim Acting Chief Executive & Director of Investment and Corporate Services (Section 73 Officer)*

## **Legal Implications:**

- 20 This report sets out the proposed Budgets for LEP for 2023/24. The budgets have been prepared in accordance with relevant Local Government Financial Regulations, Accounting Standards and relevant Grant Offer Letters. The West of England Combined Authority acts as agent for the transactions of the LEP.

Report and advice reviewed and signed off by: *Stephen Gerrard, Interim Director of Legal*

**Human Resources Implications:**

21 The proposed Budgets include all appropriate staff costs for continuing activities for the LEP.

Report and advice reviewed and signed off by: *Alex Holly, Head of People and Assets*

**Appendices:**

Appendix 1 Local Enterprise Partnership Budget 2023/24

Appendix 2 Local Enterprise Partnership Revenue Forecast 2022/23

**Background papers:**

(LEP) 2022/23 Revenue Budget Setting Report – Joint Committee January 2022

(LEP) Budget Monitoring Reports to Joint Committee throughout 2022

**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 Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 70 Redcliff Street, Redcliffe, Bristol BS1 6AL email:

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

## APPENDIX 1

### Local Enterprise Partnership Revenue Budget 2023/24 (Inc. Invest in Bristol & Bath)

	2022/23 Budget £'000s	2023/24 Budget £'000s	Increase(+)/ Decrease (-) £'000s
Core Staff and related overheads	1,287	1,086	-201
<b><u>Grant Funded Spend</u></b>			
Staff	2,908	2,349	-559
Services and Third Party Payments	4,120	3,882	-238
Overheads	650	562	-88
<b>Total Expenditure</b>	<b>8,965</b>	<b>7,879</b>	<b>-1,086</b>
<b><u>Funded by</u></b>			
UA Contribution	440	440	0
Other Government Grants	7,681	6,792	-889
RIF Admin Grant	184	112	-72
DLCG Core and Capacity Grant	500	375	-125
Reserves	160	160	0
<b>Total Income</b>	<b>8,965</b>	<b>7,879</b>	<b>-1,086</b>
<b>Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

## APPENDIX 2

### Local Enterprise Partnership (LEP) Forecasted Revenue 2022/23

	2022/23 Budget £000s	2022/23 Forecast £000s	Variance £000s
Core Staff and Related Overheads	1,287	1,249	-38
<b><u>Project Spend</u></b>			
Staff	2,908	2,311	-597
Services & Third-Party Payments (a)	4,120	8,058	3,938
Overhead	650	520	-130
<b>Total Expenditure</b>	<b>8,965</b>	<b>12,138</b>	<b>3,173</b>
<b><u>Income</u></b>			
UA Contribution	440	440	0
Other Government Grants (b)	7,681	10,773	3,092
RIF Admin Grant	184	150	-34
DCLG Core and Capacity Grant	500	375	-125
Interest	0	3	3
Reserve	160	277	117
<b>Total Income</b>	<b>8,965</b>	<b>12,018</b>	<b>3,053</b>
<b>Deficit</b>	<b>0</b>	<b>120</b>	<b>120</b>

**Note:**

(a) Increases are a direct result of extended approved government grants and payments.

(b) Extended Approved Government Grants.