



LEP – Sub Committee

LEP - Joint Scrutiny Committee

Private and Confidential: No

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LEP Update and future operation of the Joint Scrutiny Function (Appendix 'A' refers)

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Executive Summary

This report and accompanying presentation are intended to provide the members of LEP Joint Scrutiny Committee with an update on context within which LEPs are operating and to share updates on the main components of the LEPs work programme.

Recommendation

The LEP Joint Scrutiny Committee are asked to note the report and consider what other areas of LEP activity the board might want to explore as part of their Forward Plan.

Background and Advice

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.

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 have been deducted, the LEP retains a limited discretionary revenue budget covering: -

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| Work with Sectors | £60k |
| Work to support the establishment of National Cyber Force | £65k |
| Marketing (events, reports) | £72.5k |
| General project funding, consultancy and prof. services | £45k |
| Total | £202.5k |

Against this, the LEP has existing or planned in year costs in respect of Eden Levelling Up Fund (LUF) case-making (£60k) and NCF – Samlesbury Innovation Hub feasibility (£60k).

In terms of capital, the LEP retains and earns interest from the £20m Growing Places Investment Fund, the majority of which has already been recycled once and is available for investment.

Reserves

At the start of financial year, 2022-23, the reserves position is forecast to be £2.139m. The Operating Plan for 2022/23 requires further investment of LEP reserves to the plan £170k, assuming continuation of grant funds from Government and Company Members.

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.