
Report to: Overview and Scrutiny Committee

Date: 15 November 2017

Subject: Business planning and budget 2018/19

1. Purpose

- 1.1 To advise the Overview and Scrutiny Committee of the work underway to progress business and budget planning for 2018/19.
- 1.2 To provide further information on the key performance indicators and the 'cliff edge' situation on business support and skills funding which is at risk from 1 April 2018.

2. Information

Budget process

- 2.1 The budget for 2017/18 was set at the meeting in February 2017 where a one year position was agreed, recognising that significant organisational change was still underway that would need to be further developed during the year. The transport levy was cut by £1m, with a plan to reduce expenditure across a number of budget heads and utilise reserves to enable a balanced budget. It was recognised that there were considerable financial pressures facing WYCA, in common with the local authorities, in the coming years and that a robust three year medium term strategy would need to be developed.
- 2.2 Work is now underway to identify the key strategic objectives for 2018/19 and successive years and ensure that the available budgets and funding are aligned with these. It is proposed to bring the outline 2018/19 corporate plan and detailed budget figures to the WYCA meeting of 14 December to then enable the full budget for 2018/19 to be approved at the meeting of 1 February, in line with the legislative requirements.

Performance indicators

- 2.3 A corporate plan http://www.westyorks-ca.gov.uk/uploadedFiles/Content/What_We_Do/WYCA%20Corporate%20Plan%20Digital.pdf was developed for 2017/18 alongside the budget and progress is being made on achieving the objectives and plans set out in this, including work on devolution, inclusive growth and the implementation of organisational change, as well as improving project governance and increasing the speed of delivery of capital

projects. Progress on the Key Performance Indicators identified in the corporate plan is set out in **Appendix 1**.

- 2.4 Members are asked to consider the Key Performance Indicators and the progress achieved to date and whether they wish to see further indicators included in the suite being developed for 2018/19.

'Cliff edge' funding

- 2.5 The funding for WYCA's revenue activities is predominantly through the transport levy at £95m, with a further £4-5m from central government, subscriptions from partner authorities, interest and Enterprise Zone (EZ) receipts. Previous WYCA/LEP agreement was that EZ income was to be prioritised to support inward investment and thereafter economic services. It appears that 2018/19 is likely to be the first year that the costs of the inward investment team will be met by the EZ income.
- 2.6 The budget for this year also includes funding from government and other agencies to directly support business and skills activities. Much of this money is awarded for limited timespans, making longer term planning difficult and forcing changes of direction of interventions depending on the conditions of funding. The current funding is due to fall significantly in 2018/19 unless further funds are secured – this will have a significant impact on the outcomes the teams are currently achieving and opportunities to secure further funding or divert funding from elsewhere will need to be explored.
- 2.7 **Appendix 2** presents an overview of the business, skills and employment programmes and their funding. The following paragraphs provide further detail.
- 2.8 **Skills Service.** Funding for skills grants offered by this service ceased in March 2017. Over 849 SMEs have benefited from support to upskill over 10,339 employees. Some transitional funding has been provided to December 2017 for a skills advisory service to businesses, as a 'stop-gap' to help maintain some continuity for businesses by experienced staff who are expected to be funded by a successor project funded by ESF (European Social Fund) and delivered by West Yorkshire College Consortium from next calendar year.
- 2.9 **Business Growth Service.** Funding of circa £512k pa has been received for the last three years, enabling the continued support to over 2,000 SME's in the region seeking to grow their business. This is delivered on a 'hub and spoke' model with local authorities, who receive 50% of salary match for the 13 Growth Managers they employ to work on supporting local SMEs. Funding has been provided through BEIS (Department for Business, Energy and Industrial Strategy) but has not yet been reconfirmed for 2018/19. The LEP Network is making representations for this funding to be continued (and not just on a single year basis) and other opportunities, through the Business Rates Pool and European funding, for example, are being pursued.

- 2.10 **Apprenticeship Grants for Employers.** Funding of £3.7m in the current year has been profiled for expenditure to recruit apprentices in accordance with LEP priorities up to 31 March 2018, after which there is no further funding from government (this has been provided to date through an earlier devolution deal via the Skills Funding Agency). Changes nationally to apprenticeships following the introduction of the national apprenticeship levy now leave only limited funding alternatives available, including EU and Business Rates sources. Again, these are being explored. Since the ending of the £4.6m City Deal Apprenticeship Hub funding in March 2016, other dwindling skills funding has been used to support SMEs in a much reduced manner by promoting apprenticeships to both schools and businesses ahead of the introduction of the national scheme. Work has also been undertaken with colleges and universities to develop higher and degree apprenticeships that meets current and future demand for skills.
- 2.11 **Enterprise in Education.** WYCA currently has match funding of £390k for only 12 months. This is used to match funds from the Careers and Enterprise Company that enable a team to work with schools and businesses, connecting business volunteers to schools. This so far has enabled 134 schools to interact with business and the focus going forward is to ensure this reaches out to in particular to disadvantaged young people. A careers campaign launch is also planned, to inspire young people to pursue opportunities in our skills shortage sectors, which are largely STEM (Science, Technology, Engineering, Mathematics) based.
- 2.12 There is clearly important work on the skills and business support agenda that will not be able to continue unless further funding is secured. The Committee is asked to consider what actions could be taken to address this matter.

3. Financial Implications

- 3.1 As set out in the report.

4. Legal Implications

- 4.1 As set out in the report.

5. Staffing Implications

- 5.1 There are potential redundancy implications if all funding sources are not renewed for 2018/19. All efforts would be made to redeploy staff where possible.

6. External Consultees

- 6.1 None.

7. Recommendations

- 7.1 That the Overview and Scrutiny Committee provide any input to business planning and budgets and the issues raised in the report.

8. Background Documents

- 8.1 None.