



## **Lancashire Enterprise Partnership Limited**

**Private and Confidential: NO**

**Date:** Tuesday, 6 November 2018

**Lancashire Enterprise Partnership Operational Budget 2018/19 - Update Report**  
Appendices 'A' and 'B' refer (Appendix 'B' is attached separately to the agenda as it contains Part II Private and Confidential information)

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### **Executive Summary**

The report presents to the Lancashire Enterprise Partnership Board an update on its Operational Budget 2018/19 which is attached at Appendix 'A'.

The report also presents an update on the Lancashire Enterprise Partnership's Growing Places Investment Fund which is attached at Appendix 'B' (Exempt).

### **Recommendation**

The Lancashire Enterprise Partnership Board is asked to:

- (i) Consider and approve the Lancashire Enterprise Partnership's Operational Budget for 2018/19.
- (ii) Approve a maximum of £200,000 transferred from the Lancashire Enterprise Partnership's reserves to be made available for transitional activity until receipt of funds from Government.
- (iii) Note the request for additional funding for Project Eric; and
- (iv) Note the balance statement for the Lancashire Enterprise Partnership's Growing Places Investment Fund.

### **Background and Advice**

The report presents an update on the Lancashire Enterprise Partnership's Operational Budget for 2018/19 and provides a balance statement for the Lancashire Enterprise Partnership's Growing Places Investment Fund.



### *Operational Budget 2018/19 Update*

At its meeting in June 2018, the 2018/19 Operational Budget was approved by the Board. Subsequently a small number of additional items of activity and related expenditure have been included as well as some areas of expenditure having been reduced. The updated Operational Budget for 2018/19 is attached at Appendix 'A'.

#### *Income*

All budgeted income from the Ministry for Housing, Communities Local Government and Lancashire County Council has been received in full.

Growing Places Investment Fund interest is discussed later on in this report.

Key areas of reduced expenditure are:

- The budget proposed for Business Growth and Innovation Activity has been reduced from £125,000 to £50,000. This reflects the stage of development of the Strategic Economic Plan refresh and the development of a Local Industrial Strategy which are due to be completed in Quarter 4 2018/19. Spend in this area is being incurred on the implementation of Lancashire's Innovation Plan, specifically on stakeholder engagement, professional events and promotional activity and the development of an Incubator Pilot.
- The Investing in Growth and Key Sector Support budget has been reduced from £100,000 to £65,500. This reflects the stage of development of Lancashire's inward investment propositions and includes the Invest in Lancashire website.
- The Enterprise Zone Branding, Marketing and Communications budget has been reduced by £23,000 to reflect the cost efficiency in delivering Phase 1 of the Lancashire Advanced Manufacturing and Energy Cluster websites and allowing for reduced costs to be included for Phase 2 development of the Lancashire Advanced Manufacturing and Energy Cluster websites.
- The proposed additional posts for Digital and Marketing activity has been delivered with reduced costs producing a saving of £6,380.
- This represents a decrease in overall expenditure of £138,880.

Key areas of additional expenditure are:

- The refresh of the Strategic Economic Plan was budgeted to spend £50,000 and included the development of Lancashire's Local Industrial Strategy and its consultation. This budget has now been split into two, with £30,000 now allocated for the refresh of the Strategic Economic Plan and the development of the Local Industrial Strategy and an increased budget of £30,000 included for consultation. This is an overall increase in the budget of £10,000.
- The General Marketing Budget, which has been increased by £78,400, includes annual costs for the Lancashire Enterprise Partnership's retained communications and marketing service, defrayed expenditure for costs to exhibit at MIPIM Cannes in 2017/18 and also proposes additional budget to



support MIPIM Cannes / MIPIM UK costs for 2018/19 which is subject to a report elsewhere on the agenda.

- This represents an increase in overall expenditure of £88,400.
- The Board is advised that there is a request for the Lancashire Enterprise Partnership to consider providing an additional £250,000 to support Project Eric in the next stage of work required to progress the project to RIBA Stage 4. The county council, Lancaster University and Lancaster City Council have each been asked to contribute £250,000 towards the £1,000,000 commission. A further update on this item will be brought to the Board for consideration at its December meeting.

#### *Update on Expenditure:*

- Staffing costs will be allocated at the end of the financial year but there will be an under-spend in the budget due to the additional posts commencing on the 1<sup>st</sup> September and not on the 1<sup>st</sup> April. The costs will be rolled over into future years.
- The refresh of the Strategic Economic Plan and the development of Lancashire's Local Industrial Strategy is currently underway and it is expected that public engagement will commence in Quarter 4 and as a result the budget is anticipated to be fully spent by the year end.
- Preston Railway Study has been commissioned and is due for completion before the end of Quarter 3.
- Preston Railway Commercial Masterplan Development work will start once the Preston Railway Study has been completed as outcomes from the study will inform this work. This will be reviewed in Quarter 4 to determine if the budget will be committed in the financial year committed or is to be carried forward.
- Growing Places Investment Fund Evaluation will begin in Quarter 3.
- Investment co-ordination activity will commence shortly with a commission for an Inward Investment Strategy to help improve Lancashire's attraction rates. This is to support the work already done on the Invest in Lancashire website and Inward Investment proposition work.
- M65 Growth Corridor Study is due to commence in Quarter 4.
- External support for the Enterprise Zone Masterplan delivery and legal support will be spent by the end of the year, with activity having already commissioned.

The last budget presented to the Board in June 2018 had an overall forecast expenditure of £1,746,787 for the year, however due to formulaic issues a figure of £75,000 shown in the budget was not included in the final figure so the overall expenditure should have been reported as £1,821,787. If the proposed adjustments detailed in this report are approved, the new budget is forecast to spend £1,771,307. This is an overall reduction in expenditure of £50,480.

#### *Transition Funding*

The Government has invited Local Enterprise Partnership's to bid for a maximum £200,000 of Transition Funding to support them in implementing the recommendations



identified within the national review, 'Strengthening Local Enterprise Partnerships'. The funding is to be spent by March 2019.

The Lancashire Enterprise Partnership has submitted its bid for a maximum of £200,000 Transition Funding. This is included elsewhere on the agenda.

The Board is requested to approve that up to a maximum of £200,000 is made available from within the Lancashire Enterprise Partnership's reserves to use on transition activity until confirmation and receipt of funding from Government. Should this funding be forthcoming, any expenditure already made will be transferred back to reserves from this £200,000.

To enable the transition of the Lancashire Enterprise Partnership, the next operational budget update presented to the December Board meeting will review the current budget to identify core priorities for investment in the remaining financial year and in subsequent year. This will also include a more detailed budget for the Growing Places Investment Fund, including project income by year over future years.

#### *Growing Places Investment Fund*

There are currently four live schemes totalling £6,388,372. There is outstanding capital on one scheme totalling £1,214,311 and a sixth scheme has Heads of Terms agreed by the Board with work underway to finalise loan and security documentation, including legal and financial due diligence, which will be presented to the Board for final approval.

There are two schemes in the pipeline totalling, £2,000,000 and a proposed amount of £750,000 which may be required to support the delivery of a Lancashire Urban Development Fund.

This would leave £1,115,781 available to invest.

The interest received from invested funds to date is £729,154 and there is interest due on the outstanding loans of £1,576,820.

Details of the loans are attached at Appendix 'B' (Exempt)

#### **List of Background Papers**

Paper	Date	Contact/Tel
N/A		



Reason for inclusion in Part II, if appropriate

Appendix 'B' to this report contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The appendix contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.