
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

Date: 20 January 2021

Subject: **Business planning and budget 2021/22**

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1. Purpose of this report

- 1.1 To provide the LEP Board with the draft corporate business plan on a page and the information on the budget for 2021/22.

2. Information

- 2.1 2021/22 presents one of the most challenging years for budget setting for public bodies. The continuing impact of the Covid-19 pandemic, the need to address the economic downturn and to support residents and businesses is putting increasing pressure on expenditure as revenues are falling. The picture is a national one, with funding uncertainties continuing for local authorities, combined authorities and local enterprise partnerships.
- 2.2 The Combined Authority has been developing next year's business plan and associated budget and reflecting in this strategic factors where there still remains significant uncertainty. These include the continued response to the Covid-19 pandemic, preparing for the EU exit, the ending of the current Growth Deal and the ongoing preparatory work to become a mayoral combined authority.
- 2.3 The budget will be accompanied by business plans for each directorate that set out their planned activities and how these activities map out against the four Combined Authority and LEP objectives of boosting productivity, enabling inclusive growth, tackling the climate emergency and delivering 21st century transport. These four are used to guide and direct the allocation of budget resources and for 2021/22 also have to be considered in the light of the strategic factors set out above. Each plan is also being summarised as an individual plan on a page with an overarching corporate plan on a page – this corporate summary is attached as a draft at **Appendix 1**.
- 2.4 The detailed 2021/22 business plans produced by each directorate reflect a focus on addressing the challenging, strategic factors and priorities mentioned earlier, whilst continuing to deliver services as effectively as possible. With

limited opportunities to generate income and the ongoing squeeze on public sector finance exacerbated by Covid-19 it is clearly not possible at this point to set a budget that enables delivery of all elements of the business plan, or indeed to support the breadth of work to support the MCA, the LEP and the economic recovery.

- 2.5 It will also be necessary to build some flexibility into business plans for 2021/22, in order to take account of issues arising from both the Covid-19 recovery and the formal exit from the European Union. These matters give rise to significant risk and uncertainty that need to be taken into account in the budget setting process.
- 2.6 The proposed budgets and business plans for 2021/22 are due to be presented to the Combined Authority at their February meeting for approval.
- 2.7 The work to produce a balanced budget for 2021/22 is making good progress despite the uncertainties of future funding and the continuing impact of the pandemic. At this stage there is still no formal confirmation of LEP capacity/core funding or of the business growth hub funding, both of which form a key part of supporting the work of the LEP. Assurances are being sought from officials and it is being assumed that funding will continue at existing levels.
- 2.8 Board members will be aware that the Growth Deal funding programme draws to a close in March 2021. Details of a successor funding programme have long been awaited but the understanding from the November budget is that there is no funding specifically available only to LEPs and the funding announced is all to be awarded competitively through an open bidding process. It is understood that the £4 billion levelling up fund announced will be open to LEPs, combined authorities and local authorities. Details of how to apply are expected in January/February 2021.
- 2.9 This lack of forward funding for LEPs and their programme of work is a major concern in terms of how the LEP can deliver its objectives, particularly at a time where the regional economic recovery from the pandemic is critical. The LEP Network is pressing government on this issue and all opportunities to make this case are being taken. The Annual Performance Review with BEIS officials takes place on 27 January and this matter will be raised again in that session.

3. Clean Growth Implications

- 3.1 None arising directly from this report.

4. Financial Implications

- 4.1 As set out in the report.

5. Legal Implications

5.1 None arising directly from this report.

6. Staffing Implications

6.1 None arising directly from this report.

7. External Consultees

7.1 None.

8. Recommendations

8.1 That the LEP Board note the draft plan on a page and budget information provided.

9. Background Documents

9.1 None.

10. Appendices

10.1 Appendix 1 – 2021/22 draft corporate plan on a page.