



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Date: Tuesday, 22 March 2022

Annual Plan and Budget (2022-23) including End of Year (2021-2023) Financial Forecast and Performance (Appendices 'A' and 'B' refer)

**Report Author: Sarah Kemp, LEP Chief Executive,
sarah.kemp@lancashirelep.gov.uk**

Executive Summary

This report sets out an end of year financial forecast for 2021/22 and provides an overview of progress against delivery, governance and strategic impact in year.

This report also requests the Lancashire Enterprise Partnership Board to approve the Annual Business Plan and Operating budget for 2022/23, set within the context of a three' year Mid-term Financial Forecast (2022-2025).

Recommendation

The Lancashire Enterprise Partnership Board is asked to:

- 1) Approve the planned expenditure for 2022/23 as summarised in this report, based on the income to be received plus the use of reserves, subject to confirmation of funds provided by Members and Government sponsors.
- 2) To note the forecast end of year position on LEP reserves and the highlighted risks and challenges.
- 3) To note that the ongoing Government review of LEPS in 2021/22, may have a material impact on the role and responsibilities of the LEP and the Board may anticipate a mid-year review of both the organisation' functions and income and expenditure.
- 4) To note that as a consequence of the LEP Review, the LEP does not have an agreed financial settlement with Government for 2022/23.

Background and Advice

The Report is set out as follows:

End of Year 2021/22 Position



- 1.0 Year-end Financial Forecast 2021/2
- 2.0 Overview of 2021/22 Objectives and Performance

Annual Business Plan and Budget

- 3.0 Overarching Objectives 2021/24
- 4.0 Key objectives and Delivery for 2022/23
- 5.0 Operating Budget 2022/23
- 6.0 Governance
- 7.0 National Context
- 8.0 Resources
- 9.0 Key Risks and Challenges
- 10.0 Summary Position

Appendix 'A' Key Deliverables for 2022/23

Growth Deal
Getting Building Fund
Growing Places
BOOST Growth Hub
Skills and Employment Hub
Communications
Innovation

Appendix 'B' Medium-term Financial Forecast

1.0 Year End Financial Forecast 2021/22

The Annual Operating budget in 2021/22 for expenditure is £1.687m and the forecast end of year position on income is £993,714k and on expenditure is £1.030m. The end of year position on reserves is forecast to be £2.086m. This assumes income will be received within the year arising from interest paid against LEP funds held on account (£33k) and repayment of interest accrued against Growing Places loans made by the LEP (£145k).

The main reason for the positive change in forecast to the operating reserves position is that the LEP was not able to progress recruitment of 3 new posts as anticipated within the year, nor replace two posts which became vacant as a consequence of the LEP review. In addition, some of the operating expenditure associated with these posts was therefore also not progressed.

The Operating Budget is set out in a Medium-Term Financial Forecast (2021-2025):



Lancashire Enterprise Partnership

Operating budget

	Forecast 2021-2022	Budget 2022-2023	Budget 2023-2024	Budget 2024-25
Income				
Grants	750,000	750,000	750,000	750,000
Interest	178,714	155,000	155,000	155,000
Contributions	10,000			
	<u>938,714</u>	<u>905,000</u>	<u>905,000</u>	<u>905,000</u>
Operational expenditure				
Staffing	582,488	641,278	626,643	637,189
Runnung costs	54,414	60,200	60,200	60,200
Marketing and Comms	57,920	145,000	145,000	145,000
Professional and consultancy fees	47,200	83,000	83,000	83,000
	<u>742,022</u>	<u>929,478</u>	<u>914,843</u>	<u>925,389</u>
Net operating surplus/(deficit)	<u>196,692</u>	<u>-24,478</u>	<u>-9,843</u>	<u>-20,389</u>
Project and programme expenditure				
Project support	173,631	100,000	100,000	100,000
Strategic Framework	99,550	200,000	200,000	200,000
Restructure	12,350	161,140		
	<u>285,531</u>	<u>461,140</u>	<u>300,000</u>	<u>300,000</u>
Net P & L surplus/(deficit)	<u>-88,839</u>	<u>-485,618</u>	<u>-309,843</u>	<u>-320,389</u>
Reserves b/f	2,174,908	2,086,069	1,600,451	1,290,609
Contribution to/(from) reserves	-88,839	-485,618	-309,843	-320,389
Reserves c/f	<u>2,086,069</u>	<u>1,600,451</u>	<u>1,290,609</u>	<u>970,220</u>

The end of year 2021-2022 position is a forecast position which will be confirmed in April 22; the Board are requested to note that there will be some carry forward provision for invoices not raised by the end of the year or activity carried forward.

2.0 Overview 2021/22 Objectives and Performance

2.1 Key objectives for the LEP in 2021/22 were set in the context of known policy changes, wider discussions with Members and Partners, existing and proposed strategic and delivery frameworks, requirements of the National and Local Assurance Frameworks and agreed actions arising from Annual Performance Reviews. These may be broadly grouped into 3 categories:

- Delivery



Lancashire
Enterprise Partnership

- Partnership and
- Advisory

These objectives are tabled as follows including an update on progress in year (2021/22):

Category		Objective	Status at year end
Governance	Governance: <ul style="list-style-type: none"> • Annual Performance Review • LEP review • Recruitment of Chair • Joint Scrutiny Committee • Annual Conference • Annual Report • Local Assurance Framework • Audit • Company Law • Peer to Peer Review 	To ensure that all requirements of governance are met	<ul style="list-style-type: none"> • APR – End of year Review indicative ratings – 'met' for all areas of governance and activity • LEP Review ongoing • New Chair, Debbie Francis appointed • 2 Joint Scrutiny Committees held • Annual Report published • Local Assurance Framework – reviewed and updated • Peer to Peer Review suspended due to LEP Review/pandemic
Delivery	Programme Management: <ul style="list-style-type: none"> • Growth Deal • Getting Building Fund • Growing places • Growth Hub* • Skills and Employment Hub* • DiT Key Account Management* <p>*partnership delivery</p>	To programme manage all requisite elements of projects awarded funds, ensuring outputs are achieved, financial profiles are met, risks are appropriately managed and monitoring, evaluation and reporting requirements are met	<ul style="list-style-type: none"> • Programme Update Report presented separately to LEP Board March 22



	<p>Strategic Economic Framework</p> <ul style="list-style-type: none"> • Internationalisation Strategy • Finance for Business • Charter for Social Value • Skills and Employment Framework Refresh • Sector Plans • Implementation of Innovation Strategy • Stakeholder Engagement • Local Industrial Strategy • Implementation of Cultural Strategy 	<p>To commission and deliver Phase 1 Delivery Plan</p>	<ul style="list-style-type: none"> • Internationalisation Strategy complete and in stakeholder consultation • Finance for Business Mapping Study – complete and in stakeholder consultation • Skills and Employment Framework complete • New Innovation Plan commissioned • Stakeholder Engagement Strategy operational
	<p>Local Industrial Strategy:</p> <ul style="list-style-type: none"> • Evidence Base • Strategic Action Plan 	<p>To complete the Local Industrial Strategy which addresses underlying challenges of productivity and sets out a clear plan of strategic priorities and actions</p>	<ul style="list-style-type: none"> • Local Industrial Strategy/Growth Plan – complete – evidence source for Lancashire 2050
	<p>Greater Lancashire Plan</p> <ul style="list-style-type: none"> • Independent Economic Review • Environment 	<p>Support the development of the reviews, ensuring alignment of all strategic elements and evidence base</p>	<ul style="list-style-type: none"> • Independent Economic Review and Environment Commission complete and being used as a foundational resource for Lancashire 2050

	Covid Recovery Plans	To work with Partners to develop effective plans for recovery, building towards more sustainable and prosperous economy and communities	<ul style="list-style-type: none"> • Plans set out within Sector Plans
Partnership	Programme Management	To ensure the alignment of objectives, activities and resources to maximise value and outcomes delivered	<ul style="list-style-type: none"> • Ongoing activity
Advisory	Stakeholder Engagement Plan	To ensure that the LEP engages constructively with all its stakeholders, to build stronger relationships and insight to improve decision-making and outcomes for Lancashire	<ul style="list-style-type: none"> • Ongoing activity
	Strategy and Policy Development	Utilising private sector leadership, champion the interests of businesses through national and local policy development; set and put forward strategic economic priorities and actions for Lancashire	<ul style="list-style-type: none"> • Ongoing activity
	Social Value Charter	Ensure that all economic priorities and interventions maximise the opportunity to create social value	<ul style="list-style-type: none"> • In development • Social value requirements – developed via all project and programme activity

2.2 Key Highlights of the Year

Some of the highlights of the year are set out below:

Skills

- **Lancashire Careers Hub** now has ‘full coverage’ - engaging with every of the county’s 156 secondary schools and colleges, bringing businesses into the classroom to share insights about sectors, jobs and ‘the world of work’
- Through the Careers Hub, and Digital Skills Partnership, the LEP is supporting a number of initiatives, many designed to encourage more girls and young women to consider a career in tech or a STEM study pathway
- **InnovateHer**, a partnership between the LEP, BAE Systems, and the Lancashire Careers Hub, which brings ‘real world’ technological innovation directly into Lancashire classrooms
- **Cyber Girls First**, a programme delivered by a national charity which inspires girls to consider a career in tech disciplines by providing direct engagement with successful female technology professionals, business owners and digital entrepreneurs from national corporate companies and local businesses
- **Lancashire’s TeenTech Festival**, a six-week programme of virtual and interactive technology and digital skills education sessions, all delivered online
- **Skills Pledge celebration** – 180 companies now signed up
- **Skills Bootcamps** – further roll-out across Lancashire in digital and green skills

BOOST Growth Hub

In 2021, Boost – Lancashire's Business Growth Hub, continued to play a key role in:

- Supporting Lancashire's growth orientated companies and start-ups
- Providing continued advice and grant to businesses and sectors impacted by the pandemic
- Acting as a focal point for the business support offer in Lancashire
- Providing intelligence to BEIS and to local stakeholders detailing COVID, BREXIT and other business impacts and trends.

The Growth Hub itself continued to provide:

- Single point of contact for business enquiries and advice, the Business Relationship Management service (1429 Information Diagnosis and Brokerage sessions)
- Start-up support through Flying Start bootcamps. (316 new starts)
- Growth Mentoring for established businesses, (623 prolonged assists)
- Boost Bespoke for scaling businesses (211 business supported), and
- A supporting marketing programmes (4824 new to Boost clients engaged)



Despite having to adapt provision, Boost achieved all funding outputs and was commended for its #AskForHelp and #BoostYourRecovery COVID impact social media campaigns.

The Peer Networks funded by BEIS have been well received by participating businesses and following the successful delivery of a Pilot phase in 2020-21 with 327 local businesses participating, Lancashire has been awarded £390,000 to deliver a programme of 22 Peer Networks cohorts for 2021-22, with the ability to accommodate up to 242 businesses. The current programme was launched at the beginning of October, with the final cohorts commencing in January and finishing in March 2022. Businesses will benefit from a minimum of 18 hours group work and offered up to 3.5 hours of one-to-one support. The programme will be delivered by a network of local and regional suppliers.

BOOST 3 Programme is now completed and **BOOST 4 Programme** now in contract.

Growth Deal

- **AMRC** – launched in March 22 and is already supporting hundreds of businesses
- **Blackpool Conference Centre and Tramway** – opened in March 22 and hosting the Conservative Party Conference
- **Eden of the North** - planning Consent approved and business case completed
- **Blackpool Airport EZ** – new manufacturing unit built following infrastructure investment
- **Blackpool Town Centre Quality corridors** – public realm routes and transport improvements, property acquisitions and shop front improvements
- **Darwen East** – development corridor extension – link road completed to bring forward mix use site
- **UCLan EIC**- completion of Drone Command and Control Centre
- **Myerscough College** - Food Farming Innovation and Tech Centre – provision of new apprenticeship programmes and SME engagement
- **West Lancs College** – new STEM Technology Centre – equipment and new Level 3 apprenticeship courses established
- **Padiham Town Hall Business Hub** – extension project to refurbish new co-working space, now fully occupied
- **Pennine Gateways in Blackburn** – significant motorway junction improvements to enable commercial, employment and housing sites to come forward
- **Social Value** delivered to-date
- **Labour Market Information** and **Economic Forecast** open-source evidence base including skills and employment now available for all Local Authorities and partners
- **ESIF Programme** continues to deliver via the Adults Skills Forum – working with DWP to ensure the right resources matched with the right vacancies



- **ESF Building Blocks Programme funds** secured – will train 5,000 health champions in Active Lancashire
- **Gatsby Foundation** project completed in December – launch and implementation of T Levels, enabling us to raise the profile of T Levels with business and students

Getting Building Fund

Projects commenced in year include:

- **Neptune** – mixed use development at the fish and food park in Fleetwood
- **Abingdon Street Markets** in Blackpool – delivering a new retail and service offer
- **Strawberry Meadows Business Park** – new office accommodation
- **Hillhouse International Business Park** – new electrical and water infrastructure
enabling new employment sites
- **Houndshell Shopping Centre** – retail and leisure development in Blackpool
- **REDCat** – commercialisation of R & D in low carbon technology companies
- **SMART Building demonstrator** at AMRC for retrofittable low carbon technologies
- **Tatton** – mixed use new community centre in Chorley with assisted living
- **M55 link road** – breaking ground – enabling significant housing development

Trade and Investment

- **National Cyber Force** – location decision made for £5bn government investment – to develop new operational capability in cyber and security related assets at Samlesbury
- **Internationalisation Fund ERDF** - £2.24m funds available to Lancashire and 52 offers of financial support made
- **Inward Investment** 4 successful investments to Dec 21 – creating 154 jobs and £13.4m investment
- Creation of the **International Trade Working Group** – mix of public and private representatives.
- **International Trade Conference** (March 2021) - curated the EU Exit conference on behalf of BEIS.
- 60 new **company referrals** to DIT NW team; 86 events to promote internationalisation fund and DIT activities
- International request for sister **city partnership** with City of Preston by Baoding City in Hebei Province to developing city-level partnership between Baoding and Preston. (This is based on the successful collaboration between University of Central Lancashire and Hebei University in Baoding)



Partnership Activity

- **COP26** roadshow, 2 NW Green events and NW Summit held in Glasgow to showcase our Assets and capabilities on a global platform
- **Internationalisation Strategy** completed and in stakeholder consultation
- **Finance for Business** mapping completed and in stakeholder consultation
- **Enterprise Zone Marketing Strategy** initiated and in development
- **NW Net Zero, Place-making Strategy, Digital Proposition** reports of NP11 completed and published
- **Annual Conference** – first of its kind held in October 21 at Burnley at the Crowwood Hotel
- **Sector Group Plans** – Digital and Food & Agriculture close to completion

3.0 Overarching Objectives for 2021-24

The overarching objectives of the LEP are:

1. **Growth.** To create additional jobs, attract investment and grow Lancashire's annual economic output, helping Lancashire deliver prosperity and improve the environment and quality of life
2. **Business.** Growing Lancashire businesses, improving awareness and engagement with available support, increasing trade and exports, growth in enterprise, productivity, innovation, access to finance, supporting new indigenous investments and inward investment; specific emphasis is made on responding to the structural challenges which undermine productivity
3. **Strategy.** To help set the strategy for long term sustainable, competitive and inclusive growth in Lancashire. Also to provide private sector and business leadership through the Board, Governance Committees and Sector Groups providing front-line, real-time, evidenced approach to informing strategies, setting new trajectories back to growth and identifying and supporting key enablers critical to success, such as skills, innovation, capital investment and business support
4. **Governance.** To set and achieve balanced budgets and demonstrate appropriate compliance with all relevant legal, financial, governance, partnership and performance frameworks and measures.

4.0 Key Objectives and Delivery for 2022/23

Key objectives for the LEP in 2022/23 continue to be set in the context of known policy changes, wider discussions with Members and Partners, existing and proposed strategic and delivery frameworks, requirements of the National and Local Assurance Frameworks and agreed actions arising from Annual Performance Reviews. These may be broadly grouped into 3 categories:

- Delivery
- Partnership and



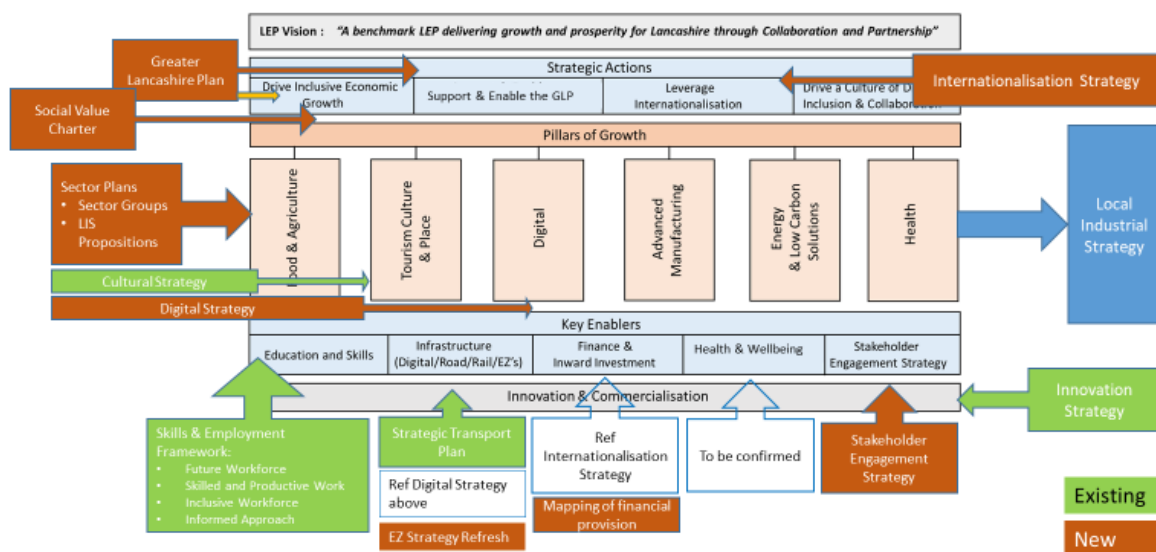
- Advisory

In terms of direct delivery, the LEP will lead on both strategic and programme managed elements as follows:

4.1 Objective 1 Delivery of the Strategic Framework

Towards the end of 2019/20, the LEP Board developed a new Strategic Framework which seeks to align and integrate key strategic objectives of the LEP, delivered via an industry sector approach to key sectors of employment and the cross-cutting enablers which drive growth and productivity.

Development of the Framework – strategy elements in development



Key deliverables of the *Strategic Framework* include:

- Facilitation of the business-led Sector Groups
- Publication of Sector Plans, including refresh of the Tourism Strategy
- Publication of the Internationalisation Strategy and Action Plan
- Completion of Sector Plans for 6 key employment sectors
- Publication of the Finance for Business study and Action Plan
- Continued implementation of the Innovation Strategy (2016)
- Development and implementation of a new Innovation Plan
- Continued implementation of the Cultural Strategy
- Refresh of the Skills and Employment Framework
- Production and adoption of a Social Charter
- Refresh of the Tourism Strategy
- LEP Audit and Action Plan – Diversity and Inclusion

An overall budget envelope of £100k is proposed for continuation of this activity



4.2 Objective 2 Delivery of the Capital Programme

Many elements of existing programme delivery will continue through-out 2022/23 including programme and contract management of existing funded projects within:

- Growth Deal programme (£273m)
- Growing Places (primarily loan funds) (£19.3m)
- Getting Building Fund projects (£34.1m)

In addition, the LEP may provide ongoing and future support to initiatives as part of day to day operational activity, programmes and other LEP projects and commissions (such as annual / one-off projects identified in annual/strategic/finance plans). This would include for example, the bid for EDEN in the North.

There is no specific provision made for financial support to these initiatives within the 22/23 budget, but if required, activity will be supported by one of the Project budget, Monitoring and Evaluation or Legal budget.

4.3 Objective 3 Partnership Delivery

This includes activity which is resourced and delivered in Partnership, generally utilising programme specific resources; partners may themselves align further resources to maximise value for money and outcomes which may also include the cost and time of staff resource. By far the greatest contributor is Lancashire County Council, in many cases exceeding the direct resources allocated by the LEP. The LEP has both a leadership (set by HMG) and oversight role within the partnership and may have a programme management responsibility. This includes activity the Government 'sponsors' through its core and specific project funding to the LEP. The LEP also provides governance Committees with partner membership, to steer and oversee the work and ensure it aligns with strategic priorities and Government requirements.

This includes:

- **Business Support/Growth Hub (Boost)** (LEP Business Support Management Board)
- **Skills and Employment Hub** (LEP Skills and Employment Advisory Panel & Local Authority Leaders)
- **Enterprise Zones** (LEP Governance: Enterprise Zone Governance Committee)
- **City Deal** (Executive Board – (Chaired by the LEP) and Stewardship Board)
- **Trade and Investment** – trade advisor and key account management
- **Innovation** (Innovation Board)
- **Major Development and Infrastructure** (Local authority led)



These governance Committees, report to the LEP Board and secretariat support is provided by the Accountable Body; a cost of £43k is provisioned within the budget.

BOOST and Skills and Employment

These two services continue to be developed and seek grant funds to maintaining and supporting these services is essential. The services are highly valued across Lancashire, perform well in comparison to their peers and are highly likely to be considered with County Deal negotiations going forward. Funds to replace ESF funds will be essential to continuation and growth in these services.

Enterprise Zones

There are 4 sites in Lancashire which form 3 designated Enterprise Zones, each at various stages of development and delivery. This coming year, objectives include development and delivery of the Marketing Strategy, development of an initial proposal for Warton and maximising the opportunity of the announcement of National Cyber Force to build a world-leading defence and security related cluster within the county. Oversight of this activity will continue under the strategic direction of the Enterprise Zone Governance Committee.

Innovation

The Innovation Plan published in 2016 is for the greater part now being implemented and this coming year will see a new Innovation Plan developed and published, under the oversight of the Innovation Board.

The funds required for the delivery of BOOST and Skills and Employment are held under separate budgets of delivery to that of the LEP's operational budget with the exception of the contribution to match the Careers Hub and Enterprise Advisor's Network (£25k).

Lancashire 2050

The Greater Lancashire Plan is now replaced by Lancashire 2050 – the foundational document to support negotiations with Government for a County Deal. The LEP will continue to support the development and negotiation of the County Deal by providing the voice of business, all evidence-led strategy, policies and sector plans, advocacy and any other support sought by Lancashire's local authorities.

Regional Collaborations

Government encourages LEPs to seek out and support collaborative partnerships which stretch beyond the boundaries of Lancashire, where additional value may be delivered as a consequence of developing broader and more significant propositions. The two most significant partnerships are:

- NP11 (with a clear focus on innovation, trade and investment, skills and net zero carbon)
- LEP Network



but other partnerships exist such as NetZero North West, and Lancashire Cyber Partnership Board in which the LEP is playing an increasing role to maximise the benefit for Lancashire.

There is occasionally a small financial implication to this activity for example to support events; if incurred it will be met from the General Project Fund.

4.4 Objective 4 – Bringing the voice of business to the heart of policy and decision-making and advocating for business

This reflects activity which other partners may be responsible for leading and delivering but which the LEP is engaged in an advisory role, utilising its private sector leadership as a champion of progressive policies in terms of the economy, environment, technology and innovation, supply-chain, investment, skills and training, enterprise and market development. The LEP may choose to contribute bespoke funding aligned to economic priorities. In financial year 2022/23, this includes, but won't be limited to:

- LEP Review
- Levelling Up
- UK Shared Prosperity Funds
- Lancashire 2050 County Deal

There is no direct provision made for the activity, but all LEP activity and engagement forms the platform on which the LEP is able to perform its strategic advisory role.

Sector Groups

Business-led Sector groups are now formed, many of which are chaired by LEP Directors, in order to determine the opportunities and challenges of their respective sectors and develop an evidence-based plan of priorities and action for sustainable and competitive growth. The initial focus has been to develop an appropriate response to Covid – particularly for those sectors most severely impacted by Covid 19 – Civil Aerospace and Tourism and Hospitality in particular. The Chairs of the groups are:

Sector Group	Chair	
Manufacturing Aerospace Task Force	Annette Weekes Claire Whelan	LEP Director, MD of PDS CNC Engineering LEP Director, Group MD Ansuka Group
Digital	Kam Kothia	LEP Director and MD ebusiness UK CEX Time 2 Technology
Health	Prof. StJohn Crean	ProVC (Clinical) UCLAN
Tourism and Hospitality	Robert Owen	Director Marketing, Sales & PR Blackpool Pleasure Beach



Food and Agriculture	David Hall	Regional Director of National Farmers Union
Energy & Low Carbon Technologies	Mick Gornall Miranda Barker	LEP Director MD Cavendish Nuclear LEP Director and CEX East Lancashire Chamber of Commerce

The Sector Groups will continue to be supported and facilitated to set out long term sector plans for sustainable and competitive industry sectors. In particular, they will consider key opportunities and challenges, barriers to growth and productivity, and corresponding enabling actions and interventions. Their action plans will be used as the foundation for providing the voice of business, in a strategic advisory capacity, to inform pipeline development of public funds, to leverage additional private sector investment and to influence national policy and decision making.

Sector group activity will continue to be supported within the resource envelope of the Strategic Framework allocation for 2022/23.

The LEP will continue engagement to provide the private sector voice and economic lens/scrutiny of other relevant wider activity.

For each Programme of Delivery, **Appendix 'A'** tables the priorities for the forthcoming year.

5.0 Operating Budget 2022/23

5.1 The Annual Business Plan is framed within the context of the Strategic Economic Framework set by the LEP Board, a Delivery Framework set by the Members of the Company and the requirements of the National Growth Assurance Framework for Local Enterprise Partnerships.

The annual operating budget required to deliver the Business Plan is £1.39m in 2022/23 and is to be met by the following (assumed) contributions.

- DCLG Core grant £250k
- DCLG Strategic grant £250k
- Members grant £250k
- Reserves £485k
- Interest payments £155k

Government have not yet confirmed a settlement for LEPS in 2022/23, nor made any suggestions that they will maintain grant support at previous levels. This limits the ability to plan with high confidence levels for a rolling three' year Business Plan and mid-term Financial Strategy. A review of LEPS, initiated in 2021/22 is not yet concluded, and may have a significant bearing on the Annual Business Plan and Budget. When Government's position on LEPs becomes



clear, a mid-year review of the Annual Business Plan and Operating Budget might be anticipated.

However, Government confirmed an ongoing role for LEPs in the Levelling Up White paper published 2 February 2022 and informed LEPs that specific detail on functions and grant funds would follow in due course.

The Annual Business Plan and Operating Budget are separate and distinct from the Programme budget, both of which are held by the Accountable Body on behalf of the LEP and includes Government Funds awarded to the LEP for Growth Deal, Growing Places, Getting Building Fund, Skills and Employment Hub and BOOST Growth Hub. However, the specific LEP resources deployed to manage the relevant delivery elements of these funds are fully accounted for within the Operating Budget.

The Operating Budget set out within a Mid-Term Financial Forecast (2021-5) which can be found in **Appendix 'B'**.

5.2 Section 151 Commentary

The LEP has healthy reserves which are being used to support its current activity. Under the MTFS proposals, annual operating costs exceed annual income and reserves are necessary to fund ongoing project work. This is not sustainable and will constrain ongoing investment decisions, particularly if additional liabilities are accrued. Directors will want to prioritise their revenue spend to ensure they retain a sustainable operating model to deliver their strategic ambitions. Income levels remain uncertain with declining interest receipts and government and member contributions still to be confirmed.

The LEP currently holds sufficient reserves to maintain the proposed MTFS for 2022/23 if no contributions were received beyond the forecast interest payments, however reserves would be exhausted in 2023/24. At this point there is little indication from government to suggest they will not maintain support for LEPs where devolution has not been agreed, however Directors should ensure they retain sufficient flexibility within their financial plans to respond to any unexpected reductions in the funding levels currently anticipated within the MTFS.

6.0 Governance

6.1 Annual Performance Review

At the start of the year 2021-22, the Annual Performance Review (APR) of the LEP undertaken by BEIS and MHCLG, recorded the following ratings:

- | | |
|----------------------|----------------------|
| • Delivery | Requirements Met |
| • Strategic Delivery | Requirements Met |
| • Governance | Requires Improvement |



An Improvement Plan was agreed and the LEP has worked systematically throughout the year to implement and demonstrate the required changes. A Mid-Term Review indicated good progress being made in respect of the actions of the Improvement Plan.

The Annual Performance Review of 2021/22, carried out in February 22, has not yet been moderated and its findings reported to the LEP. However, pre-review indicative ratings found the LEP to be meeting requirements in all areas, with the caveat that some proposed governance improvements are paused, pending the detailed outcome of the national LEP Review.

6.2 Chair of the LEP Board

A new LEP Chair, Debbie Francis was appointed by the LEP Board in August and Deputy Chair, David Taylor resigned in October 2022 having completed two terms of office. The Board approved the appointment of a new Interim Chair, Andrew Pettinger in March 22.

6.3 Joint Scrutiny Committee

The newly formed Joint Scrutiny Committee met twice during the year and a new private chair, Mike Leckie currently acting as Group Head of Business Finance at the National Nuclear Decommissioning Authority, and whose permanent role is rail Development Director at Nuclear Transport Solutions was appointed by the Committee.

At the first meeting of the Scrutiny Committee, a broad overview of all LEP activity was presented to provide context for future meetings. Most recently the Committee scrutinised a more detailed presentation of the Future Workforce element of the Skills and Employment Framework and an overview of the Innovation Programme.

6.4 Peer to Peer Review

In 2021/22 the LEP was paired with Heart of the South West LEP and met for the first time in March 21. However, the combined effect of the restrictions of the pandemic and the national LEP Review meant that peer to peer engagement did not take place in year.

There are generally no financial implications arising from this review process which is intended to facilitate constructive challenge and mutual support to each LEP areas' agenda.

6.5 Local Assurance Framework

The LEP is required to carry out as a minimum, an annual review of the Local Assurance Framework each year, which sets out set out in one document all the policies, rules and processes needed to provide the Department, Government and the public with the necessary assurances around the use of public money. Government published an update to the National Framework in September 2021



and the Board are requested to approve the 2021/22 Review of the Local Assurance Framework at the March 22 LEP Board meeting.

A refresh within the financial year is unlikely to result in any financial consequence.

6.6 Annual Conference

As part of their openness to the communities they serve, each LEP should openly advertise and hold an Annual General Meeting which is open to the public. This is not to be confused with the AGM to be held at the request of Members and is more commonly called an Annual Conference.

The LEP held its first Annual Conference at the Crowwood Hotel in Burnley in October which was well-attended, despite restrictions in numbers due to the pandemic. The LEP took the opportunity to celebrate 10 years of operation since formation. Attendees enjoyed musical performances from local youth groups, an overview of delivery and success of the past year, a fire-side chat with the Chairs of the Sector Groups, new Chair Debbie Francis and outgoing Interim Chair, David Taylor were interviewed and Dave Fishwick, local celebrity entrepreneur, gave the keynote talk.

A date will shortly be confirmed in Autumn 22, to hold this conference again and a provision of £15k has been made in the operating budget to meet the associated costs.

6.7 Annual Report

In order to allow the public to access information regarding public funds overseen by the LEP, each LEP, (in addition to any requirements linked to their model of incorporation e.g. the publication of company accounts), must publish a financial statement each year within their annual report, including:

- The total amount of funds within the LEP's direction or control at the start and end of the financial year
- The total amounts committed by the LEP to external organisations through grants and risk finance (loans, equity, guarantees and quasi-equity)
- The total amounts committed to suppliers to purchase goods, works or services
- The total amounts incurred in running the LEP (for example salary costs, lease payments and expenses).

An Annual Report for 2021/22 was published to coincide with the Annual Conference

The Annual Report will be published to align with the Annual Conference and a small provision has been made within the operating budget to meet the costs associated with the production of the report.



7.0 National Context

7.1 National LEP Review

A new LEP Review was announced early in March 21. Whilst the scope of the review and the desired outcomes remain to be clarified, the LEP will continue to work with the wider LEP Network and the local area CLGU team to both support the review and determine what the consequential implications might be for the LEP.

Depending on the nature and scale of consequential action, some of which may have significant and material implications for the LEP, this Business Plan may remain subject to review and change at any point during the year.

7.2 Levelling up White Paper Feb 22

In February 22, the Government published the long-awaited White Paper for Levelling Up. Whilst it did not provide clarity on specific form and functions for LEPs, it was significant in that this is the first time that LEPs have been acknowledged within the policy framework.

The UK Government has set out a mission that “By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement”.

Around 40% of the population in England are currently covered by a devolution deal and 9 areas are being invited to take part in formal negotiations to agree new County Deals, some within months – Lancashire is not one of these areas but the political leadership in Lancashire is determined to maintain pace and readiness.

The Government is encouraging the “the integration of LEPs and their business boards into MCAs, the GLA and County Deals, where these exist.” The exact meaning of integration in this context has not been set out. LEPs will continue to “play their vital role in supporting local businesses and the local economy” where a devolution deal does not yet exist. “Where devolution deals cover part of a LEP, this will be looked at on a case by case basis”

The Government has pledged to provide further details to LEPs in writing regarding this transition “as soon as possible”. The impact of this position is that there is no certainty at the time of writing of continued grant funding to LEPs in 2022/23. In previous years, LEPs have received £500k each year on the condition that it is matched with local funds. In previous years this match (£250k) has been provided by Lancashire Council but in 2021/22, all Company members made a contribution to local match funds.

The proposed budget for 2022/23 assumes a continuation of both local and government funds. However, if not confirmed, the reserves position is sufficient



to continue operational activity for the year and meet contingent liabilities, but the Board are requested to note that an emergency budget review may need to take place, should the LEP be required to make significant operational and structural changes.

8.0 Resources

8.1 Staff Resources (£641.28)

The Operating Budget 2022/23 provides for:

- core team of 8 people including the Chief Executive¹
- 50% contribution to the costs of the leadership team of the Skills and Employment hub (2 people)
- 100% contribution to the costs of the Skills LMI Officer for one year only
- 2 intern posts – undergraduate placement for 10-12 months

(3 posts are currently vacant, the LEP Review has restricted recruitment for 12 months now)

During 2020/21, the LEP CEX carried out a review of organisational function and capacity and proposed 3 additional roles to the team – for Strategy, Policy and Investment. It is proposed that only two of these posts be supported within the budget for 2022/23 and within the total headcount of 8, when and if the recruitment freeze of the LEP Review is lifted.

Where additional capacity is required, this will be sourced on a temporary procured /contracted /secondment basis from the Strategic Framework Delivery budget of £100k and the Professional Consultancy budget of £100k.

8.2 Chair's remuneration (£24k)

The Chair's remuneration will continue at the same rate and has been included within the budget.

8.3 Core running costs (£60.2k)

The provision for accommodation and running costs remains the same as 2021/22. However, the office facility doesn't lend itself well to accommodating all the staff at any one time or visitors, car parking is very limited and Board meetings cannot be accommodated on the premises. It is proposed that once the LEP Review is concluded and dependent on any precedent conditions, the LEP will review its accommodation requirements, as hybrid working continues and other more suitable options may become available. The aspiration will be to reduce the overall cost envelope of accommodation.



8.4 General Project Fund (£200k)

The General Project Fund will be reduced this year to £200k and will provide resource for activities relating to development of the ecosystem and generating new inward investment, and supply chains particularly related to the establishment of the National Cyber Force. It will also provide for a diminishing requirement for monitoring and evaluation of projects and associated legal work and £25k for the continued support to the Careers and Enterprise Advisors Network.

8.5 Marketing and Communications (£120k)

A continuation of the budget at previous levels is proposed at £120k. Whilst it has not been possible to recruit for a replacement Head of Strategic Communications due to the LEP Review, additional capacity has been procured as an interim arrangement which extend into 2022/23.

8.6 Expenditure to be carried forward to 2021/22

A small number of items within the 2020/21 Business Plan have not been delivered within the period and the committed expenditure will be carried forward to the new financial year.

8.7 Reserves

At the start of financial year, 2022-23, the reserves position is forecast to be £2.086m.

The Operating Plan for 2022-23 requires further investment of LEP reserves to the plan £485.6k, assuming continuation of grant funds from Government and Company Members.

8.8 Procurement

The LEP will ensure that any goods, works or services are purchased in accordance with the directives, regulations, policies and guidance relating to the procurement of supplies, services and works for the public sector as defined in the Public Contracts Regulations 2015. The over-riding policy requirement is that all public procurement must be based on value for money, defined as the best mix of quality and effectiveness for the least outlay over the period for use of the goods or services bought.

9.0 Key Risks and Challenges

The following risks and challenges are highlighted:



9.1 Income from interest payments

Reliance on interest payments from LEP funds, held on account by the Accountable Body. This is a diminishing pot of capital funds, comprised mainly of Growth Deal Funds – most of which were paid out in 2021/22 and Getting Building Funds, most of which will be paid out in 2022. There are no indications from government that LEPs will continue to act as a conduit for capital funds.

The Accountable Body pays interest to the LEP at a rate of 0.1% and charges a treasury management fee of £15,200 – which is provisioned within the annual budget. A reasonable forecast of interest is £5k in 22/23.

Reliance on interest payments from Growing Places loans. Approximately £9.7m remains held on account for allocation which earns 0.1% interest and is available for investment. For loans agreed by the LEP Board, typically the interest rate payment is about 4% above base rate. The LEP should seek to fully utilise these funds, primarily to unlock stalled investment and create jobs, but also to maximise the return of interest to the LEP. It is anticipated that £150k of interest will be repaid to the LEP in 2022/23 but this carries an inherent risk, should the Board agree to extend any repayment terms (similar decisions were made in 2021/22 to support businesses affected by Covid 19), or the borrower defaults on payment. Should this be the case, the only available provision to meet the Operating budget would be the further use of reserves or make expenditure savings.

9.2 Reliance on reserves

Historically, the LEP has carried forward significant reserves. However, these reserves have been relied on in recent years to support LEP operational costs. This budget proposes further use of reserves, with no obvious sources of additional income which might replenish the reserves position.

9.3 Reliance on Government Sponsor Funds

The Government has not yet indicated its intention to continued financial support.

9.4 Reliance on Local Matched Funds

The ability to continue to secure local contributions, primarily from the Company Members is currently essential to the drawdown of Government funds, but may change in the future. Equally, Company Member contributions remain dependent on their willingness to continue to contribute and affordability.

10.0 Summary Position

The Mid-Term Financial Forecast is attached at Appendix 'B'.



10.1 Income

Income of £905k is anticipated for the financial year made up of contributions from Local Partners, DCLG and interest earned on Growing Places loans and LEP funds held on its behalf by the Accountable Body. This is a reduction of £33k on previous year's income.

10.2 Expenditure

Expenditure is £1.39m, a significant reduction on the previous year's budget of £1.695m, reflecting an anticipated reduction in income and seeking to minimise the impact on reserves.

List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A



APPENDIX 'A' Key Programme Deliverables in 2022/23

Getting Building Fund (£34.1m)

Programme	Getting Fund	Building Fund
Priorities for Forthcoming Year	<ul style="list-style-type: none"> • Quarterly monitoring of projects to 2025 • Quarterly reporting to CLG to 2025 (outputs) • Reporting to LEP Board • Annual Performance Review / Mid-Year Review • Subsidy control reporting • Performance assessment • Completion of Programme and Projects Evaluation • Strategic Thematic communications / promotion • Case studies • Lessons Learnt / Best Practice • Programme Review (refresh) 	
Strategy/Policy elements	<ul style="list-style-type: none"> • Communication / Promotion • Assurance Framework Refresh • Alignment with Strategic Framework and Lancashire 2050 • Government funding approach • Future funding opportunities 	
Strategic Initiatives	<ul style="list-style-type: none"> • Social Value Charter • Future phases of projects e.g. (AMRC, LHIC, BVP etc.), including growth / expansion / innovation (will require new source of funds) 	
Core Programme of delivery	<ul style="list-style-type: none"> • As included in priorities 	
Key Challenges	<ul style="list-style-type: none"> • Ensuring project spend within eligible timeframes • Covid-related delays 	



Enterprise Zones

Programme	Enterprise Zones
<p>Priorities for Forthcoming Year</p>	<ul style="list-style-type: none"> • Successful establishment of NCF • Development of Cyber Ecosystem • Marketing Strategy and Plan; website updates • Support current businesses in occupation • Infrastructure development plans / delivery (partners) • Promotion of EZ to potential occupiers • Enquiry handling • Proposition Development • Performance assessment • Quarterly reporting to CLG • Business Rates Reconciliation • Programme review – refresh • Compliance with Assurance Framework
<p>Strategy/Policy elements</p>	<ul style="list-style-type: none"> • Internationalisation Strategy • New Innovation Plan • Fiscal Benefits Extension • Proposition development • Marketing Strategy / Plan • Alignment with Strategic Framework and Lancashire 2050 • Future funding opportunities • Social value Charter
<p>Key Challenges</p>	<ul style="list-style-type: none"> • Developing a strong pipeline of leads • Repayment of PWLB borrowing for infrastructure • Freeports creating a gravitational pull away from EZs • Optimising new global opportunities



Growth Deal

Programme	Growth Deal	
Priorities for Forthcoming Year	<ul style="list-style-type: none">• Financial closure of programme / Audit• Quarterly monitoring of projects to 2025• Quarterly reporting to CLG to 2025 (outputs)• Annual Performance Review / Mid Year Review• Reporting to GDMB / LEP Board• Subsidy control reporting• Performance assessment• Completion of Programme and Projects Evaluation• Strategic Thematic communications / promotion• Case studies• Lessons Learnt / Best Practice• Programme Review (refresh)	
Strategy/Policy elements	<ul style="list-style-type: none">• Emerging priorities of Lancashire 2050 and Sector Groups	
Strategic Initiatives	<ul style="list-style-type: none">• Social Value Charter (not just this programme)• Future phases of projects e.g. (AMRC, LHIC, BVP etc.), including growth / expansion / innovation	
Key Challenges	<ul style="list-style-type: none">• No further Growth Deal funds available to invest• To be effective in influencing new sources of funds to meet strategic priorities	



Growing Places

Programme	Growing Places Fund	
Priorities for Forthcoming Year	<ul style="list-style-type: none">• Full investment of Growing Places Funds (circa £9.7m available) to unlock stalled investment• Promotion of the Fund including case studies• Commission Monitoring Surveyor and Valuation services provider for 3 years• Commission a Legal Firm for 3 years• Ensure capital and interest repaid according to schedule	
Strategy/Policy elements	<ul style="list-style-type: none">• New criteria for the fund to be agreed to include revenue projects• Continued recycling of fund to ensure income stream to the LEP	
Core Programme of delivery	<ul style="list-style-type: none">• One scheme in delivery• One scheme going through due diligence• Three schemes approved in principle• Key outputs (not contractual)<ul style="list-style-type: none">○ circa £1private sector funds leveraged,○ circa 10 jobs created○ circa 1,421 sqm developed	
Key Challenges	<ul style="list-style-type: none">• Delays in repayments due to impact of Covid• Appetite of borrowers to use the funds post Covid/Brexit	



Communications

Programme	Communications
<p>Priorities for Forthcoming Year</p>	<ul style="list-style-type: none"> • Creating a 'Communications Dashboard' to effectively measure the LEP's impact, effectiveness and reach • Deliver effective communications across all channels for the work and impact of the LEP • Increase the effectiveness of communications to drive Lancashire's economic growth and deliver its strategic intent • Ensure the LEP is a trusted source of credible, relevant and insightful intelligence regarding the Lancashire economy • Create and develop new partnerships to deliver its core objectives • Foster a positive image of the LEP to encourage business engagement • Nurture a healthy familiarity with all those who come into contact with the LEP and the LEP's activities, its services, its people and its policies • Create a constructive climate for businesses for information, recognition and involvement • Bring the concerns of Lancashire businesses into the hub of strategic decision-making of the LEP and exert a positive influence on public policy and decision making in the region and at a national level • Taking our social and economic values and vision out into the world to influence and align with partners • Respond to emerging policy issues and challenges • Campaigns emerging from Sector Plans • Annual Conference • Deliver the Stakeholder Engagement Plan
<p>Strategic Initiatives</p>	<ul style="list-style-type: none"> • Internationalisation Strategy • Lancashire 2050 • Sector group Plans • Social Charter • Innovation Plan (2022) • Cultural Strategy • Social Value Charter • Stakeholder Engagement Plan
<p>Key Challenges</p>	<ul style="list-style-type: none"> • Measurement and evaluation • Rapidly evolving policy and economic landscapes • Freeze on recruitment



Innovation

Programme	Innovation
<p>Priorities for Forthcoming Year</p>	<ul style="list-style-type: none"> • Develop pipeline of Innovation propositions from main stakeholders (eg Universities working together) in support of the LIS and to secure new Govt funding initiatives. • Coordinating clusters of Tech companies through an Observatory helping the linking of incubators, demonstrators and initiatives for better take-up of funds from UKRI • Facilitating a series of Innovation events and the annual Innovation Festival in October alongside the emerging Innovation Marketing Plan • To support the Sector Groups to embed innovation opportunities and support the cross-fertilisation of emerging technologies amongst the supply chain eg sector challenges • Leveraging innovation through investment, inward development and internationalisation opportunities and building networks for seed capital for Innovation Driven Enterprises e.g. NorthInvest; iCure etc • Complete work on refreshing the Innovation Plan alongside the Innovation Board to include new performance indicators
<p>Strategy/Policy elements</p>	<ul style="list-style-type: none"> • Refresh Innovation Plan • Respond to Govt policies around SPF; Build Back Better; R&D Roadmap and Green Revolution; working with NP11 and their likely role according to emerging devolution/CA structures.
<p>Strategic Initiatives</p>	<ul style="list-style-type: none"> • Initiate an Innovation Hub and Spoke Model with major stakeholders aligning activities for greater impact. The aim being fewer, bigger projects with greater coherence, collaboration and impact. • National Cyber Force R & D Innovation (LCP Board)
<p>Key Activities (if not covered elsewhere)</p>	<ul style="list-style-type: none"> • Innovation programmes are facilitated with the support of the LEP and delivered through specialists such as Universities and Public/Private Partnerships working alongside Boost etc • A small fund via LCDL (£100K) acts as seed for the Innovation team to explore and promote initiatives but the wider programmes delivered by partners amount to multi-million scale



	innovation programmes that are regionally and internationally recognised.
Core Programme of delivery	<ul style="list-style-type: none">• Multiple ERDF and Growth Deal programmes along with Growth Hub programmes delivered across numerous assets.
Key Challenges	<ul style="list-style-type: none">• Lancashire has been nationally recognised as very successful at developing ERDF based SME support programmes with innovation at their core but post-Brexit there is a potential cliff face for innovation programmes.• The Innovation team available to support the LEP is very small comprising of three people including LCC staff.• Innovation programmes tend to span local/regional boundaries alongside business eco-systems and aligning programmes and funding appropriately and ensuring Govt recognises these structures is a key challenge at the present time.



BOOST Growth Hub

Programme	BOOST Growth Hub
Priorities for Forthcoming Year	<ul style="list-style-type: none">• Continue to support business through the pandemic and recovery• Provide intelligence and support to businesses impacted by BREXIT• Start delivery of Boost 4 2022 – mid 2023• Deliver year 2 of BEIS Peer to Peer Network Provision• Build on the outputs of the LEP's review of Business Finance.• Beyond achieving contractual outputs, focus the value added work of the Access to Finance service on developing improved and sustainable Angel Networks across Lancashire.• Using LCC resource to sustain provision for rural communities and business as the European LEADER programme comes to an end.• Continued delivery of the LEP's Innovation Plan including third Innovation Festival• With LCC resource to continue to support Aero, Auto, Digital and Creative sectors, (inclusive of LEP Cultural strategy, Lancashire 2050, Linear Park etc.)
Strategy/Policy elements	<ul style="list-style-type: none">• UKSPF strategy potentially required for Lancashire if the model follows ESIF• Innovation Plan• Internationalisation Strategy
Core Programme of delivery	<ul style="list-style-type: none">• Outline of core programme for delivery• Associated investment• Key outputs contracted on projects in year (22/23)
Key Challenges	<ul style="list-style-type: none">• Ensuring widespread awareness and engagement with the Growth Hub by Lancashire businesses• Replacement ERDF for continued service



Skills and Employment

Programme	Skills & Employment	
<p>Priorities for Forthcoming Year</p>	<ul style="list-style-type: none"> • Implement the Lancashire Skills and Employment Strategic Framework 2022 • Meet the government's Skills Advisory Panel requirements • Feed evidence-base / Framework and skills and employment priorities into the Lancashire 2050 and in turn those into the Framework refresh for 2022, as well as priorities identified by Sector Groups • The Lancashire Skills and Employment Strategic Framework outlines the 4 strategic themes, Future Workforce, Skilled & Productive Workforce, Inclusive Workforce, Informed Approach and the underlying priorities <p>There are a number of key programmes that align:</p> <ul style="list-style-type: none"> • Careers Hub and Enterprise Adviser Network • Technical Education Vision and implementation of the Gatsby Foundation funded Routeways project, as well as the Apprenticeship Action Plan • Lancashire Digital Skills Partnership and allied programmes • Prioritisation of and strategic oversight of the Lancashire ESF Programme, including 'joining the dots' through the Lancashire Skills Escalator and the Escalate tool • Promotion and engagement of businesses with the Lancashire Skills Pledge and residents with 'Skills for Work' • Development of the Social Value charter and embedding of Social Value into commissioning, procurement and planning processes <p>N.B. Whilst led by the Skills and Employment Hub the activities are dependent upon contributions from employers, providers and stakeholders</p>	
<p>Strategy/Policy elements</p>	<ul style="list-style-type: none"> • Drive the implementation of the published Lancashire Skills and Employment Strategic Framework by working in partnership with employers, providers and stakeholders • Develop the new Local Skills Improvement Plan • Refresh the Lancashire Skills and Employment Strategic Framework for 2022, incorporating DfE policy and guidance in regard to SAPs and the requirements regarding Local Skills Reports 	



	<ul style="list-style-type: none"> • Responding to the Skills for Jobs White Paper – contributing to resulting DfE consultations and positioning Lancashire employers and providers to secure trailblazers • Continue to shape DfE policy in relation to the National Skills Fund and, in particular Skills Bootcamps through the test and learn provision in Lancashire • Influence and shape the coming UK Shared Prosperity Fund, and seek to secure pilots in Lancashire
<p>Strategic Initiatives</p>	<ul style="list-style-type: none"> • DfE SAP programme and building the evidence based approach to the identification of skills and employment priorities, including open source LMI toolkit and resources • Drive the implementation of the published Lancashire Skills and Employment Strategic Framework by working in partnership with employers, providers and stakeholders (delivery plan contained within with anticipated outputs, and logic chain to outcomes) <p>Key programmes:</p> <ul style="list-style-type: none"> • Careers Hub and Enterprise Adviser Network – driving excellent in careers provision through planning against the Gatsby Benchmarks • Technical Education Vision and implementation of the Gatsby Foundation funded Routeways project, as well as the Apprenticeship Action Plan • Lancashire Digital Skills Partnership and allied programmes • Prioritisation of and strategic oversight of the Lancashire ESF Programme, including 'joining the dots' through the Lancashire Skills Escalator and the Escalate tool, and shaping of successor, UKSPF • Development of the LEP's Social Value charter and embedding of Social Value into commissioning, procurement and planning processes <p>Range of programme funding from DfE, DCMS, Careers and Enterprise Company, Gatsby Foundation and Blackpool Opportunity Area</p>
<p>Key Challenges</p>	<ul style="list-style-type: none"> • Ongoing impact of the pandemic on employment and businesses/sectors across Lancashire – compounding effect on the more disadvantaged



	<p>areas and people (pushing back opportunity for levelling up)</p> <ul style="list-style-type: none">• Positioning of the SAP programme within DfE and across government departments, so that local priorities influence and shape employment and skills commissioning and procurement• Positioning of Lancashire weakened due to the lack of a Combined Authority for devolved funds and pilots – need to work harder to position with government departments• Funding and resources to sustain activity – across programmes (generally annual allocations or one off investments – for example, not expecting further funds beyond December 2021 for Technical Education work from the Gatsby Foundation)• Allocation of remaining ESF funds and the ability / speed of DWP Managing Authority to procure and award funding, sharing of data also remains an ongoing issue• Ability to influence and shape UKSPF and secure funds / pilots for Lancashire• Complex skills and employment system with many new initiatives introduced by central government, for example 'Plan for Jobs' – local coordination is critical to maximise impact
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The Annual Business Plan provides for the following elements of resource to support the continued delivery of the LEP's Programme:

- Contribution of 50% staff costs, 2 people Skills and Employment Hub (£104k)
- 100% cost of Skills Intelligence Officer for one year



APPENDIX 'B' – Medium Term Financial Forecast (2021/22 to 2024/5)

Appendix 3

Lancashire Enterprise Partnership Medium Term Financial Forecast 2021/2022 to 2024/2025

	2021-2022	2022-2023	2023-2024	2024-2025
	Forecast	Budget	Budget	Budget
Income				
DCLG income - strategic	250,000	250,000	250,000	250,000
DCLG income - core	250,000	250,000	250,000	250,000
LCC / Partner contributions	250,000	250,000	250,000	250,000
Growing Places Interest received	145,000	150,000	150,000	150,000
Contributions	10,000			
Interest received on funds	33,714	5,000	5,000	5,000
Total Income	<u>938,714</u>	<u>905,000</u>	<u>905,000</u>	<u>905,000</u>
Expenditure				
<i>Staffing</i>				
CEO and interim CEO Costs	191,757	195,960	198,969	202,031
LEP core staff	292,144	344,261	324,848	330,533
LEP contribution to Skills Hub staff	98,587	101,057	102,826	104,625
	<u>582,488</u>	<u>641,278</u>	<u>626,643</u>	<u>637,189</u>
<i>Core Running Costs</i>				
Accommodation	20,000	20,000	20,000	20,000
Treasury management costs	15,200	15,200	15,200	15,200
Accountable Body Support Agreement	-	-	-	-
Running costs	19,214	25,000	25,000	25,000
	<u>54,414</u>	<u>60,200</u>	<u>60,200</u>	<u>60,200</u>
<i>Strategic Framework Delivery</i>				
Local Industrial Strategy	18,616			
Sector Support	46,015	100,000	100,000	100,000
Finance for Business	29,000			
Manufacturing Sector Group	20,000			
Internationalisation Strategy	60,000			
	<u>173,631</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
<i>Project Support</i>				
Festival of making (21-22 commitment only)				
	40,000			
LEP programme consultancy and assurance				
General Project Funding	13,550	30,000		
Match for Careers Hub and Enterprise Advisors Network	-	45,000	175,000	175,000
Levy Transfee Network	25,000	25,000	25,000	25,000
Extension of Export Plan advisor	10,000			
NCF Ecosystem development	11,000	100,000		
	<u>99,550</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
<i>Marketing & communications activity</i>				
Specific agreed marketing projects	29,731	120,000	120,000	120,000
	<u>29,731</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
<i>Marketing & communications commissions</i>				
Annual Conference and annual publications				
	28,189	25,000	25,000	25,000
	<u>28,189</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
<i>Fees and charges</i>				
Legal Support	4,200	40,000	40,000	40,000
Company Secretary	43,000	43,000	43,000	43,000
	<u>47,200</u>	<u>83,000</u>	<u>83,000</u>	<u>83,000</u>
<i>LEP Restructuring Budget</i>				
Consultancy and professional support	-	100,000		
Recruitment costs	12,350	15,000		
Provision for staff indemnity liabilities		46,140		
	<u>12,350</u>	<u>161,140</u>	<u>-</u>	<u>-</u>
Total Expenditure	<u>1,027,553</u>	<u>1,390,618</u>	<u>1,214,843</u>	<u>1,225,389</u>
Net P&L	<u>- 88,839</u>	<u>- 485,618</u>	<u>- 309,843</u>	<u>- 320,389</u>
Reserves				
LEP account balance brought forward, including Growing Places interest				
	2,174,908	2,086,069	1,600,451	1,290,609
Balance of P&L above	- 88,839	- 485,618	- 309,843	- 320,389
Total LEP funding available	<u>2,086,069</u>	<u>1,600,451</u>	<u>1,290,609</u>	<u>970,220</u>