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**Report to:** Employment and Skills Panel

**Date:** 2 March 2018

**Subject:** **Business Planning and Budget 2018/19**

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## **1 Purpose of this report**

- 1.1 To advise the Panel of the work underway to progress business and budget planning for 2018/19.

## **2 Information**

- 2.1 At the last meeting of the Combined Authority in February, the budget and outline business plan for 2018/19 were agreed, following consultation with the LEP Board in January.
- 2.2 Further work will take place to work up more detailed business plans and associated key performance indicators in more detail, which will form the corporate plan due for approval in April.
- 2.3 A number of measures to align revenue income and expenditure over the three year period have been examined. The 2018/19 revenue budget is attached as **Appendix 1**.
- 2.4 The business plan is shown at **Appendix 2**, by directorate. Members will see that work to support the Panel is provided by all Combined Authority directorates, particularly with policy priorities developed by Policy, Strategy & Communications, and the delivery of business support, skills and inward investment services led by Economic Services and capital projects by Delivery directorates respectively.

### **Budget overview**

- 2.5 The budget will not remain static over the financial year, as bids for funding will be progressed throughout the year and any new resources will be adopted into the Combined Authority budget accordingly. Some new and continuation services are, therefore, still subject to confirmation of such funding. Key

elements of the budget affecting the LEP/Combined Authority Panels are set out below.

- 2.6 LEP subscriptions/government funding: the Leeds City Region local authorities pay subscriptions to support the activities of the Leeds City Region Enterprise Partnership. These continue unchanged at £0.7m and will be supplemented by government funding of £0.5m. This level of government funding has also remained unchanged for a number of years and it should be noted that the same amount is paid to each LEP irrespective of the size and shape of each region.
- 2.7 Enterprise Zone (EZ) receipts: The Combined Authority took on the inward investment function of the former Leeds and Partners in April 2015. The costs of this function (circa £1.5m) were to be met through business rates income from the two EZs in our region – Leeds Aire Valley and the multi-site M62 corridor – as this income accrues to the Combined Authority as the accountable body for the LEP.
- 2.8 The timing of new businesses opening on the EZs as well as the formal valuation of them has been slower than anticipated and to date actual income has not met forecast levels. This has resulted in a funding timing difference in previous years, necessitating the Combined Authority funding the costs of the inward investment team through the use of reserves.
- 2.9 The latest forecasts are included in the figures at **Appendix 1** and demonstrate that the income is now almost on track to meet the in-year costs of the inward investment activity. Work is continuing to fully understand the timing of the payment of EZ business rates to the Local Authorities and the risk of appeals to rateable values and this may result in the actual income in 2018/19 exceeding that assumed in the budget. There is also a need to consider how to encourage further businesses to locate to the two EZs in the region and to recognise that further upfront investment, potentially through capital budgets, may be required to achieve this.
- 2.10 Business skills and employment: this income funds the work of the Economic Services team in providing support to businesses, skills programmes and business growth grants. These funding streams are awarded to the Combined Authority usually on a fixed term basis with a requirement to spend in that time period. This gives no certainty to being able to continue with these workstreams in future years – the 2018/19 budget reflects the awards made for that year.
- 2.11 Funding streams secured previously include Apprenticeship Grants for Employers, Enterprise in Education funding, the Skills Service and Business Growth Service. The Combined Authority will continue to pursue opportunities to secure further funding streams in these work areas, including bids for EU funding.
- 2.12 New developments in the 2018/19 business plan include the following:

- Introduction of a key account management team to support investor development with larger foreign-owned firms based in Leeds City Region, with the objective of supporting them to safeguard jobs and stay in the region and attract any further floating global investment opportunities.
- Redesign of the locally delivered Apprentice Grant for Employers (AGE) to maximise uncommitted funds by targeting priority sectors, where employers have had no previous apprentices and pay the minimum wage.
- Consideration of 'grant conditions' to link inclusive growth commitments to the award of capital grants over £50,000 to businesses in the city region.
- Launch of the new digital soft-landing scheme and development of further measures to address the digital skills shortage and attract more 'tech talent.'
- Expanding the work of the Enterprise in Education team to extend further support to schools in the Bradford Opportunity Area and other employer-led initiatives, with a strong focus on improving social mobility for disadvantaged pupils.

### **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 As set out in the report.

### **6 External Consultees**

6.1 No external consultations have been undertaken.

### **7 Recommendations**

7.1 That the Panel notes the business plan and budget for 2018/19.

### **8 Background Documents**

None.

### **9 Appendices**

**Appendix 1** - West Yorkshire Combined Authority Summary  
**Appendix 2** - Draft Business Plan Summary