



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Date: Friday, 15th September 2020

LEP Board Financial Update - September 2020

(Appendix 'A' refers)

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Executive Summary

This report presents the Lancashire Enterprise Partnership Board with an update on LEP finances since the last Board meeting held in June 2020.

Recommendation

The Lancashire Enterprise Partnership Board is asked to note:

- (i) August position on income and expenditure of the LEP's Operating Budget and changes to forecast and actuals.
- (ii) An end of year forecast of an in year deficit of £1,686,666 based on the use of retained reserves to fund delivery of the agreed budget.
- (iii) The current position of the Income and Expenditure Account for the current financial year to date of a surplus of £148,651 compared to a surplus to date in July of £154,901
- (iv) The Section 151 officer commentary on the operating budget position and recommendation that a medium term financial strategy be developed alongside the strategic framework.

Background and Advice

The Board are requested to note the main changes in this account since July:

1.0 Income :

Increased invoiced interest on growing places from £83,982 at July to £255,073



2.0 Expenditure:

Salaries

- Monthly salaries are in line with the approved budget and including
- Annual £10,000 contribution to the SAP post within the Skills budget paid this month.
- No changes to forecast as a result of a further six month extension to the employment contract of two members of staff as the budget includes a full year provision for these posts.

External Appraisals

- £6,000 paid on Growth Deal assurance work

Projects

- £50,000 LEP contribution to Pride of place support in respect of 2019/20 Board commitment

Marketing

- 2 payments to North West Insider £1,500 and £8,445 in respect of an Enterprise Zone event to be held in October of this year and a contribution to Lancashire Day

Legal

- £2,478 payment for state aid advice +
- £15,647 for retained legal advice to July 20

Consultancy

- Temporary consultancy support for Strategy and Policy work includes July and August payments. Forecast increase of £51,000 in consultancy costs, as a consequence of contract extension to the end of December 2020 to be taken from reserves.
- Consultancy and Professional support to the Aerospace Task Force, total expenditure of £10,450.
- Consultancy and professional support to the LEP Reviews of £8,000.

3.0 Forecast

The forecast for the year has moved from a forecast net expenditure of £1,731,424 at July to a forecast net expenditure of £1,686,666. This represents £44,758 less money drawn now planned to be drawn from reserves and is made up of the following changes:

- Increased income based on actual growing places interest £171,091
- Changes to temporary consultancy support (£126,333)

The forecast reserve position at March 2021 will be reserves of £786,343.

These forecasts both include provision to expend the general project funding budget of £510,000 and the £510,000 commitment to support Eden of the North that was included in the 19-20 budget and carried forward when not spent in that year. If both these budget allocations remain unspent at March 2021 the forecast



net expenditure will reduce to £676,666 and forecast reserves increase to £1,796,343

4.0 Section 151 Commentary

The LEP has healthy reserves which are being used to support its current activity. Annual operating costs currently make up the significant proportion of the annual income which will constrain investment decisions, particularly in respect of ad hoc projects and response to HMG initiatives. Directors will want to prioritise their revenue spend to ensure they retain a sustainable operating model to deliver their strategic ambitions.

The use of reserves will need to be managed to ensure that sufficiency is retained to cover liabilities accruing to the LEP as a more independent agency. These will include contractual commitments and pensions. Officers are working to construct the LEP balance sheet to facilitate decision making.

I would strongly recommend that a medium term financial strategy be developed to sit alongside the emerging strategic framework when it comes to the Board for approval.

4.0 Operating Budget

The Operating Budget is attached at Appendix 'A'.

List of Background Papers

Paper	Date	Contact/Tel
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None		
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Reason for inclusion in Part II, if appropriate

N/A