

**REPORT SUMMARY SHEET
LOCAL ENTERPRISE PARTNERSHIP (LEP) AND INVEST IN BRISTOL AND BATH
(IBB) BUDGET OUTTURN – APRIL-DECEMBER 2018**

Purpose

This report presents the forecast revenue outturn budget monitoring information for the West of England Joint Committee for the financial year 2018/19 based on actual data for the period April 2018 to December 2018. This report covers the LEP and IBB revenue budgets.

Summary

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.

Appendix 1 outlines the LEP budget current forecast revenue position for the 2018/19 financial year based on actual information to the end of December 2018. This shows the current projection is an underspend of £359k.

Appendix 2 details IBB's current forecast revenue position for the 2018/19 financial year based on information to the end of December 2018. This shows the current forecast is for spend to breakeven with budget.

Recommendations

- 1. That the LEP budget as set out in Appendix 1 is noted.**
- 2. To agree to fund £28k from LEP Reserves for the Global Mayors Summit.**
- 3. That the forecast accumulated LEP balances held on behalf of the Unitary Authorities as reserves are noted.**
- 4. That the IBB Budget as set out in Appendix 2 is noted.**

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REPORT TO: JOINT COMMITTEE

DATE: 1 February 2019

REPORT TITLE: LEP AND IBB BUDGET OUTTURN APRIL – DECEMBER 2018

DIRECTOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND CORPORATE SERVICES

AUTHOR: MALCOLM COE, DIRECTOR OF INVESTMENT AND CORPORATE SERVICES

Purpose of Report

- 1 This report presents the forecast revenue outturn budget monitoring information for the West of England Joint Committee for the financial year 2018/19 based on actual data for the period April 2018 to December 2018. This report covers the Local Enterprise Partnership (LEP) and Invest in Bristol and Bath (IBB) revenue budgets.

RECOMMENDATIONS:

That the Joint Committee agrees:

- a) **The LEP Budget as set out in Appendix 1 is noted.**
- b) **To agree to fund £28k from LEP Reserves for Global Mayors Summit**
- c) **The forecast accumulated LEP balances held on behalf of the Unitary Authorities as reserves are noted.**
- d) **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.

- 2.1 **Appendix 1** outlines the LEP Budget current forecast revenue position for the 2018/19 financial year based on actual information to the end of December 2018. This shows the current projection is an underspend of £359k. The main points to note are:

Salary related:

- 2.1.1 Salary costs are estimated to be £44k above the original budget which reflects new costs for the careers Hub. This spend is fully funded through the Careers Enterprise Company.

As previously reported to committee, the £66k provision included within the 2018/19 budget as a contribution to meeting historic pensions deficit costs are no longer required.

Project spend:

- 2.1.2. The initial budget of £62k set aside for Project expenditure was increased to £280k to reflect the drawdown of reserves, as approved by the Joint Committee in April 2018, for the following uses;

Table A – Drawdown of Reserves 2018/19

Stepping Up			50
5G Bid			150
Digital Strategy c/fwd			18
			<u>218</u>

In addition, expenditure of £19k is included within the forecast for completion of the work on the Energy Strategy which is funded by the carry forward of the remainder of the unspent BEIS Grant from 2017/18.

Local Industrial Strategy:

- 2.1.3 The committee approved, in July 2018, up to £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 forecast expenditure in this financial year is £248k with the remaining £116k to be carried forward and spent in 2019/20.

Income and Reserves

- 2.1.4 Bristol hosted a hugely successful Global Mayors summit in October 2018 which significantly helped to raise the profile of the region. In May 2018, the West of England Chief Executive's discussed funding for this event and, whereas most was anticipated to be generated through sponsorship, agreed in principle that consideration could be given to seeking LEP funding for any residue balance.

Accounting for the event has now been completed and, despite meeting the majority of the event costs through sponsorship, there is a remaining balance of £28k. It is recommended that this is funded through the LEP reserve.

- 2.1.5 As described in last quarter's report, the interest return forecast has been updated to take account of the latest Local Growth Fund grant expenditure profiles and increased average interest rates achieved. This has resulted in an increased level of investment returns for the 2018/19 Financial Year. Surplus interest of £267k is now forecast to be generated above the budgeted income target.

- 2.1.6 As agreed at the last committee, any net surplus at year end will be 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.
- 2.1.7 The accumulated LEP Reserves, held by WECA as Accountable Body, stand as follows based on the forecast outturn position:

Table B – Projected LEP Reserve Balances

LGF Interest (For 2016/17 FY)	-191
4JUA contribution in previous years (supluses to 31/3/17)	-360
Transferred to LEP Reserve (surplus for 2017/18 FY)	-40
	-591

Draw-drawn for Local Industrial Strategy development	248
Global Mayors Summit	28
Forecast surplus for 2018/19	-359
	-672

The following committed allocations are to be funded from this forecast reserve balance:

- Local Industrial Strategy £116k in 2019/20
- Careers Hub £25k in 2019/20.

- 2.1.8 In addition, the Authority holds a balance of £85k Local Transport Grant which is earmarked to fund the costs of undertaking independent appraisal/ evaluation of LGF Business Cases as they are brought forward for Transport schemes.
- 2.1.9 WECA also administers the following funding streams, acting as an agent, on behalf of the LEP and partners;

	Exp	Inc	Net
	£000	£000	£000
Growth Hub	328	-328	0
Energy Hub	1075	-1075	0
LEADER Management & Administration	85	-85	0
ERDF Technical Assistance Administration	39	-39	0

- 2.1.10 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 current forecast revenue position for the 2018/19 financial year based on information to the end of December 2018. This shows the current forecast is for spend to breakeven with budget. The main points to note are:
- 2.2.1 Staff Costs are forecast to be £32k less than budgeted due to post vacancies. In addition, a £20k underspend is generated through the freeing up of the provision for a historic pensions deficit which is no longer required.
 - 2.2.2 Marketing expenses are forecast at £300k for the Financial Year. This includes £145k on attendance at trade conferences and Farnborough and South West Aerospace activities, which weren't included in the 2018/19 budget, but 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. 2019/20 is the final year of EDF funding, and a recent review of the IBB has concluded with a refocused service at a continued estimated cost of £1m per year going forward.
 - 2.2.4 The future funding of the IBB from 2020/21 onwards will need to be reviewed. Management will continue to manage activity to balance the budget within the available grant resources.

Consultation

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

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: Revenue position LEP

Appendix 2: Revenue position 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:

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APPENDIX 1

LEP April to December 2018/19			
EXPENDITURE	£'000s		
	Budget	Forecast	Variance
Staff	896	940	-44
Additional Pensions costs	66	0	66
Supplies & Services			
Support Services	95	95	0
Property costs	102	102	0
Project Spend	279	298	-19
Global Mayors Summit	0	28	-28
Local Industrial Strategy	364	248	116
Total Supplies & Services	840	771	69
Total Expenditure	1,802	1,711	91
INCOME			
UA Grants	440	463	23
DCLG Core Grant	250	250	0
Capacity Grant Funding	250	250	0
Skills Grants	75	104	29
Energy Grant	0	18	18
Interest Received	223	490	267
LEP Reserve	564	495	-69
Total Income	1,802	2,070	268
NET TOTAL - Under / (Over) Spent	0	359	359

APPENDIX 2

IBB April to December 218/19			
EXPENDITURE	£000's		
	Budget	Forecast	Variance
Staff	516	484	32
Additional Pensions Costs	20	0	20
Supplies & Services			
Support Services	67	67	0
Property costs	85	85	0
Sector Specialists	200	200	0
Marketing Expenses	92	300	-208
Review	20	20	0
Total Supplies & Services	464	672	-208
Total Expenditure	1,000	1,156	-156
INCOME			
Economic Development Fund Grant	1,000	1,043	43
Sponsorship Income	0	90	90
Contributions	0	15	15
Internal Recharges	0	8	8
Total Income	1,000	1,156	156