



Lancashire
Enterprise Partnership

Lancashire Enterprise Partnership

**Annual Business Plan
and Operating Budget
(2021/22)**

Annual Business Plan and Operating Budget (2021/22)

This is the Annual Business Plan and proposed Operating Budget of Lancashire Enterprise Partnership for 2021-22.

The Annual Business Plan is presented as follows:

PART 1 Annual Business Plan

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PART 2 Key Deliverables for 2021/22

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

PART 3 Operating Budget (2021/22)

ANNUAL BUSINESS PLAN and Operating Budget (2021-22)

1.0 Introduction

The Annual Business Plan is framed within the context of a new Delivery Framework set by the Members of the Company and the requirements of the National Growth Assurance Framework applicable to Local Enterprise Partnerships.

A new Annual Business Plan for 2021/22 has been prepared; the Operating Budget required to deliver the Business Plan is £1.664m and is to be met by the following contributions:

- DCLG Core grant £250k
- DCLG Strategic grant £250k
- Members grant £250k
- Reserves £682k
- Interest repayments £230k

At the end of financial year 2020/21, the reserves position is anticipated to be £2.119m as a consequence of making significant savings on the full year budget for 2020/21, originally set as £2.546m; end of year expenditure is now forecast at £1.535m. This forecast includes income received within year, arising from interest paid against LEP funds held on account, plus repayment of interest accrued against Growing Places loans made by the LEP.

Government has verbally confirmed a one year settlement in 2021-22 for LEPS which maintains grant support at previous levels, but limits the ability to plan with confidence for a three year rolling Business Plan. It has also been confirmed that there will be a review of LEPS to be carried out in year, which may have a significant material bearing on both the Annual Business Plan, and future year planning processes. When the findings of the Review are made known, it might be anticipated that a mid-year review of the Annual Business Plan and Operating Budget will be required.

The Annual Business Plan and Operating Budget are separate and distinct from the Programme budget which is 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. It is the capital funds awarded to the LEP which attract interest whilst held on account. However, direct LEP resources deployed to manage the respective delivery elements of these funds are fully accounted for within the Operating Budget.

Operating Budget

The Operating Budget is set within the context of a three-year budget:

Operating budget

	2020- 2021	2021- 2022	2022- 2023	2023- 2024
Income				
Grants	750,000	750,000	750,000	750,000
Interest	343,814	232,000	205,000	205,000
BEIS transition grant	87,500			
	<u>1,181,314</u>	<u>982,000</u>	<u>955,000</u>	<u>955,000</u>
Operational expenditure				
Staffing	618,904	739,161	692,524	603,392
Running costs	45,519	60,200	60,200	60,200
Marketing and Comms	130,000	120,000	110,000	90,000
Professional and consultancy fees	278,928	93,000	68,000	53,000
	<u>1,073,351</u>	<u>1,022,361</u>	<u>930,724</u>	<u>806,592</u>
Net operating surplus/(deficit)	<u>107,963</u>	<u>-40,361</u>	<u>24,276</u>	<u>148,408</u>
Project and programme expenditure				
Project support	238,455	391,000	200,000	200,000
Strategic Framework	99,000	121,000		
Restructure	124,445	130,000		
	<u>461,900</u>	<u>642,000</u>	<u>200,000</u>	<u>200,000</u>
Net P & L surplus/(deficit)	<u>-353,937</u>	<u>-682,361</u>	<u>-175,724</u>	<u>-51,592</u>
Reserves b/f	2,473,009	2,119,072	1,436,711	1,260,987
Contribution to/(from) reserves	-353,937	-682,361	-175,724	-51,592
Reserves c/f	<u>2,119,072</u>	<u>1,436,711</u>	<u>1,260,987</u>	<u>1,209,395</u>

2.0 Overarching Objectives

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.

3.0 Key Objectives 2021/22

Key objectives for the LEP in 2021/22 are 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 actions of Improvement Plans arising from Annual Performance Reviews. These may be broadly grouped into 3 categories:

- Delivery
- Partnership and
- Advisory

These objectives are tabled as follows:

Category		Objective
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

Delivery	<p>Programme Management:</p> <ul style="list-style-type: none"> • Growth Deal • Getting Building Fund • Growing places • Growth Hub* • Skills and Employment Hub* <p>*partnership delivery</p>	To programme manage all requisite elements of projects awarded funds, ensuring outputs are outcomes are achieved, financial profiles are met, risks are appropriately managed, and monitoring, evaluation and reporting requirements are met
	<p>Strategy 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 	To commission and deliver Phase 1 Delivery Plan
	<p>Local Industrial Strategy:</p> <ul style="list-style-type: none"> • Evidence Base • Strategic Action Plan 	To complete the Local Industrial Strategy which addresses underlying challenges of productivity and sets out a clear plan of strategic priorities and actions
	<p>Greater Lancashire Plan</p> <ul style="list-style-type: none"> • Independent Economic Review • Environment 	Support the development of the reviews, ensuring alignment of all strategic elements and the evidence base
	<p>Covid Recovery Plans</p>	To work with Partners to develop effective plans for recovery, building towards more sustainable and prosperous economy and communities
Partnership	Programme Management	To ensure the alignment of objectives, activities and resources to maximise value and outcomes delivered
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
	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
	Social Value Charter	Ensure that all economic priorities and interventions <i>maximise</i> the opportunity to create social value, not just capture and record

4.0 Governance

4.1 Annual Performance Review

At the start of the year 2020-21, the Annual Performance Review (APR) of the LEP undertaken by BEIS and MHCLG, recorded the following ratings:

- Delivery Good
- Strategic Impact Requirements not met
- Governance Requires Improvement

By the end of the year, determination of performance is described as "requirements met" or "action required". In this respect the LEP was assessed as follows:

- Delivery Met
- Strategic Impact Met
- Governance Action required (acknowledging where good progress has been made)

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 Plan itself updated at the time, in the respect of continuous improvement.

The Annual Performance Review of 2020/21 was carried out in February 21; at the time of writing this report, the findings have not been made known to the LEP. However, the ratings scheme for 2020/21 has been amended such that only two ratings are to be given – Met or Requires an Improvement Plan. Dependent on the outcomes of the APR, there may be financial implications associated with any proposed improvements, to be taken into consideration with respect to the Business Plan for 2021/22.

4.2 LEP Review

In order to meet the requirements for Governance, a review of the LEP was carried out within the year, to address specific issues and make recommendations for improvement. The Review was carried out by senior officers of the Members of the Company and LEP and led in an open and transparent way with the local CLGU area team, to ensure compliance with national guidance and take advice with regard to best practice where required.

Progress has been made to deliver these recommendations, many of which are presently in due diligence, to fully explore all options and consequential action and impacts – any proposed changes will be brought to the LEP Board for discussion in the new financial period. The LEP will meet regularly with the Members of the Company to set out a new Delivery Framework for the LEP and bring clarity to the roles and responsibilities within the partnership.



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There may be financial implications as a consequence of any proposed changes to be taken into account within the Business Plan for 2021/22; the Board will be updated as progress is made.

4.3 Chair of the LEP Board

The Chair of the LEP, Steve Fogg resigned in the last quarter of the financial year with immediate effect. A Recruitment Committee is formed, Chaired by LEP Director, Ann Jordan, and comprised of 3 public sector and 5 private sector LEP Directors. The Job Description and Person Specification has been reviewed by the Recruitment Committee and Members and the process to appoint a Search selection specialist has commenced. Executive resource to support this process will be provided by Blackpool Council.

The Recruitment Committee will ensure wide consultation with the private sector community to facilitate the development of a strong shortlist of high calibre potential candidates.

4.4 Scrutiny Committee

National Framework Requirements for LEPs – Joint Scrutiny Committees

In January 2019 Government published a new National Local Growth Assurance Framework which applies to all Local Enterprise Partnerships in England. The National Local Growth Assurance Framework is underpinned by "The Seven Principles of Public Life" (The Nolan Principles) and all LEPs should comply with the spirit of the principles. One of the seven principles is regarding accountability and, as LEPs are considered to be utilising public funding, holders of public office (in this case the LEP) are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Scrutiny Arrangements – Requirement for LEPs

The National Framework states that LEPs should agree with their Accountable Body (Lancashire County Council) the appropriate scrutiny arrangements to ensure that decisions (taken by the LEP Board) have the necessary independent and external scrutiny in place.

In addition to any agreed internal scrutiny arrangements within the LEP, the LEP should participate in relevant Local Authority scrutiny arrangements to guarantee the effective and appropriate democratic scrutiny of their investment decisions. It has previously been agreed by the Leaders of Lancashire Local Authorities to create a Joint Scrutiny Committee which comprises of all Local Authorities from the LEP area and relevant representatives that can provide scrutiny from a business perspective, who meet to scrutinise and examine LEP decisions.

These arrangements will be clearly set out in the LEP Assurance Framework and on the LEP website and examined as part of an Annual Performance Review, carried out by the Communities and Local Growth Team; through this process, LEPs are monitored and regulated, ensuring compliance with Government requirements, as part of a moderation / regulation role.

LEP Scrutiny

LEP Scrutiny provides locally elected members, the opportunity to scrutinise the work of LEPs on behalf of the areas' constituents. The principal purpose of Scrutiny is to influence the policies and decisions made in relation to the delivery of services undertaken using public funding, in this case by LEPs. A scrutiny committee should gather evidence on issues affecting local people and make recommendations to the LEP based on its findings. A scrutiny process provides an opportunity to investigate any issue which affects the local area or the area's inhabitants.

For this reason, it is important to think about how the scrutiny process can be used to build a positive working relationship with those who are the subject of scrutiny's recommendations. To be effective, it should be seen in the role of a 'critical friend' to the LEP and it is important to identify areas where decisions could be improved and how to prevent mistakes being made or repeated.

It is also important to emphasise that the focus should be on forward thinking and making positive changes; such an approach will help to foster positive and constructive relationships between scrutiny, local councillors, LEP directors and officers. The purpose of scrutiny is ultimately to improve the lives of local people through improved public services.

The Joint Scrutiny Committee will replace the former Performance Committee of the LEP and will be formed of representatives from all upper tier and District Authorities. The Scrutiny Committee will meet at least twice per year and a forward plan will be agreed for items to be considered. For the purposes of the Business Plan to note:

- The first meeting will be held on March 24th 2021
- A private sector Chair is to be identified and agreed with Members of the Scrutiny Committee
- The Terms of Reference will be approved at this first meeting

4.5 Peer to Peer Review

In 2020/21, the LEP were paired with Solent LEP in order to undertake a Peer to Peer review process required by Government. In this forthcoming year, the LEP is paired with Heart of the South West LEP and met for the first time in March 2021.

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.

4.6 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. The document will also require a refresh in line with any government updates.

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

4.7 Annual Conference

As part of their openness to the communities they serve, each LEP should openly advertise and hold an Annual General Meeting that 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.

A date will shortly be confirmed towards the end of June 2021, to hold this conference and a provision of £10k has been made in the operating budget to meet the associated costs.

4.8 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).

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.

5.0 Delivery

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

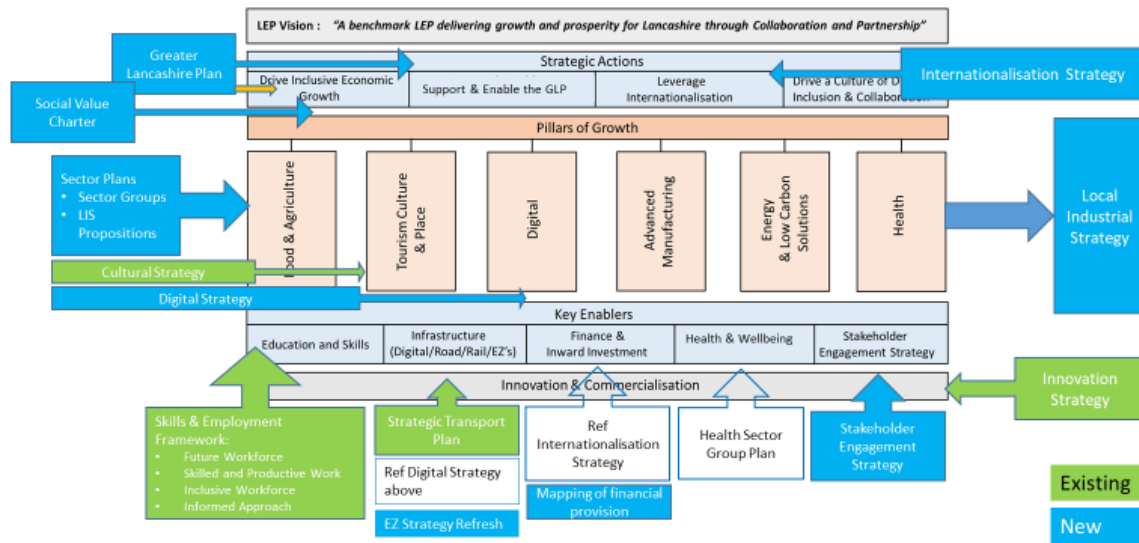
5.1 Strategic Framework

Key objectives for 2021/22 include the commissioning and delivery of Phase 1 Delivery Plan of the Strategic Framework, which includes:

- Facilitation of the business-led Sector Groups
- Completion of the Local Industrial Strategy
- Completion of Sector Plans for 6 key employment sectors
- Completion of the Internationalisation Strategy
- Completion of the Finance for Business study
- Continued implementation of the Innovation Strategy
- Continued implementation of the Cultural Strategy
- Refresh of the Skills and Employment Framework
- Production and adoption of a Social Charter
- Development and Implementation of the Stakeholder Engagement Plan

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.

Delivery of the Strategic Framework



In December 2020, the LEP board approved Phase 1 of the Delivery Plan, most of which was commissioned in 2020/21 and will be delivered within 2021/22:

- Strategic Elements
 - 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
 - Innovation Strategy
 - Cultural Strategy

An overall budget envelope of £290k was approved by the LEP Board, most of the expenditure will be incurred in 2020/21 and therefore this allocation will be carried forward to the 2021/22 budget where costs are not defrayed in 2021/22.

5.2 Local Industrial Strategy

During the past year the LEP requested that the evidence base of the Local Industrial Strategy, previously signed off by government, was refreshed to take account of the impacts of Covid 19. The refresh was completed within the year and the next steps are to develop the Strategic Action Plan for the LIS. The LEP has also requested that the sectoral approach of the Strategic Framework be woven into the LIS, such that the document addresses the structural challenges of a productivity gap as well as the challenges and opportunities of all important sectors of employment (such as health) and place-shaping (such as tourism, hospitality and culture).

The Local Industrial Strategy is due for completion in May 21. However, Government recently announced the dissolution of its Industrial Strategy team and proposed a new strategy approach for

"Building back stronger" following the impact of the Covid19 pandemic. Whilst the evidence base does not suggest that the underlying structural challenges of Lancashire have changed as a consequence of Covid, the LEP will need to be flexible and responsive to adapt this strategy to any new prescription from Government. The evidence we have gathered thus far, together with the work of the sector groups and quarterly economic forecasting, will enable us to respond with flexibility and coherence to any new approach.

There is no additional provision within the budget to take account of potential adaption, but if required, will be taken from the General Project budget.

5.3 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 within the year has been to develop an appropriate response to Covid – if representing a sector which has been 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	LEP Director, MD of PDS CNC Engineering
	Claire Whelan	LEP Director, Group MD Ansuka Group
Digital	Kam Kothia	LEP Director and MD ebusiness UK
Health	Pof StJohn Crean	ProVC (Clinical) UCLAN
Tourism and Hospitality	Sarah Kemp	Temporary Chair
Food and Agriculture	David Hall	Regional Director of NFU
Energy & Low Carbon Technologies	Mick Gornall	LEP Director MD Cavendish Nuclear
	Miranda Barker	LEP Director and CEX East Lancashire Chamber

Within the year, a specific response to Covid has been produced by the Aerospace Task Force and the Tourism and Hospitality Group. Sector Plans for all other sectors will be produced in the new financial year,

The Sector Groups will continue to be supported and facilitated to set out long term sector plans to achieve 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.

Sector group activity will continue to be supported within the resource envelope of the Strategic Framework approved in 2020/21 and no further allocation is anticipated in 2021/22.

5.4 Greater Lancashire Plan

The LEP is working closely with partners on the Independent Economic Review element of the Greater Lancashire Plan, commissioned by the Leaders of Lancashire, via representation on the Independent Panel and as a member of the client working group. In order to ensure that both the independent Review and any LEP led strategy aligns, we will continue to take measures to integrate the work of the consultants supporting all elements of strategy development and have agreed to use a single provider of economic forecast modelling data, to preserve a single version of the truth. The LEP contributed £50k to the IER in 2020/21; no further contribution in 2021/22 is anticipated but there will be cost associated with maintaining the economic forecast data throughout the year, to be met through the project budget allocation.

Many elements of existing programme delivery will continue through-out 2021/22 including programme 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 providing identified in annual/strategic/finance plans). This would include for example, the bids for EDEN North and City of Culture 2025.

There is no further provision made for financial support to these initiatives within the budget.

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.

6.0 Partnership

This includes activity which is resourced and delivered primarily by Partners, generally utilising programme specific resources; partners may themselves align further resources to maximise value for money and outcomes. The LEP has both an oversight and governance partnership role and may have a programme management responsibility. This includes activity the Government 'sponsors' including through its core and specific project funding to the LEP. The LEP also provides governance 'committees' 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)
- **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.

6.1 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 and net zero carbon)
- LEP Network

but other partnerships exist such as NetZero NorthWest, in which the LEP is playing an increasing role to maximise the benefit for Lancashire.

The LEP is encouraged to take a leadership role on particular elements which include Chairing the Innovation Board of NP11.

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.

7.0 Advisory Role

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 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 2021/22, this includes, but won't be limited to:

- Independent Economic Review – Greater Lancashire Plan
- Environment Review – Greater Lancashire Plan
- Levelling Up Funds
- UK Shared Prosperity Funds

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.

8.0 National Context

8.1 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 profound implications for the LEP, this Business Plan may remain subject to review and change at any point during the year.

8.2 Recovery from Covid

Early in March 2021, the Government announced its route-map to unlocking restrictions to Covid 19 – a plan welcomed by the private sector on terms of providing greater certainty on which to base the business decisions they need to make, if not wholly satisfied with the time-frame itself. The Sector Groups will continue to develop their plans for stabilisation and recovery and eventual return to growth, seeking continuous engagement with government in order to influence policy and decision-making and working closely with partners to implement those plans.

Where those plans align with eligible public funds, the LEP will work closely with the grant award bodies, generally local government, in order to set out priorities for investment and develop projects for consideration.

It is important to note that LEPs have not been identified as a conduit for future public funds investment and will likely not be eligible to make direct bids.

8.3 Levelling up Funds

Government announced at the 2020 Comprehensive Spending Review that the Department for Transport, the Ministry for Housing, Communities and Local Government and the Treasury are to invest £4.8 billion in high value local infrastructure. It is especially intended to support investment in places where it can make the biggest difference to everyday life, including ex-industrial areas, deprived towns and coastal communities. It is also designed to help local areas select genuine local priorities for investment by putting local stakeholder support, including the local MP where they want to be involved, at the heart of its mission.

This Fund will be delivered as part of a broad package of complementary UK-wide interventions, including:

- The **UK Community Renewal Fund** of £220m additional funding to prepare for the UK Shared Prosperity Fund due to launch in 2022. As EU structural funds tail off after 2022-23 Prosperity Fund
- The **UK Community Ownership Fund**, which will empower communities to protect vital community assets in their area by providing funding to take ownership over them, in support of the social wellbeing of local communities.
- The **Plan for Jobs**, which builds on DWP's Jobcentre Plus network, offering tailored support to help people find work, including through Youth Hubs, Restart, and Kickstart. The Plan for Jobs will support longer term recovery from the unprecedented economic impact of Covid-19
- The **Freeports programme**, establishing national hubs for global trade and investment in every nation of the UK, promoting regeneration and job creation and creating hotbeds for innovation that will intensify the economic impact of our ports and generate increased economic activity in areas in need of regeneration across the UK.
- The **UK Infrastructure Bank**, which will provide financing support to local authority and private sector infrastructure projects to help meet UK Government objectives on climate change and regional economic growth. It will also establish an advisory function to help with the development and delivery of projects.
- The **Towns Fund**, providing £3.6 billion to drive the economic regeneration of deprived towns and deliver long-term economic and productivity growth, by renewing and reshape

town centres and high streets in a way that drives growth, improves user experience, and ensures future sustainability.

The first round of the Fund will focus on three themes: smaller transport projects that make a genuine difference to local areas; town centre and high street regeneration; and support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets, in particular.

The LEP will support the local authorities in the determination of these funds, ensuring that strategic economic priorities and projects are developed within the pipeline.

There will be no additional provision within the budget for this activity.

9.0 Resources

9.1 Staff Resources

The Operating Budget 2021/2 provides for:

- core team of 7 people including the Chief Executive
- 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 Intelligence Officer for one year only
- 3-month contribution to the cost of an Export advisor, seconded to the Growth Hub to deliver the Export Plan (a component of the Internationalisation Strategy)
- A new intern post – undergraduate placement for 10-12 months
- A new Head of Strategy post
- A new temporary post to support the implementation of the Internationalisation Strategy

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 2021/22 and as fixed term contacts for 2 years and only if, suitable candidates cannot be found, make further consideration of permanent full-time posts.

The national LEP Review recently announced, may have implications of form and function for LEPs which might indicate a potential mid-year restructure.

9.2 Recruitment of a new Chair

The Recruitment Committee also recommend to the Board, that remuneration be offered for the role of Chair to the LEP Board in order to attract a higher calibre of candidate, willing to commit to a minimum three-year term.

A provision of £24k per annum has been included within the budget.

9.3 Core running costs

The provision for accommodation and running costs remains the same as 2020/21, however, delays in returning to the office due to Covid19 or more flexible working arrangements for the future, may deliver savings against the overall budget of £60k. This includes a provision of £15.2k to meet Treasury Management costs; the LEP monies just form part of the cash balances available to LCC for

investment. These are invested primarily to minimise the risk to the capital with yield being a secondary importance. Therefore the investments can include safe investments such as bonds which may incur costs such as brokers and custodian fees as well as the staff costs of managing the funds.

9.4 General Project Fund

The General Project Fund will be significantly reduced this year, in part to compensate for increased staff costs, from £1.32m in 2021/22 to £200k in 2021/22.

9.5 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. This includes:

- Festival of Making (£50k) due to Covid related delays
- Culture of Capital (£200k) not yet in contract
- Finance for Business study (£29k) payment due on completion
- Local Industrial Strategy payment due on completion
- Internationalisation Strategy payment due on completion
- Sector development activity activity is ongoing

9.6 Reserves

At the start of financial year, 2021-22, the reserves position is forecast to be £2.119m. At the end of the financial year, the reserves position will be £1.436m, which will allow flexibilities in terms of forward years' planning, following the LEP Review and any contingent liabilities which must be met.

The Operating Plan for 2021/22 requires further investment of LEP reserves to the plan of £682k

10.0 Key Risks and Challenges

The following risks and challenges are highlighted:

10.1.1 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 will be paid out in the first half of the year 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 total likely interest is £32,000 in 20/22.

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 £200k of interest will be repaid to the LEP in

2021/22 but this carries an inherent risk, should the Board agree to extend the 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 further use of reserves.

9.2 Government Sponsor Funds

The Government has indicated to the LEP network, via the Budget announcement of March 21 that funds will be made available to the LEP, for the coming financial year, at the same level as previous years. The provision of £250k matched funds from the Members of the Company, enable the LEP to leverage a further investment of £500k from MHCLG.

This budget is wholly dependent on confirmation by Government of continuation of sponsor funds. There is presently no commitment of sponsor funds beyond 2021/22.

9.3 LEP

Although Government has committed to a Review of LEPs within the first half of the financial year, a significant change has already been indicated, to the extent that LEPs are no longer holding capital funds. Further redefinition of the roles and responsibilities of the LEP may require mid-year structural changes to the LEP and a review of the Operating Budget.

9.4 Reserves

Historically, the LEP has carried forward significant reserves, the rationale being to provide for 3 years of salary costs. However these reserves have been relied on in recent years to support LEP operational costs and a sizeable programme of project development. This budget proposes further commitment of reserves with no obvious sources of additional income which might replenish the reserves position. It is proposed that additional staff resource is not contracted on a permanent basis, but the LEP seeks to minimise any ongoing employment and contractual liabilities, which are likely to be a minimum of £50k per member of staff. Staff are currently employed by either Lancashire County Council or Blackpool Council on behalf of the LEP and as such carry the risk of such liabilities.

Provisions have been made within the budget for programme assurance and legal costs of £100k, a significant reduction on recent years to reflect the life cycle stages of the capital programmes managed by the LEP. Further savings on this budget will be sought in year. Likewise consultancy support has been significantly reduced from £390k to £100k in 2021/22, by increasing the staff resource in part and reducing reliance on expensive external contracts.

Key elements of strategic activity will be delivered in 2021/22 are expected to have a shelf life of at least 5 years once completed, minimising further investment over the next three years.

PART 2 Key Programme Deliverables in 2021/22

Getting Building Fund (£34.1m)

Programme	Getting 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"> • Pipeline development • Communication / Promotion • Assurance Framework Refresh • Alignment with Strategic Framework and LIS • 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 	
Core Programme of delivery	<ul style="list-style-type: none"> • As included in priorities 	
Key Challenges	<ul style="list-style-type: none"> • Bringing all projects into Grant Award Agreement • Ensuring project spend within eligible timeframes • Covid-related delays 	

Enterprise Zones

Programme	Enterprise Zones
<p>Priorities for Forthcoming Year (in partnership)</p>	<ul style="list-style-type: none"> • 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 • Communications Plan • Programme review – refresh • Compliance with Assurance Framework
<p>Strategy/Policy elements</p>	<ul style="list-style-type: none"> • Internationalisation Strategy – empower the EZs • Fiscal Benefits Extension • Proposition development • Marketing Strategy / Plan • Alignment with Strategic Framework and LIS • Government funding approach • 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 LIS 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 • Contract with City of Culture 2025 project 	
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 going through due diligence • Three schemes in the pipeline • Repayment of 2 schemes • 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 • Enhance the LEP's reputation to secure engagement and increase the effectiveness of its 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 • Influence how the general public and key stakeholders see the LEP • 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 • Respond to emerging policy issues and challenges • Campaigns emerging from Sector Plans • Annual Conference • Create a new Business Survey • Commission a Media monitoring service • Produce a Stakeholder Engagement Plan • Produce a Communications Plan
<p>Strategic Initiatives</p>	<ul style="list-style-type: none"> • Internationalisation Strategy • Local Industrial Strategy • Sector group Plans • Social Charter • Response to Covid/Brexit • Innovation Strategy • Cultural Strategy • Social Value Charter • Stakeholder Engagement Plan
<p>Key Challenges</p>	<ul style="list-style-type: none"> • Measurement and evaluation

	<ul style="list-style-type: none"> • Rapidly evolving policy and economic landscapes
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Innovation

Programme	Innovation
Priorities for Forthcoming Year (In partnership)	<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 in June (eg Tech Cluster event with IUK; Array event etc) 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 eg NorthInvest; iCure etc • Commence work on refreshing the Innovation Plan alongside the Innovation Board to include new performance indicators
Strategy/Policy elements	<ul style="list-style-type: none"> • Refresh Innovation Plan delivery framework • 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.
Strategic Initiatives	<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.
Key Activities (if not covered elsewhere)	<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.
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BOOST Growth Hub

Programme	BOOST Growth Hub
<p>Priorities for Forthcoming Year (in partnership)</p>	<ul style="list-style-type: none"> • Continue to support business through the pandemic and recovery • Provide intelligence and support to businesses impacted by BREXIT • Design and procure delivery partners for 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 second Innovation Festival • With LCC resource to continue to support Aero, Auto, Digital and Creative sectors, (inclusive of LEP Cultural strategy, Lancs 2025, Linear Park etc.)
<p>Strategy/Policy elements</p>	<ul style="list-style-type: none"> • UKSPF strategy potentially required for Lancashire if the model follows ESIF
<p>Core Programme of delivery</p>	<ul style="list-style-type: none"> • Outline of core programme for delivery • Associated investment • Key outputs contracted on projects in year (21/22)
<p>Key Challenges</p>	<ul style="list-style-type: none"> • Ensuring widespread awareness and engagement with the Growth Hub by Lancashire businesses

Skills and Employment

Programme	Skills & Employment	
<p>Priorities for Forthcoming Year in partnership)</p>	<ul style="list-style-type: none"> • Implement the Lancashire Skills and Employment Strategic Framework 2021 • Refresh the Framework for 2022 • Meet the government's Skills Advisory Panel requirements • Feed evidence-base / Framework and skills and employment priorities into the LIS and the IER/GLP, 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 • 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 • Responding to the Skills for Jobs White Paper – contributing to resulting DfE consultations and 	

	<p>positioning Lancashire employers and providers to secure trailblazers</p> <ul style="list-style-type: none"> • Influence and shape the government's Digital Strategy, due to be published in 2021, through the Digital Skills Partnership • 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 areas and people (pushing back opportunity for levelling up) • Positioning of the SAP programme within DfE and across government departments, so that local priorities influence and shape employment and skills commissioning and procurement



	<ul style="list-style-type: none">• 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 (is devolved funding still on the table? E.g. Adult Education Budget?)• 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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PART 3 Operating Budget 2021/22

See below



Lancashire Enterprise Partnership					
Medium Term Financial Forecast 2021/2022 to 2023/2024					
	2020-2021		2021-2022		2022-2023
	Forecast		Budget		Budget
Income					
DCLG income - strategic	250,000		250,000		250,000
DCLG income - core	250,000		250,000		250,000
LCC / Partner contributions	250,000		250,000		250,000
Growing Places Interest received	286,899		200,000		200,000
Interest received on funds	56,915		32,000		5,000
BEIS - programme support	87,500				
Total Income		1,181,314		982,000	955,000
Expenditure					
<i>Staffing</i>					
CEO and interim CEO Costs	177,164		191,757		193,434
LEP core staff	336,960		448,817		434,943
LEP contribution to Skills Hub staff	104,780		98,587		64,147
		618,904		739,161	692,524
<i>Core Running Costs</i>					
Accommodation	17,613		20,000		20,000
Treasury management costs	15,200		15,200		15,200
Accountable Body Support Agreement	-		-		-
Running costs estimate	12,706		25,000		25,000
		45,519		60,200	60,200
<i>Strategic Framework Delivery</i>					
Local Industrial Strategy					
Sector Support	49,000		12,000		
Finance for Business			29,000		
Manufacturing Sector Group			20,000		
Internationalisation Strategy			60,000		
GLP Independent Economic Review	50,000				
		99,000		121,000	-
<i>Project Support</i>					
County of Culture support (19-20 provision)	92,000				
Festival of making	5,000		45,000		
LEP programme consultancy and assurance	49,353		50,000		
Pride of Place Support	50,000				
LIS production	37,102				
Strategic Framework Delivery plan					-
General Project Funding	5,000		200,000		200,000
Appraisals , M&E Reports			50,000		
Match for Careers Hub and Enterprise Advisors Network			25,000		
LevyTransfee Network			10,000		
Extension of Export Plan advisor			11,000		
		238,455		391,000	200,000
<i>Marketing & communications activity</i>					
Specific agreed marketing projects	120,000		120,000		100,000
	-	120,000		120,000	100,000
<i>Marketing & communications commissions</i>					
Annual Conference and annual publications	10,000		10,000		10,000
		10,000		10,000	10,000
<i>Fees and charges</i>					
Legal Support	44,739		50,000		25,000
Company Secretary	43,000		43,000		43,000
Temporary Consultancy Support	191,189				
		278,928		93,000	68,000
<i>LEP Restructuring Budget</i>					
Consultancy and professional support	20,000		100,000		
Recruitment costs	4,445		30,000		
Provision for staff indemnity liabilities	100,000				
		124,445		130,000	-
Total Expenditure		1,535,251		1,664,361	1,130,724
Net P&L		- 353,937		- 682,361	- 175,724
Reserves					
LEP account balance brought forward, including Growing Places interest		2,473,009		2,119,072	1,436,711
Balance of P&L above		- 353,937		- 682,361	- 175,724
Total LEP funding available		2,119,072		1,436,711	1,260,987