**REPORT TO CHESHIRE AND WARRINGTON LOCAL ENTERPRISE PARTNERSHIP**

**BOARD MEETING**

Subject: LEP Budget 2019/20

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Meeting date: 23rd January 2019

**Purpose**

1. To propose a Budget for the LEP for the financial year 2019/20.

**Recommendations**

1. The Board is asked to:

* Approve the draft budget at Annex A

**Background**

1. The attached budget seeks to put in place those priorities identified by the Board. These include an enhanced external engagement function delivered through the appointment of a Communications and Marketing Director, with an increased marketing budget, alongside the bringing in-house of the Growth Hub’s business support services. In addition, this budget delivers the appointment of a Transport and Investment Director and Finance and Commercial Director, which will significantly enhance the LEP’s governance functions, as well as providing resource to assist the development of a sub-regional investment strategy.

**Discussion**

1. The Board has been clear in its desire to see an enhanced external engagement function and the ability to engage proactively with local businesses. To that end the LEP has recruited an experienced Communications and Marketing Director, whose salary is covered by the departure of the LEP’s ESIF team, following the decision to exit the EU. Given the Board’s clear steer to deliver an enhanced external engagement activity, it is proposed to increase the Communications and Marketing budget from £60,000 to £200,000 (though this is funded, in part, by bringing the core LEP and EZ marketing budgets together).
2. The Board has previously approved the bringing in-house of the Growth Hub services and the attached budget shows that this activity is fully funded by central government.
3. The Transport Director post is funded by switching the funding that had previously been used to hire a transport consultant into core salaries and the Finance Director is funded by a central government contribution of £100,000 to deliver enhanced governance.
4. This Budget draws from the same sources of income as in previous years, but has seen a reduction in a number of areas. Those being:

* The loss of Growing Places Fund income (a loss of £216k)
* The projected reduction in interest received, as LGF, GPF balances diminish (a loss of £90k)
* The loss of technical assistance contributions as EU activity is lost (£40k)

The 2018/19 Budget also factored in the draw down of £100k from reserves.

1. In order to meet this shortfall, the LEP proposes drawing on EZ income (as illustrate in the Budget).
2. Earlier in the year, the Board was invited to approve a draft budget which proposed drawing around £1m from EZ income to deliver the enhanced activity and also meet the shortfall resulting from the loss of income detailed in para 7. While the Board approved the principle, it wanted to first understand the development proposals for the Enterprise Zone and how the proposed draw down would impact on them.
3. We have a separate agenda item on EZ development strategy, but in the light of that strategy the EZ development will not be affected in any way by the proposed drawdown. Further, following the rationalisation of staffing changes within the LEP, along with additional support from central government to enhance governance arrangements, the proposed call on EZ income is now less than half the amount originally envisaged. This means that the LEP will continue to hold a balance of around £1m in the EZ account going forward (as illustrated on the EZ balance sheet).
4. However, in the absence of support from EZ income, the LEP will have to pull back on areas of discretionary spend which, in summary, would see diminished policy development activity as well a much reduced external engagement programme.

Conclusion

1. **The Board is recommended to approve the attached draft 2019/20 Budget.**