

LLEP BOARD OF DIRECTORS

3pm, 10 October 2023



Face to face, Charnwood Campus

AGENDA

TIME		ITEM	REPORT	DECISION /DISCUSSION INFORMATION	LEAD
15:00	1.	Welcome and Apologies			Co-Chairs
	2.	Declarations of Interest			All
15:05	3.	Minutes and actions – LLEP Board Meeting 8 August 2023	Paper A	Decision	Co-Chairs
15.15	4.	LSIP findings update			Dr Gareth Thomas
STRATEGIC AND OPERATIONAL PERFORMANCE					
15:35	5.	CEO LLEP Update and Delivery Plan		Verbal	Phoebe Dawson
16:15	6.	LLEP Transitions Board and the role of the Business Voice in a post-LEP world	Paper B	Information Appendix 1	Phoebe Dawson Andy Reed
16.25	7.	Operational Budget 2023-2024	Paper C		Elizabeth Botmeh Colin Sharpe
AOB					
16:35	8.	Any Other Business			Co-Chairs

Future meetings:

12 December 2023

LLEP Board of Directors

3pm, Tuesday, 8 August 2023

Face to face: Pitch Room, SportPark Loughborough University SportPark, 3 Oakwood Dr, Loughborough LE11 3QF

Organiser: Sharif Chowdhury

Co-Chair: Anil Majithia (AM), Andy Reed OBE (AR).

Directors present: Emma Anderson (EA), Sonia Baigent (SB), Chas Bishop (CB), Lorraine Boorman (LB), Verity Hancock (VH), Anne-Marie Hunt (AMH), Neil McGhee (NM), Anne-Marie Hunt (AH), Cllr Terry Richardson (TR), Glynis Wright (GW).

In Attendance: Elizabeth Botmeh (EB), Phoebe Dawson (PD), Rachel Brent (RB), Amy Oliver (AO), Colin Sharpe (CS).

Apologies: Peter Bedford (PB), Nishan Canagarajah (NC), Cllr Adam Clarke (AC), Gosia Khrais (GK), Dr Nik Kotecha OBE (NK), Rani Mahal (RM), Jo Tallack (JT).

Minutes Taken By: Sharif Chowdhury

CC To: All

MINUTES

1.	<u>Welcome and Apologies</u>	
1.1	AR welcomed those present to the meeting and provided an overview of the structure of the day.	
1.2	SC noted apologies received from PB, NC, AC, GK, RM and JT.	
2.	<u>Declarations of Interest</u>	
2.1	There were no new declarations of interest.	
2.2	EB responded to a query regarding any gifts received, explaining that members should email the LLEP to inform of anything received. EB shared that the gifts and hospitality is published on the website.	

<u>Minute</u>		<u>Action</u>
2.3	AR informed the Board that the meeting is not quorate to make board decisions, however shared that discussions can take place with any decisions being followed up by a vote post-meeting.	
2.4	EB shared the requirements for the LLEP Board to be quorate in a meeting, and detailed the considerations required at the next AGM regarding the renewal of members.	
3.	<u>Minutes and Actions LLEP Board of Directors Meeting held on 13 June 2023</u>	
3.1	The Board agreed to record the minutes of the previous meeting on the 19 th of April 2023 as a true and accurate record.	
3.2	PD updated that that the action on ensuring a clear communication with the PR has been completed, and there have been engagements in conversations surrounding the legalities going forward.	
3.3	AM emphasized the importance of the minutes reflecting the discussions held within the meetings to avoid different iterations.	
4.	CEO LLEP Update	
4.1	PD provided an update on the recent activities since the last meeting including the extension of contracts until March 2024, recruitment efforts to replace departing team members and line-management changes connected to the forthcoming delivery plan.	
4.2	PD provided an update from a meeting with Minister Davison, Minister Hollinrake, and LEP Chairs on the 4 th of August attended by the LLEP Chairs and Chief Executive Officer.	
4.3	PD shared that the government expressed immense gratitude for LEP Boards, executive teams and recognised the wonderful work of LEPs and significant impact that they had had in shaping, supporting and delivering local investment to grow the economy.	
4.4	However, PD shed light on the uncertainties outstanding going forward and the sentiments from government to encourage local adaptation and continue activities going forward.	
4.5	AR commented further that the recent letter and discussions with government have not concluded the detail work required going forward.	

<u>Minute</u>		<u>Action</u>
4.6	AM also commented that the impression from government was for the LEP's and Local Authorities to manage the transitions between the parties rather than be dictated to from central government.	
4.7	PD shared that the LLEP Transition Board Terms of Reference has been adjusted considering the government's guidance, to reflect the evolving situation to provide better alignment with the government priorities and provide clear objectives.	
5.	LLEP Transitions Board	
5.1	PD updated on the Transitions Board's first meeting on the 31 st of July, which was well attended by the significant partners. CB also shared that the first meeting was productive.	
5.2	PD provided a background on the Transition Group's direction, its role in governance transitions, alignment with key partner organisations and clarified the member representation of the group.	
5.3	PD shared that the Transition Board will be meeting regularly on a monthly basis, and is focussed on articulating clear objectives, having a shared understanding and ensuring communication with partners.	
5.4	PD informed that the Transition Board intend to utilise the existing Economic Growth Strategy within upcoming plans, and to align the objectives going forward with the pillars identified.	
6.	Transitions Group Terms of Reference	
6.1	PD reported that the Transition Group's Terms of Reference were subject to change due to the government's guidance and is a work in progress document which was circulated with LLEP Board members for comments.	
6.2	PD presented on the Transitions Group Terms of Reference, detailing the headings and commenting on the amendments made since the government guidance within the contents clarifying the role of Upper Tier Local Authorities and the Accountable Body within the Transition Board.	
6.3	TR shared the view that politically elected members should be included on the LLEP Transition Board rather than just officers from the council to ensure involvement with leaders.	
6.4	AO and AR shared the view that senior officers should consult on decisions with their leaders before making any commitments at the Transition Board to prevent avoidable disagreements.	

<u>Minute</u>		<u>Action</u>
6.5	<p>NM agreed with concerns raised by TR, and the importance of recognising the conflicts going forward without a solution and highlight the red lines. NM noted that business engagement should be strongly stipulated within the Terms of Reference.</p>	
6.6	<p>AM shared the view that there needs to be representation from the LLEP Board who understand the assets and reserves of the entity, and noted a member from the Investment Panel will be well placed for the high-level negotiations.</p>	
6.7	<p>SB shared the view that the Transition Board should be focussed on the vision and priorities for the future and does not require separate representation for finances, as the transfer of assets will follow. SB shared that the Terms of Reference allow for the Board to remain agile depending on the agenda to receive input from board members where necessary.</p>	
6.8	<p>PD shared that correspondence would follow the meeting for any final feedback on the Terms of Reference before this document is approved and signed off.</p>	
6.9	<p>AM shared the importance of agreeing the common objectives the LLEP team and PD as the CEO to understand how success would be measured on the 31st of March.</p>	
7.	LLEP Delivery Plan 23/24	
7.1	<p>PD shared the delivery plan, the action plan and summarised what's been completed and the actions outstanding. PD informed the Board that the delivery plan progress will be shared with the LLEP Board at every meeting going forward.</p>	
7.2	<p>PD provided details on the difference sections of the Delivery Plan including Transition, Programme Management and the four pillars.</p>	
7.3	<p>NM referenced the actions on the Inclusion pillar and shared that the World of Work materials is used and is a big influence and the LLEP should continue to have a big involvement in the strategic role.</p>	
7.4	<p>PD also shared that there are thoughts underway on how the LLEP can be involved in the decarbonisation of the East Midlands airport.</p>	
7.5	<p>The Board acknowledged the benefits of the document, however highlighted the importance that the delivery plan should be focussed on</p>	

<u>Minute</u>		<u>Action</u>
7.6	outcomes rather than activity and AM suggested there should be a roadmap to which is linked to the overall strategic piece.	
7.7	PD shared the efforts to review the new growth model to support businesses scale-up and broaden their networks collaborating with efforts in innovation noting the upcoming innovation festival and regional funding.	
7.8	PD emphasized the LLEP's contribution to net-zero efforts and the role it has in regional sustainability initiatives in collaboration with partners for sustainable practices reviewing the Net Zero Hub and alignment with the national policy.	
7.9	PD updated on the Sustainability pillar where there is active engagement with the Midlands Engine engine and national policy initiatives led by the Net Zero Hub and Scope Opportunities.	
7.10	PD shared that there is active involvement in the hydrogen and electric vehicle (EV) charging strategies with Board members' participating and contributing to the strategic discussions.	
7.11	VH highlighted the successes of the LLEP over the lifespan of the entity and encouraged having a legacy document which represents the key successes. ACTION POINT – To consolidate a piece on the LLEP's legacy.	PD
8.	Careers Hub: 5-year impact report and opportunities	
8.1	GM provided background on the Careers Hub who work with every school and college across Leicester and Leicestershire to deliver world class careers services.	
8.2	GM explained how the Careers Hub is funded, receiving CEC Grants, match funding from the LLEP for three roles, fill funding from the CEC and secured match funding from the HEIs and East Midlands Chamber through the LSIP.	
8.3	GM shared the structure of the team and explained the significant collaborations with Education Business Links Group to enhance efficiencies to monitor the funding structure and seeking external funding for enhanced capabilities.	
8.4	GM shared the successes the Growth Hub has had on succeeding on the eight Gatsby benchmarks for careers guidance with schools. GM noted	

<u>Minute</u>		<u>Action</u>
	<p>the success in exceeding the 80% target, with an 87% success rate in ensuring schools have a stable careers programme.</p> <p>8.5 GM noted there has been engagement with over 90 career leaders and Enterprise Adviser program successes through continuous professional development for career leaders in various industries.</p> <p>8.6 GM highlighted the active involvement in the local Skills Agreement Plan and partnerships for smooth transitions and collaboration continues with the business community and the establishment of Youth Advisory Board.</p> <p>8.7 GM shared the efforts in combining careers education with health and well-being agenda, collaborating with various pathways for talent development focusing on cultural skills and attitudes alongside technical skills.</p> <p>8.8 TR discussed challenges related to young people's readiness for workforce and social skills and the need to measure outcomes and addressing employer concerns.</p>	
9.	<p>AGM</p> <p>9.1 The Board members followed discussions on the articles of association and agreed to research further to understand the articles before communicating a recommendation to the wider members of the LLEP.</p> <p>9.2 EB informed the Board there will be five working days to respond to the decision items for the AGM and the LLEP Transitions Board Terms of Reference.</p>	
10.	<p>Any other business</p> <p>10.1 There was no other business.</p>	



LLEP BOARD OF DIRECTORS

10 OCTOBER 2023

Information / Discussion Paper

Update from LLEP Transition Board

1. PURPOSE OF REPORT

1.1 To inform the Board of the progress of LLEP Transition Board

2. EXECUTIVE SUMMARY

2.1 The first meeting of LLEP Transition Board was held 31st July 2023. This meeting was chaired by LLEP CEO. This meeting took place before the letter from Government which arrived 4th August 2023.

2.2 The LLEP Transition Board meeting went well. The terms of reference (ToR) were agreed in principle, with members asked to feedback recommendations to LLEP CEO before they were sent to LLEP Board for final approval at August Board meeting.

2.3 Following receipt of the letter from DLUHC and DBT on 4th August, the TORs for LLEP Transition Board have been reviewed and updated and this version (appendix 1) was reviewed and agreed by the transition board on 25th September, for sign-off at LLEP Board, 10th October.

2.4 The Upper Tier Local Authorities (UTLAs) have met several times since government confirmed their 'minded-to' decision to withdraw central government support (core funding) for Local Enterprise Partnerships (LEPs) from April 2024, and transfer their functions – namely, business representation, strategic economic planning, and the delivery of government programmes where directed – to UTLAs.

2.5 LLEP CEO has provided an overview document to UTLAs which details all current LLEP activity, its current resource requirements inc. costs, and funding streams. The LLEP delivery plan which details outputs and outcomes has also been presented, although this document remains live as work programmes near completion.

2.6 The second LLEP Transition Board was held 25 September and the two senior officers from UTLA transition working group (Tom Purnell, Deputy CEO Leicestershire County Council and Richard Sword, Strategic Director, Leicester City Council) presented an update from UTLA to the LLEP Transition board. They summarised the activity of the UTLA meetings to date.

2.7 There was a brief conversation on the role of business voice and business representation in a post-LLEP world, with UTLAs agreeing that defining this is a priority and agreed that the views of the LLEP Board should be sought to support this process. LLEP Co-Chair AR agreed to take this to LLEP Board 10 October and present back to the LLEP Transition Board 12 October.

Phoebe Dawson
LLEP CEO

Andy Reed
LLEP Co-Chair

LLEP Transition Board Terms of Reference

1. Purpose

The LLEP Transition Board role is to support and provide advice to the LLEP Board, LLEP CEO, the two upper tier local authorities (UTLAs - the City Council and the County Council) and other partners to:

- (i) Identify and agree LLEP functions for transition and integration that maximise outcomes for Leicester and Leicestershire, with decisions as quickly as possible.
- (ii) Ensure an orderly transition and integration to the UTLAs, in line with Government guidance.
- (iii) For any functions that are agreed not to transfer to the UTLAs, ensure an orderly ending or other agreed outcome.
- (iv) Determine the future of LLEP reserves and assets by March 2024, in line with Government guidance that reserves and assets built up with public funds should transfer to the councils.
- (v) Ensure that actions through to the end of March 2024 are compatible with an orderly transition.
- (vi) Take such decisions as may be delegated by LLEP Board from time to time.

In so doing, the Board will have regard to directions and guidance issued by HM Government. This includes the Ministers' letter of 4 August 2023 to LEP Chairs and Local Authority Leaders; and the *Guidance for LEPs and Local and Combined Authorities* of the same date.

The Ministers' letter sets the scene: *From April 2024, the Government's sponsorship and funding of LEPs will cease. The Government will now support local and combined authorities to take on the functions currently delivered by LEPs. Where not already delivered by a combined authority, or in areas where a devolution deal is not yet agreed, the Government expects these functions to be exercised by upper tier local authorities, working in collaboration with other upper tier local authorities over functional economic areas as appropriate.*



2. Objectives

- (i) To ensure that the best decisions are taken for Leicester and Leicestershire.
- (ii) To provide advice to the LLEP Board and the UTLAs on the strategic direction and scrutiny of current LLEP activity, including consideration of funding and current contractual obligations.
- (iii) Identify key LLEP functions for transition and ensure the Board and UTLAs are aware of the requirements to allow adequate allocation of resources to support the transition.
- (iv) Identify any functions that are to come to an end and provide advice to the Board and UTLAs on how this can be achieved in an orderly manner.
- (v) To oversee the development and delivery of the Transition Delivery Plan – aligned to current Local Assurance Framework and national guidance and direction.
- (vi) Provide the Board, the UTLAs and the Accountable Body with advice to ensure that necessary consideration is given to the transition of LLEP assets, reserves and investments, including Enterprise Zones, LLEP Reserves and Growing Places Fund.
- (vii) Ensure that the interests of LLEP staff are properly considered and represented, and to work with the Accountable Body as their employer to ensure the relevant obligations are met.
- (viii) Develop arrangements for the continuation of effective business representation and engagement, enabling a strategic business voice with the UTLAs and other key stakeholders, and facilitating regional decision making and creation of the economic strategy.
- (ix) To ensure that LLEP Ltd (a company limited by guarantee) and its directors continue to discharge their legal responsibilities and meet the company's aims and objectives, in advance of transition. Support the LLEP Board to understand any personal liabilities that may arise and mitigation of associated risk.
- (x) Make recommendations to the LLEP Board, UTLAs and other stakeholders in relation to the above.
- (xi) Take such decisions as may be delegated by the LLEP Board.



3. Membership, Role and Expectations

3.1 The LLEP Transition Board shall consist as a minimum of the following members:

Category	Organisation
LLEP Executive	LLEP CEO (Phoebe Dawson) (Chair of LLEP Transition)
LLEP Chair	Andy Reed
LLEP Board member /Business representative	Sonia Baigent
LLEP Board member / Business representative	Chas Bishop
LLEP Board member / EZ Rep	Gosia Malgorzata
University /HE	(TBC)
Upper Tier Local Authority senior officer	Leicester City Council (Richard Sword, Strategic Director)
Upper Tier Local Authority senior officer	Leicestershire County Council (Tom Purnell, Assistant Chief Executive)
District Local Authority senior officer	A district council, representing the districts (Edd de Coverly, Chief Executive)

- (i) All members will initially serve for a period of one year.
- (ii) The Board may extend the membership or invite other directors and officers for specific items.
- (iii) Membership may flex to ensure that it reflects the requirements for the development and delivery of the transition plan.
- (iv) The Chair of the Board will be the LLEP CEO.
- (v) Deputies may occasionally attend meetings if members are unable to attend. This will be subject to agreement of the Chair.
- (vi) The Chair will present reports to the LLEP Board on its proceedings and on all matters relating to its duties and responsibilities.
- (vii) The quorum shall be a LLEP Co-chair, two non-public sector Board members and two upper-tier local authority senior officers (the named officers, or if absent their nominee/deputy).
- (viii) All members have equal voting rights.
- (ix) The Accountable Body will be represented by an officer who will attend the meeting but will not have voting / decision making rights.



3.2 Role of LLEP Transition Board Members:

- (i) Understand and work with other Board members and partners to ensure that the Objectives are achieved in a timely and effective manner.
- (ii) Act as a bridge between the Transition Board and their respective organisations (LLEP Board, Local Authority or other entity), to ensure timely approval and orderly transition where necessary.
- (iii) Keep the Terms of Reference under review and recommend any changes to the LLEP Board.
- (iv) Provide progress reports to the LLEP Board and refer any significant issues to the LLEP Board for consideration and resolution.

3.3 In carrying out these expectations, Board members will:

- (i) Make recommendations to the LLEP Board, UTLAs and other stakeholders regarding the allocation of resources and the approval of funding proposals. The Board should aim to reach a unanimous view on such recommendations.
- (ii) Consider any other business matters which are specifically referred to the Board by the LLEP Board and Executive or any other relevant body.
- (iii) Take any decisions as delegated by LLEP Board.
- (iv) Keep in mind the best interests of Leicester and Leicestershire at all times.

4. Format and Timings of Meetings

4.1 The LLEP Transition Board will meet monthly.

4.2 The secretariat will be provided by the LLEP executive team.

4.3 The meetings and papers will be in the same format as the LLEP Board meetings and papers. Due to the predominantly confidential and sensitive content, they will not be published or made available to a wider audience.

4.4 In accordance with standard practice:

- (i) Meeting agendas and papers will be sent 3 clear working days before the meeting takes place.
- (ii) Minutes of the previous meeting will be circulated prior to the next meeting and agreed as a true and accurate record at the meeting.



- (iii) Any declarations of interest made at the meeting will be included in the minutes of the meeting. Members will be expected to consider their participation in respect of specific items where a clear conflict of interest could arise.

5. Reporting Responsibilities

- 5.1 The Board shall make whatever recommendations to the LLEP Board, UTLAs and other stakeholders it deems appropriate on any area within its remit and subject to compliance with any relevant policies, regulations, guidance, etc.
- 5.2 To support a smooth transition, both Boards should seek to agree and sign-off decisions. The two UTLAs and the Accountable Body should also be in agreement. This may on occasions require further discussion.

Updated after LLEP Board 8 August 2023





LLEP BOARD OF DIRECTORS

10 OCTOBER 2023

Information / Discussion Paper

OPERATIONAL BUDGET MONITORING 2023/24

1. PURPOSE OF REPORT

- 1.1 To inform the Board of the operational financial position of the LLEP at the mid-year point

2. EXECUTIVE SUMMARY

- 2.1 In February, the Board approved a temporary 3-month budget for the first quarter of 2023/24, with plans to assess the full-year budget requirements after June. In June, a revised budget was presented, projecting a full year £625,000 operational deficit. The opening reserve for the year was £3.24 million, which is expected to decrease to approximately £2.1 million by the end of 2023/24.
- 2.2 Allowing for the CEC careers hub contract now in place through to August 2024, the useable balance would be circa £2.0 million. The first call on this would be any costs arising from the transitions process.
- 2.3 As of September, actual financial data includes staffing costs that align with the budget. However, there are fluctuating income and running costs due to various factors, such as changes in payment schedules, ongoing negotiations with Midlands Engine, altered payment routes for the Made Smarter program, and procurement delays affecting the Create Growth program.
- 2.4 In summary, the budget initially approved in February required adjustments due to a projected operational deficit, and the current financial status shows variations in income and running costs influenced by timing and external factors.

3. RECOMMENDATIONS

3.1 The Board is recommended to note and comment on the:

- i. forecast position for the year; and
- ii. issues and risks associated with the current forecast.

4. BACKGROUND INFORMATION

4.1 The Board approved an interim 3-month operational budget for 2023/24 in February, on the basis that the requirement for the rest of the year budget post June would need to be supported by an analysis of current activities and recommendations on reduction of ongoing deficits.

4.2 Following a review, a revised budget was presented to the Board in June, with a forecasted full year operational deficit of £625,000.

4.3 The budget and forecast position is shown in the table overleaf, followed by narrative to explain the key variances from budget. The forecast deficit has reduced to £471,400.

4.4 As set out in the 2022/23 outturn report, the opening reserve was £3.24m, comprising £449k of carried forward income and £2.79m of useable reserves. Based on this forecasted outturn, and the utilisation of income carried over, the reserves are anticipated to be £2.3m at the end of March 2024. Allowing for the on-going local funding of the CEC careers hub contract through to August 2024, the useable balance would be circa £2.2m.

4.5 The Board will recall receiving a report in August 2022 on potential commitments totalling £1.25m,. Whilst some of the numbers will have moved on, in principle the commitments remain similar, such as any redundancy/notice/capitalised pension costs during transition, potential tax liabilities and providing for future monitoring of closed and on-going programmes.

4.6 The actuals showing in the Accountable Body's finance system as at the end of September are included for the Board's information. Staffing costs are generally broadly half the budget, as might be expected. Income and running costs however are more variable, as by their nature they do not occur evenly throughout the year. For example:

- The communications contract is has recently moved from quarterly to monthly payments.
- There are currently ongoing negotiations with Midlands Engine over the LLEP contribution.
- The anticipated £65k contribution towards a business adviser for the Made Smarter programme will now go directly to the employing body, rather than via the LLEP.
- There are currently ongoing delays to procurement which is delaying spend on the Create Growth programme.

- £6,000 for the programme management licence is not due until February.

Table - overall budget and forecast

	2023/24 Budget (£)	Actuals to end of Sept 2023	Forecast	Adverse/ (Positive) Variance
Income				
Grants (Core Funding)	-250,000	-250,000	-250,000	0
Local Authority Contributions	0	0	0	0
Fees, Interest & Other Income	-657,800	-380,800	-765,800	-108,000
National & Local Project Income	-1,334,200	-381,400	-1,534,800	-200,600
Total Income	-2,242,000	1,012,200	-2,550,600	-308,600
Expenditure				
Staffing Costs	726,800	331,300	712,400	-14,400
Running Costs	262,100	116,700	262,100	0
AB and Leicester City Council support services	158,700	153,000	153,000	-5,700
Project Delivery Costs	1,719,400	616,000	1,894,500	175,100
Total Expenditure	2,867,000	1,217,000	3,022,000	155,000
Net Deficit / (Surplus)	625,000	n/a	471,400	-153,600

5. CORE OPERATING INCOME & EXPENDITURE

The core operating activities of the LLEP exclude project income and expenditure. The key forecast variances are as follows:

5.1 Grants and Core funding

The Department for Levelling Up, Housing and Communities (DLUHC) and the Department for Business and Trade (DBT) wrote to LEPs on 17th March informing them of the future funding and an information gathering exercise being undertaken on LEPs.

The letter highlighted that the core/transition funding would be further reduced to £250,000, this is a 50% reduction in comparison to the financial year 2021/22. This reflects the government intention to integrate LEP functions into local democratic institutions. There is no requirement to source a local match as in previous years.

5.2 Fees, Interest and Other Income

Fees, Interest and Other Income includes the recently agreed 2.5% management fee taken from all income coming into the LLEP. These figures also include interest earned on the funds held by the Accountable Body on the LLEP reserve, the Growing Places Fund and Enterprise Zone monies in hand. They do not include interest earned on Business Rates Pooling, due to changes in how the councils are operating the pool. The Board is also asked to note that the interest income included for Enterprise Zone monies may change depending upon the outcome of on-going discussions.

5.3 Staffing Costs

The core funding budget was set on the 12 FTE staff directly engaged on delivering the core themes within the Delivery Plan. There are currently no vacancies.

The small variance in staffing costs is due to the staff starting later than budgeted for. The forecast assumes the local government pay award as offered (£1,925 per FTE); note this has not been accepted.

Staff directly engaged on project delivery are accounted for within the project delivery costs, below.

5.4 Running Costs

At this stage, no overall variance on running costs is anticipated.

5.5 Accountable Body Costs

Overall costs for Accountable Body services have reduced slightly, this mainly centres around IT support where the formula is based on the number of staff.

6. PROJECT DELIVERY

6.1 Business Gateway Growth Hub

The LLEP Business Gateway is the Growth Hub for Leicester and Leicestershire. Growth Hubs are Government initiatives to simplify access to business support, to inspire enterprise and drive economic growth.

2022/23 Budget (£)	Actuals to end of Sept 2023	Forecast	Adverse/ (Positive) Variance
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National Grants (DBT)	-298,300	0	-298,300	0
Local Contributions (ERDF & BRP)	-200,000	-153,600	-200,000	0
Total Income	-498,300	-153,600	-498,300	0
Staffing	208,700	80,400	191,400	17,300
Running Costs	289,600	126,900	306,900	-17,300
Total Expenditure	498,300	207,300	498,300	0
Net Project Expenditure	0	n/a	0	0

Growth Hubs receive an annual allocation of funding from the Department for Business & Trade (DBT), which up until the end of June was supplemented by European Regional Development Fund (ERDF) funding.

The Growth Hub currently supports 4 FTE members of staff employed by the LLEP and 1 external comms consultant.

6.2 Enterprise Zones (EZ)

There are two EZs in the LLEP area, MIRA Technology Park EZ and Loughborough and Leicester Science and Innovation EZ. Working closely with our partners, the LLEP facilitates investment to drive forward development and undertake activities to support the marketing and inward investment programmes of the EZs.

	2023/24 Budget (£)	Actuals to end of Sept 2023	Forecast	Adverse/ (Positive) Variance
Contributions	-100,000	- 25,000	-100,000	0
Total Income	-100,000	- 25,000	-100,000	0
Staffing	59,400	27,559	57,900	1,500
Running Costs	40,600	9,334	42,100	-1,500
Total Expenditure	100,000	36,893	100,000	0
Net Project Expenditure	0	n/a	0	0

The £100k income budget is from the business rates uplift for the LLEP to manage the programme. This is made up of £25k for each of the four Enterprise Zone sites and is made available to the LLEP from the three Billing Authorities, as per the Enterprise Zone Business Rates Retention Agreements.

6.3 Enterprise Advisor Network

The Enterprise Advisor Network (EAN) encompassing the Careers Hub programme is part-funded by the Careers and Enterprise Company (CEC), an employer-led organisation set up by Government to inspire and prepare young people for the fast-changing world of work. Match funding is currently provided by LLEP core resources, with additional support from the University of Leicester.

	2023/24 Budget (£)	Actuals to end of Sept 2023	Forecast	Adverse/ (Positive) Variance
National Grants	-285,900	-178,400	-458,500	-172,600
Local Contributions	-25,000	-25,000	-53,000	-28,000
Total Income	-310,900	-203,400	-511,500	-200,600
Staffing	520,500	222,300	444,200	-76,300
Running Costs	175,600	101,600	419,600	244,000
Total Expenditure	696,100	323,900	863,800	167,700
Net Project Expenditure	385,200	n/a	352,300	-32,900

Funding for this project is awarded on an academic year basis and as such not all funding asks are known about during the budget build process.

The LLEP has recently secured additional match funding from East Midlands Chamber towards an Enterprise Coordinator. In addition, more funds have been secured from the CEC towards discrete projects, Unbox your Future and Teacher Encounters. For the benefit of the budget forecasting, they have been shown as receiving the income and defrayal for the financial year; any actual timing differences will be reflected at the year-end.

6.4 Create Growth

The LLEP was successful in leading a local consortium bid for the Department of Culture, Media and Sport's (DCMS) Create Growth programme. The scheme provides £1.275m in funding over 3 years to support over 100 businesses from the creative sector.

	2023/24 Budget (£)	Actuals to end of Sept 2023	Forecast	Adverse/ (Positive) Variance
Contributions	-425,000	0	-425,000	
Total Income	-425,000	0	-425,000	0
Staffing	46,400	22,200	47,100	
Running Costs	378,600	25,700	377,900	
Total Expenditure	425,000	47,900	425,000	0
Net Project Expenditure	0	n/a	0	0

A key aim of the Create Growth Programme is to support creative businesses to explore and secure commercial investment opportunities. In addition to the programme, businesses from the creative sector have an opportunity to secure funding from Innovate UK. Delays in procurement of advisers are being followed up.

7. RISK AND ISSUES

7.1 Key risks and issues associated with the delivery of the 2023/24 forecast outlined above include:

- **Staffing retention and recruitment.** The uncertainty over the future of the LEP role and responsibilities continues to cause uncertainty within the team; this may result in a further turnover of staff.
- **Procurement** delays to internal procurement processes, may impact on the ability to claim funding on spend within this financial year.
- **Enterprise Zone income.** As referenced at section 6.2, income being received from the three local authorities (Hinckley and Bosworth, Charnwood, Leicester) from business rates growth. This is of course subject to businesses moving on site and business rates valuations meeting expectations.
- **Inflation** Whilst inflation was built into budgets at the time of preparation, the actual rate of inflation has exceeded expectations. However, the local government pay award as currently offered is reflected in the forecasts; and in-year variations in office energy costs are borne by the City Council.
- **Income projections** not achieved on projects, e.g., failure to maximise the draw-down of the available Careers and Enterprise Company and Growth Hub funding.

For further information please contact:

Colin Sharpe
Head of Finance
Leicester City Council (Accountable Body)
0116 454 4081
colin.sharpe@leicester.gov.uk

Elizabeth Botmeh
Head of Delivery & Governance
Tel: 0116 454 2925
Email: Elizabeth.Botmeh@llep.org.uk