

**Paper for: The LEP Board**

**Title: Annual Delivery Plan and Annual Budget 2020-21**

**Date: 26th February 2019**

**Strategic Purpose: Delivery Objectives**

**Resource Implications: Staff, Financial**

**Board: For Decision – To Approve the LEP Annual Delivery Plan and Budget 2020-21**

1. **Introduction**

The Board received presentations on the draft Annual Delivery Plan 2020-21 and draft Annual Budget 2020-21 at its discussion forum in January.

1. **Annual Delivery Plan**

The revised Annual Delivery Plan is attached for formal approval and publication in March or April. Some target figures are still being finalised and will be confirmed for the published version.

The updated version reflects comments made by the Board at the January meeting, comments made by Local Authority stakeholders following their review, and further developments.

Discussions are ongoing with respect to how Sustainability and Inclusivity should best be reflected in the Delivery Plans for each of the sub-regional organisations. As a LEP we can influence industrial and commercial de-carbonisation but have less scope to affect residential emissions.

1. **Annual Budget 2020-21**

The LEP Company

An updated version of the January discussion paper is attached for reference and formal Budget approval.

Since preparing the draft budget, we have received confirmation of our core funding of £500k from BEIS and MHCLG. In order to receive the core funding Local Authorities are required to provide, as in previous years, a £250k match. This is achieved by a £41.6k subscription from each authority and £125k match from the EZ retained business rates. We have also received confirmation of previously assumed funding for our Growth Hub and some of our Skills activities.

There is only one noteworthy amendment to the paper discussed in January, which pertains to the timing of drawing down the EZ Loan. This has been postponed from 1/2/2020 to 1/4/2020 and which removes any interest charge in 2019/20, increasing the opening reserves of the LEP and the EZ fund by £80k.

In all other respects, the draft budget is as prepared in January and previously examined in detail by the Finance and Audit Committee in December.

The LEP “Enterprise”

In addition to the limited company budget, there are several funds managed through partners of the LEP. These represent the LEP’s “investment” budget.

The allocation of the Local Growth Fund for 2020-21 is approximately £25M, which will be invested through the year. As this is the final year of the LGF, the pipeline of projects is largely complete and we expect claims from those projects throughout the year. The key risks to achieving full expenditure are slippage to delivery or, in the case of some recently approved Energy Sector offers, applicants failing to secure the total funding requirement. This will require us to find and fund new projects which spend by March 2021.

The Growing Places Fund has been fully allocated during 2019-20. However, in 2020-21 we anticipate repayment instalments of the loan made to Cheshire Green Industrial Park as and when plot disposals complete. In addition, if there are further GPF projects, we will have the option to reimburse GPF from the EZ loan for its interim investments in e.g. Glasshouse, Rhino Newport, and Aviator Phase 1. This should release £5-10M for re-investment into new projects.

The pipeline for EZ investments is such that we estimate drawdown of £20-£25M of the EZ loan facility by March 2021 (the budget assumption is £22M).

The Evergreen Fund will launch in March 2020 and has £20M available. It is due to be invested over the next 3 years.

**Ian Brooks, Finance and Commercial Director**

**February 2020**