



## Lancashire Enterprise Partnership Limited

**Private and Confidential: NO**

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### LEP Operational Budget 2017-18

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#### **Executive Summary**

This report proposes an Operational Budget for the LEP for the financial year 2017-18. The Operational Budget identifies revenue spend on LEP priorities, including research and studies, delivery of marketing and communications activities, place-making, business growth, investing in growth and key sectors activity. It also includes operational support, including subscriptions, and staffing costs funded directly by the LEP.

The Operational Budget has been produced under the guidance of the LEP's Performance Committee which met on the 22 November and more recently on the 16 January. In setting the Operational Budget for 2017-18, the Committee has reviewed the LEP's previous and current income streams, budget position and staffing and resource capacity.

The Committee is also proposing additional staffing resource be funded by the LEP, which will assist in enhancing investment and place-making capacity, and the work of partners in developing a robust strategic project pipeline and progressing locally and nationally significant economic growth schemes.

#### **Recommendation**

The LEP Board is asked to:

- (i) Consider and approve the Operational Budget for 2017-18, as set out in this report, including the proposal to fund additional staffing resource in 2017-18 and 2018-19 on an initial two-year fixed term basis to enhance LEP core capacity;
- (ii) Authorise the Performance Committee to work with the County Council, as Accountable Body for the LEP, to finalise employing arrangements for the proposed additional posts; and
- (iii) Approve the Performance Committee to oversee the production of



Management Accounts for 2016-17, which will include a final outturn figure, and present this information to the Board early in the next financial year.

## Background and Advice

In producing the LEP’s Operational Budget Plan for 2017-18, the Performance Committee has worked with County Council officers to produce a summary of annual running costs for the LEP in 2016-17. These are shown in Table 1 below.

Table 1 includes staffing, specifically those posts paid for directly by the LEP using the interest generated by the Growing Places Investment Fund, and those posts paid for (in full and in part) by LCC which provide core support to the LEP. Posts paid for in full by the LEP include the Head of LEP Co-ordination, Growth Deal Programme Manager, Skills Hub Director and Skills Hub Manager. A contribution of one third is also made towards the post of the County Council’s Director of Economic Development.

Revenue activity incurred to date including research, studies and marketing activity has also been included in Table 1, as well as LCC’s direct contribution to Marketing Lancashire and its match funding for LEP projects, including Boost and the Skills Hub, as these key investments enable the LEP to deliver its strategic objectives.

The Board is asked to note that there are other costs associated with the LEP which have not been included. These costs are primarily wider Accountable Body support including staff from LCC’s Economic Development function and transactional support staff in LCC’s finance function as well as office accommodation and related overhead costs.

**Table 1: LEP Summary of Running Costs 2016-17**

Activity	Amount
Staffing – provided by LCC and paid for by LEP	£299,422
Staffing – provided by LCC and paid for by LCC	£134,433
Running costs – including subscriptions	£54,513
Revenue activity (as at December 2016) – including research, studies and Growth Deal Independent Appraisal of Business Cases	£225,069
Marketing activity – paid for by the LEP which includes SKV contract, Lancashire Narrative development and events	£234,787
LEP contribution to LCC Company Services	£43,000
Marketing Lancashire – LCC core funding contribution	£400,000
LCC match funding to LEP Projects – Boost, Skills Hub and match funding to secure DCLG Core Funding Grant	£778,333



<b>Total</b>	<b>£2,169,557</b>
Note: Marketing Lancashire is the vehicle through which the LEP delivers its strategic marketing priorities, so it is referenced in this context as without it an alternative would need to be found.	

Table 2 below sets out the proposed Operational Budget for the LEP for 2017-18. Proposed spend in 2017-18 is £1,200,640. Income which supports the delivery of this proposed spend is made up of £500,000 of income received from Government in the form of Strategic Funding and Core Funding, £250,000 of direct match funding provided by the County Council and Growing Places interest.

The Board will recall that in previous years, the LEP’s annual revenue spend has been agreed by the Executive Committee with the completion of a Core Funding application to drawdown £250,000 of Government grant funding. The LEP’s annual Core Funding allocation from Government has been secured by the County Council with a match funding contribution of £250,000. The County Council has committed to provide £250,000 of match funding in 2017-18.

Proposed spend in Table 2 has been categorised in line with the LEP’s Business Plan activity headings.

Current staffing funded by the LEP using Growing Places interest has been included as well as the proposed additional staffing resource to support and enhance investment and place-making capacity, and the work of partners in developing a robust strategic project pipeline and delivering locally and nationally significant economic growth schemes. These additional posts include a Head of Investment, Team Leader and Administrative Support Officer. This element of the budget is for two years, 2017/18 and 2018/19. The posts will be offered on a two-year fixed term basis and, subject to Board approval, it is proposed that the Performance Committee work with the County Council, as Accountable Body for the LEP, to finalise employing arrangements.

Table 2 also includes costs associated with proceeding with the independent appraisal of remaining projects in Growth Deal 1 and 2, as well as new projects to be funded by Growth Deal 3.

A budget line has been included for transport and connectivity strategic case-making support. In previous years, the LEP has invested almost £500,000 on Local Transport Body related activity including establishment of independent scheme analysis and appraisal and studies.

As part of the LEP’s focus on raising the profile of Lancashire in 2015-16 and 2016-17, specifically through the appointment of dedicated marketing and communications support provided by SKV Communications Ltd, the development of the Lancashire Narrative and attendance at events and exhibitions, marketing costs totalling £142,000 have been included in the proposed 2017-18 Operational Budget. This figure includes provision for marketing Lancashire’s Enterprise Zones following the



development of the Lancashire Enterprise Zone Cluster Programme, which includes an agreed brand framework and investor handling protocol for each EZ site.

Proposed spend also includes a significant focus on the refresh of the SEP as well as developing the LEP's understanding of productivity and innovation challenges and opportunities in the local economy, and in positioning Lancashire to play a full role in Government's emerging Industrial Strategy.

**Table 2: LEP Proposed Spend 2017-18**

<b>Business Plan Themes</b>	<b>Activity to be funded (all third party spend)</b>	<b>Amount</b>
<b>Resource and Capacity</b>	Current staffing paid for by the LEP	£302,416
	Proposed additional staffing to be paid for by the LEP	£144,924
<b>LEP Operational Support</b>	LEP Network Annual Subscription	£6,000
	NW Research Collaboration Annual Contribution	£12,300
	Growth Deal 2 and 3 Independent Business Case Appraisal	£90,000
	LEP attendance at events and other expenses	£10,000
	Contribution towards LCC Company Services	£43,000
<b>Strategy</b>	SEP Refresh (design, print, economic forecasts)	£30,000
	Development of case-making to secure National Productivity Innovation Funds	£30,000
<b>Place Making</b>	Investment Co-ordination	£65,000
<b>Business Growth</b>	Industrial Strategy Positioning / Document	£50,000
	Actions arising from Innovation Plan	£25,000
	Actions arising from Internationalisation Plan	£25,000
	Actions arising from Productivity Study	£25,000
<b>Investing in Growth</b>	Development of a 'Fund of Funds' and Growing Places Fund appraisal	£40,000
	Project pipeline development and analysis	£30,000
<b>Key Sectors</b>	Development of sector propositions	£75,000



<b>Marketing and Communications</b>	External PR and Marketing Support to the LEP	£42,000
	Marketing Lancashire and EZ offer at Paris Airshow	£10,000
	Generic EZ Marketing Materials	£45,000
	Supporting establishment of Lancashire Ambassador Programme	£15,000
	Exhibitions and sponsorship of activities – EZ and place marketing	£30,000
	LEP website maintenance	£10,000
<b>Strategic Transport / Connectivity</b>	Strategic case making support	£45,000
<b>Total Spend</b>		<b>£1,200,640</b>

It is proposed that the Performance Committee oversees the production of Management Accounts for 2016-17, which will include a final outturn figure. This information will be presented to the Board early in the next financial year.