

Meeting date:	28 September 2021				
Agenda Item:	8				
Item Subject:	Update on LEPs Review and core funding for financial year 2021/22				
For:	Discussion		Decision		Information X

Purpose of the Paper: To provide Board Members with an update on the ongoing LEP Review and the Marches LEP's core funding allocation for financial year 2021/22.

Summary of Recommendations:

That Board Members note the status of the LEP Review and the Marches LEP's position with regards to the core funding allocation for financial year 2021/22.

1. LEP Review

Announced in the March 2021 Budget, the LEP Review is being undertaken by central Government and aims at establishing what the future role of LEPs should be. The Review was commissioned after LEPs' role in allocating funding pots was curtailed, with the £4bn Levelling-up Fund and £220m pilot for the UK Shared Prosperity Fund been allocated to Local Authorities.

The Terms of Reference of the Review were agreed in April. The LEP Network then set up four working Groups to work closely with the Cities and Local Growth Unit (CLGU) at BEIS to establish: objectives and functions of LEPs; their geography; representation and interaction with Local Government; and implementation and funding. The working groups produced fruitful results and proposed the following future key functions for LEPs:

1. To fulfil a strategic role, providing place-based economic expertise and insight to central and local government and helping secure long term inclusive growth at the local level as part of the Plan for Growth.
2. To identify key local sectors and industries, and to design and deliver interventions to make them more competitive, making the most of local opportunities.
3. To deliver a programme of joined-up, expert and tailored business advice and support for local businesses, ensuring they can play their full part in the Plan for Growth.

Originally, the outcome of the Review was expected to be announced before the Summer recess. However, in June, it was revealed that it would instead become part of the Levelling-up White Paper which is expected to be published in the Autumn, before or after the Comprehensive Spending Review (CSR)'s announcement on 27th October - this will be a three-year spending review, which will set UK Government departments' resource and capital budgets as well as devolved administrations' block grants for financial year 2022-23 to 2024-25. The LEP Network will make a written bid to CSR21 on behalf of all LEPs, which will bring together the component parts of the LEP Review.

The coming weeks are expected to be critical for bringing decisions together on position taken on LEPs, LEP funding and associated programmes, especially following the Cabinet re-shuffle and the impact that other pieces of work currently being undertaken by Government (i.e. County Deals) will have on determining the delivery architecture required for levelling-up the country and ultimately the future role of LEPs.

Whilst decisions are being made, the LEP Network has launched a powerful communication campaign which started at the beginning of September with the publication of a [press release](#) and continues with a series of case studies promoting what LEPs are delivering across the country (email to Board Members from 10th September refers).

Recommendation 1 – That Board Members note the status of the LEP Review.

2. Core funding allocation for financial year 2021/22

As confirmed by email to Board Members on 6th August, all LEPs have been provided with an initial six-months' worth of core funding for financial year 2021-22, to the value of £250,000 per LEP. This was received by the Marches LEP on 12th August.

The Mid Year Review (MYR) process is now being used to collect data on LEPs' performance, staffing and finances to inform decisions on core funding for the remaining six months. Forms for this have been submitted and a MYR meeting with colleagues at the Cities and Local Growth Unit (CLGU) at BEIS is due to take place on 6th October.

Despite the receipt of £250,000 core funding, the Marches LEP is mainly trading on reserves carried forward from financial year (FY) 2020/21, which are being used to pay for core costs including salaries, rents and legal costs. If no further core funding is received, the Marches LEP would use most of its current reserves to fulfil its financial obligations (contractual and staff relating) for this year. This would mean that it won't be able to maintain its current status quo for FY 2022/23 and its running costs will need to be reduced in order to guarantee its going concern position.

Recommendation 2 – That Board Members note the Marches LEP's position with regards to the core funding allocation for financial year 2021/22.

Financial implications: With regards to item 2, core funding allocation, the uncertainties and delays surrounding funding process for FY 2021/22 are cause of frustration and concern, in particular with regards to the going concern position of the Marches LEP and staff morale.

Legal implications: None

Risks, opportunities and impacts: If no further core funding is received, the Marches LEP would use most of its current reserves to fulfil its financial obligations (contractual and staff relating) for this year. This would mean that it won't be able to maintain its current status quo for FY 2022/23 and its running costs will need to be reduced in order to guarantee its going concern position.

Equality implications: None

Additional information/ attachments:

Background papers/documents: None

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