

**REPORT SUMMARY SHEET
REVENUE BUDGET SETTING REPORT 2019/20**

Purpose

To consider and approve the budget in respect of the Local Enterprise Partnership (LEP) and Invest in Bristol and Bath (IBB) for 2019/20

Summary

The West of England Combined Authority (WECA) 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 budgets for the LEP and IBB for the 2019/20 financial year.

Recommendations:

That:

1. The LEP Budget for 2019/20 as set out in Appendix 1 is approved.
2. The contribution required from B&NES, Bristol and South Gloucestershire Councils to support the LEP Budget is set at £110k each for 2019/20.
3. The IBB Budget for 2019/20 as set out in Appendix 2, is approved.

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REPORT TO: West of England Joint Committee

DATE: 1 February 2019

REPORT TITLE: REVENUE BUDGET SETTING REPORT – 2019/20

DIRECTOR: MALCOLM COE – DIRECTOR OF INVESTMENT & CORPORATE SERVICES

AUTHOR: MALCOLM COE

Purpose of Report

- 1 To consider and approve the Budget in respect of the Local Enterprise Partnership (LEP) and Invest in Bristol and Bath (IBB) for 2019/20

Recommendation

- a) The LEP Budget for 2019/20 as set out in Appendix 1 is approved;
- b) The contribution required from BANES, Bristol and South Gloucestershire Councils to support the LEP Budget is set at £110k each for 2019/20;
- c) The IBB Budget for 2019/20 as set out in Appendix 2, is approved

Background / Issues for Consideration

- 2 The West of England Combined Authority (WECA) 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 budgets for the LEP and IBB for the 2019/20 financial year.

2.1 LEP Delivery and Running Costs and Medium Term Forecast

2.1.1 The core running costs of circa £1m for the LEP are funded by:

- (a) A core grant of £500k per annum which is approved on a year by year basis and;
- (b) Match funding contributions from the four West of England Unitary Councils.

2.1.2 For 2018/19, the required contribution from each local authority was reduced from £150k to £110k due to the LEP budget generating a surplus from interest achieved against financial balances held (Local Growth Funding awaiting drawdown).

2.1.3 It is recommended that this reduced contribution of £110k per council remains in place for the 2019/20 financial year as surplus interest is again forecast for the next 12 months.

2.1.4 However, when the Local Growth Fund has been fully spent – which has to be by March 2021 in compliance with the government’s grant conditions – there will be a need to review the authority contribution levels and the overall funding arrangements for the LEP.

2.1.5 Figure 1 details the anticipated spend on LEP core running costs, (incorporating a 2% annual uplift for salary related spend), for the next five financial years.

Figure 1: LEP core running costs net of Specific Grant allocations

	2019/20 Budget £'000s	2020/21 Budget £'000s	2021/22 Budget £'000s	2022/23 Budget £'000s	2023/24 Budget £'000s
LEP Staff and Overheads spend	1,075	1,166	1,237	1,278	1,301
Funded by:					
UA Contribution	440	440	440	440	440
Core Grant	500	500	500	500	500
Interest on Balance	400	200	0	0	0
Total Funds	1,340	1,140	940	940	940
Increase / (Shortfall) in funding	265	(26)	(297)	(338)	(361)

2.1.6 This highlights that there will be a marginal shortfall in funding for 2020/21 which increases in subsequent years as interest income diminishes.

2.2 Specific Grants and Proposed Changes to the LEP Budget for 2019/20

2.2.1 WECA and the LEP continue to be successful in attracting a number of new specific funding streams to the region which has resulted in a total increase to the gross LEP budget of £3.2m in 2019/20 as detailed in *Figure 2*

Figure 2: New Grants impacting on the 2019/20 LEP 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 Capacity Funding	200	200
e	Careers Hub	154	154
	Totals:	3,206	4,782

- (a) Government is contributing £1.3m for 2019/20 to help creative industries grow by improving access to expert knowledge and training as well as supporting business through training and advice on securing investments.
- (b) Business, Energy and Industrial Strategy (BEIS) will contribute £1.224m to deliver the South West Local Energy HUB in 2019/20. The objectives are to increase the number, quality and scale of local energy, to raise local awareness of opportunities and attract private and public finance for energy projects. The Energy Hub is a two-year fixed project with total grants of £2.8m.
- (c) Growth Hub has been funded by a grant from BEIS of £328k. This is used to support providers and business looking to grow, establishing a stronger local economic region. Funding beyond 2019/20 will be subject to government funding decisions.
- (d) Core LEP activity is partly funded through direct grants totalling £500k per annum from BEIS. Funding beyond 2019/20 will be subject to government funding decisions. There is an additional £200k in 2019/20 of capacity funding to undertake a LEP review.
- (e) Careers Hub - £154k is funded from Future Quest and Career Enterprise. The Careers Hub will ensure young people have more opportunities to connect with the world of work and potential future employers. The balance of Careers Hub spend of £25k is funded from reserves.
- 2.2.2 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.

2.3 Invest in Bristol and Bath (IBB)

- 2.3.1 **Appendix 2** details the Proposed IBB budget for the 2019/20 financial year. Funding for this activity 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.
- 2.3.2 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.
- 2.3.3 Funding may also be generated from sponsorship and contributions from business and third parties to support specific marketing activity – such spend will only be incurred when funding has been secured.

Consultation

- 3 Consultation has been carried out with the Chief Executives, S151 Officers and Monitoring Officer. Relevant officers within BANES, Bristol, North Somerset and South Gloucestershire have been consulted with, and fed in to, the review of Invest in Bristol and Bath activities.

Risk Management/Assessment

- 4 The West of England Office agreement underpins the LEP; a Memorandum of Understanding between the four West of England UAs underpins IBB. These agreements deal with the risk sharing mechanisms between the four West of England councils.
- 4.1 The key financial risk, beyond 2019/20, relates to the lack of security of future funding. Financial pressure will incur in 2021/22 onwards due to a fall in income from investments, (linked to the completed spend of Local Growth Funding). In addition, the annual notification, and approval, of the £500k Core Grant creates volatility in budget setting.

Public Sector Equality Duties

- 5 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.
- 5.1 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.

5.2 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.

Finance Implications:

6 All financial implications are contained within the body of the report.

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

Legal Implications:

7 This report sets out the proposed Budgets for LEP and IBB for 2019/20. 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 the accountable body for the transactions of the LEP and IBB.

Advice given by: Shahzia Daya, Director of Legal

Human Resources Implications:

8 The proposed Budgets include all appropriate staff costs for continuing activities for the LEP and IBB.

Advice given by: Alex Holly, Head of Human Resources

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

Local Enterprise Partnership Budget 2019/20

	2018/19 Budget £'000s	2019/20 Budget £'000s	Increase(+) / Decrease (-) £'000s
Staff	1,197	1,916	719
Premises Services	135	141	6
Support Services	111	142	31
Supplies & Services	62	62	0
Project Spend	0	2,429	2,429
Total Expenditure	1,505	4,690	3,185
Income			
UA Contribution	440	440	0
Other Government Grant	75	3,206	3,131
DCLG Core & Capacity Grant	500	500	0
Interest on Balances	198	400	202
Use of Reserves	292	144	-148
Total Income	1,505	4,690	3,185

APPENDIX 2

Invest in Bristol and Bath Budget 2019/20

	2018/19 Budget £'000s	2019/20 Budget £'000s	Increase(+) / Decrease (-) £'000s
Staff	536	528	-8
Premises Services	84	41	-43
Support Services	68	41	-27
Supplies & Services	0	0	0
Project Spend	312	390	78
Total Expenditure	1,000	1,000	0
Income			
EDF	1,000	1,000	0
Investment Fund	0	0	0
Total Income	1,000	1,000	0