

REPORT TO: West of England Joint Committee

DATE: 30 October 2017

REPORT TITLE: REVENUE 2017/18 – OUTTURN MONITORING APRIL 2017 TO SEPTEMBER 2017

AUTHOR: TIM RICHENS, DIRECTOR OF INVESTMENT & CORPORATE SERVICES

Purpose of Report

1. This report presents the revenue outturn budget monitoring information for the West of England Joint Committee for the financial year 2017/18 based on actual data for the period April to September 2017/18. This report covers the Local Enterprise Partnership (LEP) and Invest in Bristol and Bath (IBB) revenue budgets.
2. The report also seeks approval of a one-off budget virement to meet the anticipated costs to develop a digital strategy for the West of England and agreement to allocate new grant funding to develop an energy strategy.

Issues for Consideration

3. The West of England Combined Authority acts as the Accountable Body for a range of funding streams on behalf of the West of England Councils and LEP. The WECA financial regulations require that it regularly reports on the financial monitoring position of these funds.
 - 3.1. **Appendix 1 outlines the LEP Budget current forecast revenue position for the 2017/18** financial year based on actual information to the end of September 2017. This shows the current projection as £61K underspent. The main points to note are:
 - 3.1.1. Salary costs are estimated to be approximately £61k lower than budgeted reflecting an element of staff turnover and the emerging balance of resourcing between the WoE LEP Office and WECA.
 - 3.1.2. Following the transfer of the accountable body function from B&NES to the WECA, provision for the historic pension deficit costs (estimated at £59K per annum), has been made whilst the responsibility for liabilities are clarified.
 - 3.1.3. Match funding has been confirmed against Skills Career Enterprise Company programme from UWE securing skills resourcing for this activity.
 - 3.1.4. To build the evidence base to support work to develop a digital strategy for the West of England a one-off funding provision is required. This will build on and bring together work already in place across the region and provide a consistent picture. It will cover connectivity, digital skills and support for businesses (both in terms of improving business practices and supporting innovation. The estimated cost of this work is £50K and a one-off virement is requested from the underspending budget heads to cover this.
 - 3.1.5. The West of England is one of 13 areas to receive funding from BEIS to develop an

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Energy Strategy. It follows Governments commitment in the Industrial Strategy to 'deliver affordable energy and clean growth'. The Energy Strategy will provide the opportunity to set out a road map to energy production, supply and consumption in the region that both minimises energy costs and achieves local and regional decarbonisation targets. It should also help inform Government's Emissions Reduction Plan, which is expected shortly. Subject to the agreement of the Committee, the development of the Energy Strategy work will be funded by £50k BEIS grant and all costs will be managed within this funding allocation.

3.2. **Appendix 2 outlines IBB's current forecast revenue position for the 2017/18** financial year based on actual information to the end of September 2017. This shows the current forecast position is £93K overspent. The main points to note are:

3.2.1. Following the transfer of the accountable body function from Bristol City Council to the WECA, a review of all budgets has been undertaken and budget estimates updated. This has identified a number of areas where budgets are now out of alignment with costs.

3.2.2. A provision for historic pension deficit costs (estimated at £17K per annum), has been made pending clarification of responsibility for these liabilities.

3.2.3. Funding for this activity is secured by way of an annual grant (for five years from 2015/16 to 2019/20) from the Economic Development Fund and underwritten by the four West of England Councils. Management will continue to manage activity to balance the budget within available grant resources.

3.3. The capital funding streams administered by the Accountable Body are dealt with in a separate report on this Agenda.

Consultation:

4. Consultation has been carried out with the Chief Executives, S151 Officers and Monitoring Officer.

Other Options Considered:

5. None.

Risk Management/Assessment:

6. The West of England Office agreement underpins the LEP; a Memorandum of Understanding between the four West of England UAs underpins IBB. These agreements deal with the risk sharing mechanisms between the four West of England councils. For all other WoE budgets administered by the WECA, it acts as "agent" with a straight pass through of funding and related costs.

Public Sector Equality Duties:

7. There are no specific public sector equalities issues arising from this report although budget managers are reminded to consider how they could positively contribute to the advancement of equality and good relations. This requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

Economic Impact Assessment:

8. There are no Economic Impacts arising as a result of this report.

Finance Implications:

9. The financial implications are contained within the body of the report.

Legal Implications:

10. This report monitors how the Local Enterprise Partnership (LEP), and Invest in Bristol and Bath (IBB) revenue budgets are performing against the financial targets set in March 2017 through the Budget setting process.

Environmental Implications:

11. There are no environmental implications arising as a result of this report.

Land/Property Implications;

12. There are no land/property implications arising as a result of this report.

Human Resources Implications:

13. There are no human resources implications arising as a result of this report.

Recommendation:

14. The voting on the following recommendations will be as follows:

- Recommendation 15.1 is to note only.
- Recommendation 15.2 and 15.3 is for all 4 UAs, excluding the West of England Combined Authority Mayor
- Recommendation 15.4 is for all 4UAs and the West of England Combined Authority Mayor.

15. The Joint Committee agrees that:

- 15.1. The LEP Budget as set out in Appendix 1, is noted.**
- 15.2. A virement of up to £50k be approved from underspending LEP Budget heads to meet the costs to fund the Digital Strategy as set out in Para 3.1.4.**
- 15.3. The new Grant Funding received from BEIS be allocated within the Budget to meet the costs of developing an Energy Strategy as set out in Para 3.1.5.**
- 15.4. The IBB Budget as set out in Appendix 2 is noted and management be requested to seek to manage within existing allocated funding to minimise risk of the provisions within the MoU being called upon.**

Report Author: Tim Richens, Director of Investment and Corporate Services

Appendices & Background Papers:

Appendix 1: Revenue position LEP

Appendix 2: Revenue position IBB

West of England Combined Authority Contact:

Any person seeking background information relating to this item should seek the assistance of the Contact Officer for the meeting who is **Tim Richens** and who is available by telephoning Joanna Greenwood on 0117 426210; writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email: Joanna.greenwood@westofengland-ca.gov.uk

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APPENDIX 1

LEP April to September 2017/18			
	£000's		
	Budget	Forecast	Variance
<u>EXPENDITURE</u>			
Staff	976	914	62
Supplies & Services			
Support Services	0	34	(34)
Property costs	73	52	21
Project spend	79	79	0
Total supplies and services	152	165	(13)
Total Expenditure	1,128	1,079	49
<u>INCOME</u>			
UA Grants	600	541	(59)
DCLG Core Grant	250	250	0
Capacity Grant Funding	250	250	0
Skills Grants	38	109	71
Transport Grant	25	25	0
LEP Reserve	(35)	(35)	0
Total income	1,128	1,140	12
NET TOTAL - Under / (Over) Spent	0	61	61

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APPENDIX 2

IBB April to September 2017/18			
	£000's		
	Budget	Forecast	<i>variance</i>
<u>EXPENDITURE</u>			
Staff	705	684	21
Supplies & Services			
Support Services	0	67	(67)
Property costs	45	89	(44)
Marketing expenses	250	253	(3)
Total supplies and services	295	409	(114)
Total Expenditure	1,000	1,093	(93)
<u>INCOME</u>			
Economic Development Fund Grant	1,000	1,000	0
Total Income	1,000	1,000	0
NET TOTAL - Under / (Over) Spent	0	(93)	(93)