



Lancashire Enterprise Partnership Limited

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LEP Update - Budget, Workplan and Vision

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Executive Summary

Despite some short-term assurances from the Department of Levelling Up, Communities and Housing and the Department for Business, Energy and Industrial Strategy, the future policy on Enterprise Partnerships will not be clear until a Prime Minister and cabinet have taken office later in September. Even with a will to continue with LEPs as a part of the Levelling Up and regeneration landscape, recession, inflation, and the cost-of-living crisis make it unlikely that additional resources will start to flow via LEPs as a conduit. The core grant award to LEPs was reduced for 22/23 for the first time in several years. In Lancashire grant will fall from an annual £500,000 to £375,000 and the local match ask of 50% falling from £250,000 to £187,500. This new total grant income of £562,500 can be paired with Growing Places interest and other income to give a total income figure in 22/23 of £717,500 down by 30% on the total income in 21/22.

This policy uncertainty and reduced funding has forced the LEP to strip back budgets and actions plans for the coming year, focussing on some key projects and areas where the LEP can continue to add value. In response to this new role, the LEP Board are asking what the new vision for the LEP will be. This report sets out these new budget constraints, work programme priorities and vision for the LEP moving forward.

Recommendation

The Lancashire Enterprise Partnership Board are invited to note and comment on this approach moving forward.



Background and Advice

With continued uncertainty around the future role of Local Enterprise Partnerships, a reduction in core funding for 22/23 and a medium-term objective to better align the LEP with nascent aspirations to establish a County Combined Authority in Lancashire, the LEP in Lancashire has re-cast its action plan and budgets and seeking Board confirmation for a renewed vision of its role.

Resources 2022/23

In terms of revenue budgets, once staff and operating costs of £495k have been deducted, the LEP retains a limited discretionary revenue budget of £393k as agreed in March / April 2022 covering : -

Work with Sectors	£ 60k
Work to support the establishment of National Cyber Force	£ 65k
Eden Levelling up Fund Bid support	£ 60k
Samlesbury Innovation Hub feasibility	£ 60k
Marketing (events, reports)	£ 72.5k
General project funding, consultancy and prof. services	£ 75.5k
Total	£ 393k

To meet these commitments and proposals we will already need to revise the budget headings and via monies out of sectors and marketing budgets.

In total the forecast expenditure for 2022/23 remains within the £ 393k , but there will be pressure to extend this, particularly to address the recently completed sector action plans and Internationalisation strategy. it should be noted that this level of expenditure already requires the use of reserves in year.

In terms of capital, the LEP retains and earns interest from the £19.4m Growing Places Investment Fund, the majority of which has already been recycled once and is available for investment however with only one loan actively repaying interest currently it is likely that the budgeted level of income may not be achieved until further loans are made

Reserves

At the start of financial year, 2022/23, the LEP had reserves of £2.160m. The Operating Plan for 2022/23 requires further investment of LEP reserves to the plan £170k to meet the expenditure above assuming continuation of grant funds from Government and Company Members are as above. There is also a forecast of 150k of income from growing place loan interest and with only 1 loan actively drawing down at the moment this level of income is unlikely, reduction in this income will place greater reliance on the use of reserves to meet expenditure commitments above as would increased expenditure commitments

Work Programme Priorities

Reductions in staffing (reduced CEO capacity and loss of Innovation co-ordinator) and budget have also informed a rationalisation of the work programme which the LEP can actively progress in the coming year.

- The LEP retains its on-going responsibility to ensure that Growth Deal and Getting Building Fund projects fully meet the obligations set when grants were awarded to projects.
- The LEP has worked well to coalesce a Team Lancashire approach to identify, qualify and land new investment opportunities such as the National Cyber Force. The team will continue to support activity streams to fully realise the benefit of this and other potential investments and to develop new propositions where aligned opportunities exist.
- The LEP will continue to oversee the work of its six business-led sector groups, with a view to understanding business issues in real time, to inform existing support services and initiatives and to understand where the priorities for future investment programmes might lie, should funding become available.
- Key sub-group and programmes supporting Employment and Skills, Business and Innovation will continue as a focus for strategy and the deployment of continued resource.
- Whilst Lancashire's Enterprise Zones individually now have their own momentum, the LEP will continue to discharge its responsibilities regarding these sites and to support collective activity where appropriate.
- The LEP will maintain strong governance and assurance standards and represent Lancashire within national and regional forums and organisations.

A Refreshed Vision for the LEP

Given the new context within which the LEP is working it will be important for LEP Board members to agree those activities and ways of working which will inform this new phase of the LEP's development.

The suggested principle for these new ways of working are as follows: -

1. The LEP remains the key business voice for Lancashire recognised by government.
2. The LEP remains a conduit for some key investment into Lancashire and it can add value, intelligence and credibility, based on its track-record to champion future strategic bids for resource.
3. The LEP will work with other local stakeholders to inform, co-commission and endorse those strategies related to business, economy, skills and innovation.



4. The LEP supports the on-going process to secure a devolution deal for Lancashire and would support working as part of any new democratic structures as an independent business voice.
5. The LEP will build on its track-record of supporting inward investment through convening local stake-holders to best represent strong Lancashire propositions.
6. Effective sector groups and thematic work on Business Support, Employment and Skills and Innovation strengthen the analytical and delivery capacity of the LEP.
7. The LEP will seek to augment capacity by seeking co-financing and secondment of resource from other stakeholder organisations.
8. In line with the existing Assurance Framework, the LEP will seek to reflect the demography and diversity of the Lancashire economy in its membership, reflecting existing and emerging strengths and providing an effective route to lobby government.