

## Stoke-on-Trent and Staffordshire LEP Mid-Year Review 2019-2020

**Location:** SSLEP offices Stafford

**Date:** 23<sup>rd</sup> September 2019

**Time:** 12:30

### Action from 2018-19 Annual Performance Review

Action #	Action Point	Date completed	Resolution
1	Compliance Checks: Staff signing code of conduct	Jan 2019	Confirmatory statement added to the LAF.
2	Compliance Checks: Setting out the LEP's relationship with Local Authorities	Jan 2019	Additional information included in LAF
3	The LEP to continue to embed and improve its risk management processes.	6 Aug 2019	Risk Register shared and discussed at board meetings. LAF updated to reflect latest process.
4	SME Lead Role to be reviewed, defined and set out on website and ensure capacity is in place	20 Sept 19	SME lead role defined in LAF. Two board members undertake this role currently.
5	LEP / Accountable Body to commission an audit of Governance procedures against the new National Assurance Framework	6 Aug 19	Work commissioned, audit completed, recommendations incorporated into the Improvement Plan.
6	LEP to review its policy for publishing board papers to reduce the number of confidential items and ensure maximum transparency of decision making	20 Sep 19	Policy reviewed and included in updated LAF. Increased amount of information is now available on the website.
7	LEP Scheme of Delegation relating to project approvals to be reviewed following change in Partnership Manager	6 Aug 19	SoD agreed by the board at the July meeting and incorporated into the LAF. SoD now in place.
8	LEP to review sub-groups in light of LEP priorities and ensure clear policy objectives, greater transparency and improved reporting to LEP Board	In progress	Sub-groups have been reviewed alongside LIS emerging priorities. To be discussed at the October board. Aim to have sub-groups operational by end December.
9	The LEP to consider how it can ensure that its role and the public perception of the LEP as a leader of local growth policy is distinct from its Local Authorities.	In progress	LEP exterior signage not yet in place. Issues due to listed building consent. LEP Email addresses – are in train but have met with some technical difficulties. Secretariat function is set out in the revised LAF. Despite lack of

			physical changes there is evidence of a culture change within the secretariat that is seeing it operate more as an independent team albeit with continued support from the county council.
10	LEP to consider how its engagement with DfT can become more effective.	6 Aug	DfT now invited to PAG meetings and will receive papers. Will attend relevant meetings where transport schemes are being monitored. LEP Partnership Manager to engage with DfT in regular meetings with SCC & Stoke City Council highways teams.
11	LEP to commission a review of developer activity and planning approvals to assure current forecast of housing and job outcomes.	20 Sept	Paper taken to Sept board which sets out the position on output delivery and situation discussed and understood by the board.
12	LEP to contact Black Country and LLEP to engage in work looking at output monitoring.	N/A	Overtaken by other events. LEP network has now issued guidance.
13	Project assessment process to be reviewed to ensure these are robust with clear vfm considerations.	In Progress	Hatch Regeneris has been appointed as the independent technical advisors. They have been commissioned to review existing processes. A draft proposal has been prepared and recommendations to go to Exec board for agreement. Meanwhile the LAF sets out the current process for PAG and SPMG.
14	Project sponsors should to be asked to update their websites to ensure LGF branding is consistent with current guidelines	20 Sept 19	Reminder has been issued to all project sponsors and LEP is making checks that branding is in place and correct. Branding guidelines updated in Grant Agreement
15	Etruria Valley business case: Louise Clare (DfT) to check on the timelines for approval and delivery.	Jan 19	Information shared with the LEP.

## **Progress with LEP Review Implementation**

The LEP established an active company within the timescale set out in the review. LEP board members are also directors of the company. The LEP Board will ultimately have 18 board members / company directors (6 public and 12 private). Currently the LEP has 6 private sector board members and 4 public. A recruitment campaign is underway for four additional private sector board members. In addition, the company articles are being amended to allow for both universities and four district councils to be board directors (with prospective directors already identified). This recruitment is being run concurrently with SAP member recruitment. The board currently has 30% female members. This needs to be increased through the ongoing recruitment exercise to ensure the board meets the requirement for 33% female board members by April 2020. The recruitment campaign is being run using local print and online business media and all local BROs. It has been circulated through Women Leaders and Women's Business Groups and sent to a target group of 12 female business leaders with a covering Chair's letter asking for them to consider applying to join and offering a conversation. The Acting Chair has held three calls to date, two of which have translated into applications so far. The LEP is also mindful of sector and geographic diversity and priority sectors are referenced in the pack. The priority is to get highly motivated people who want to add strategic value to the board.

Having a robust evidence base is a key requirement of the LEP review. In SSLEP the LIS has been a key driver in achieving this. The LEP is confident it has a strong evidence base which has contributed to a better understanding of the economic strengths and weaknesses of the patch.

An independent LEP secretariat is a requirement of the LEP review. CLGU acknowledged the positive changes in the way the secretariat is now supporting the LEP board's decision-making process. It is evident that the Interim Partnership Manager takes her instruction from the board. Team roles have become more outward facing over recent months, helped by the LIS work. The current team is also working more closely with board members (both public and private). Job Descriptions for new staff reiterate the need for this approach and the new LEP sub-group structure being introduced to support the LIS implementation will further cement the move to a new way of working.

The capacity of the LEP secretariat remains to be fully addressed. A new structure has been agreed and will be implemented incrementally as funding allows. This has been hampered by the reduced LIS capacity funding that the LEP has received, which has resulted in the staff revenue budget being utilised to support LIS activities. Meanwhile the LEP has undertaken significant rationalisation of its expenditure to identify the necessary funds to implement the new (modest) structure and deliver the LIS. The County Council committed to a continuation of its funding contributions. Discussions are ongoing with other key partners on options for increasing LEP capacity & resources and improving partnership resilience through introducing greater balance on sharing of risk and investment.

LEP overlapping geography is unresolved and is unlikely to be resolved at the local level. The LEP is writing to Ministers on this issue.

## **Governance**

The LEP currently has an Acting Chair following the recent resignation on health grounds of the previous chair. As reported above an active recruitment process for private sector board members is underway with interviews to be held in early October. Driven by the LIS work, there is a renewed vigour in the LEP board and there is an eagerness to get new members on board to drive forward the LEP agenda.

The LEP is subject to a scrutiny process operated jointly by the County Council and City Council. This takes place in January each year with the LEP being subject to a range of questions from County, City and District and Borough Councillors. In discussion, it was felt that a more strategic approach to the scrutiny process could be a more productive format. This might take a thematic approach with the LEP being one of a group of bodies with a responsibility for that theme being scrutinised. It was agreed that this could be something to be considered for the future. The Acting Chair sees the scrutiny process as a way of identifying areas for improvement and wants to direct it to be policy and intervention based. The LIS will be an important tool in changing the approach in future years.

In early summer the LEP was subject to compliance checks against the LEP National Local Growth Assurance Framework published in January 2019. This identified some issues which have all been addressed by the LEP and none are outstanding. The LEP has recently posted on its website a new version of its Local Assurance Framework which continues to evolve and improve to reflect the way the LEP is developing. The LEP commissions an annual audit of its governance procedures against the current national assurance framework, which is regarded as good practice. This year the recommendations from this have been incorporated into the Improvement Plan. The challenge for the LEP will be maintaining compliance with its Local Assurance Framework given its limited capacity. This limited capacity has restricted the ability of the LEP to move forward as fast and as effectively as it would have wished. It recognises that it needs to work more strategically, for example regarding communications, and in a more joined-up way with related partners such as the Make-it team. This will allow the LEP to take advantage of opportunities for economies of scale. However, it was made clear that the staffing budget remains very tight and while additional staff will come on board this will be incremental.

The revised Local Assurance Framework is helping to improve transparency and it was noted that the LEP is ensuring that all non-confidential board papers are available on the website. The website itself will be a priority in the coming year for review and improvement.

Actions 4-20 in the Improvement Plan relate to Governance. Of these 11 have been completed and the LEP is making good progress with the remaining 5.

The LEP was reminded that the S151 Officer should attend at least one LEP Board meeting in the accounting year. It was noted that a representative of the accountable body attends all board meetings.

The LEP was reminded of the targets around gender diversity and that LEPs, as a benchmark, are expected to have 26% female representation at the APR. Currently the LEP is exceeding this.

The likelihood of further compliance checks ahead of the annual performance reviews was discussed. It will be important for the LEP to address any compliance issues identified within a 5-day timeframe.

## **Delivery**

Figures reported to CLGU at quarter four 18/19 show that 95% of LGF received has been spent. This is a good performance. Compared to other LEPs with similar allocation levels the LEP is performing at the median level and in the top quartile of similar urban / rural mix LEP areas. This level of spend has been achieved by bringing forward additional projects to respond to slippage in major projects and supported through having a positive working relationship with the accountable body. The LEP forecasts to spend 96% of its allocation to the end of programme and has contractually committed 76% of its allocation to the end of programme. This level of spend needs to be sustained and as much of the funding legally contracted as possible this year.

At Q4 2018/19 four projects were rated amber / red, totalling over £32m. Concerns remain at Q1 about major projects which are still to spend against future profiles and considered high risk. These total over £17m. The LEP confirmed that high risk projects are being put on notice. There is a contingency plan for around £10m of LGF should this be required. The LEP is putting in place improved programme management approaches.

At Q4 2018/19 the LEP was under achieving against its output forecasts on jobs and housing and new learners, by 51% Jobs:51%, 37% and 76% respectively. Given the strong level of spend these figures are lower than might be expected. The LEP has recently completed a review of its outputs (both those claimed and those expected to be delivered in the future). This has revealed some underclaiming – particularly in respect of the number of apprenticeships. At the September board the LEP reported that it is now forecasting 6023 jobs and 874 houses by March 2021, with further outputs expected in the subsequent years. Work is underway to verify the outputs that can be claimed retrospectively. The LEP has improved its funding agreement, adding conditions which allow for claw-back where projects fail to deliver related outcomes.

The LEP has recently reviewed its LGF Branding guidance to project sponsors and has updated its funding agreement and Local Assurance Framework accordingly. Project sponsors have been reminded of commitments to branding and the LEP is carrying out compliance checks. The LEP continues to identify opportunities to celebrate LGF milestones and Ministerial quotes have been obtained in support of publicity material.

Growing Places - The LEP appears to have good mechanisms in place to administer this programme with evidence of a revolving programme in place.

City Deals - Reports indicate good progress and the potential of the energy projects is being reflected in the emerging LIS.

Enterprise Zones - Quarterly reports from Ceramic Valley indicate good progress.

Growth Hub - no issues or concerns. Statistics show an increasing number of businesses receiving intensive support.

The LEP completed and published its Delivery Plan on time. The LEP will work to improve this document for future years. The LEP found preparing the plan to be a valuable experience (not least as it was instrumental in identifying that outputs against some projects were not being claimed).

Actions 21-25 from the Improvement Plan relate to delivery issues. Of these three have been completed, one is in progress and one relates to a high-risk project referred to above.

The LEP was encouraged to ensure that quarterly LGF data returns are completed accurately and thoroughly to ensure quality data is returned. When completing future LGF data returns the LEP should include an appropriate commentary to show the steps being taken to mitigate risks. The LEP was reminded that LGF branding and milestones remain important. The LEP should ensure project compliance and identify further milestones to celebrate in the next quarter. It was further noted that LGF expenditure will continue to be under the spotlight, as will the level of LGF contractual commitments.

### **Strategic Impact**

The discussion focussed on the LEP's progress in developing its Local Industrial Strategy. The LEP is confident that it has a robust evidence base on which to build. It has undertaken engagement and consultation with a full range of stakeholders. This included gathering evidence in the first instance and ensuring the right data sets were available. This stakeholder engagement continues as a key aspect of challenging the evidence base.

Phase two of the work has focussed on identifying priorities: what the area is doing well and what it is doing less well and where investment needed. The LEP has reached a consensus on its priorities for the LIS and has a clear view about specialisms and strengths which it has identified as advanced manufacturing and materials, business and professional services, energy and logistics. It feels it has struck a good balance of collaboration across the public and private sector. The Acting Chair is leading the LIS work, with a Steering Group supported by a working group. A range of partners are assisting with the work from providing data to helping with business engagement. Clean Growth is emerging as a key theme and the LEP is looking to engage with other organisations outside of the LEP area. The LEP is now preparing an initial storyboard and has plans for further business engagement once this is done. So far it has engaged with over 250 businesses. The LEP is planning specific workshops with business and professional services and energy related organisations. The LEP is planning to have a draft LIS by mid-October. In discussion, the need for clear a logic chain between identified priorities and interventions was discussed. The draft LIS should have a focus on what the LEP wants to do, what it wants to change and where it needs support or engagement with Whitehall to achieve this. The LEP feels it would be ready to engage with OGDs by mid – end October. The LEP explained how it is using the emerging LIS to shape meetings and engagement with partners. The County Council reported that partner feedback had been taken on board and the LIS was influencing its future planning. It was clear that through its work in developing the LIS the LEP is showing how it can convene local partners successfully.

The LEP has recently attended the ESIF committee to discuss its emerging LIS and the significant opportunity there is to lever ERDF and align activity. It was noted that this is an opportunity for innovative, new projects to come forward to deliver LEP priorities.

Actions 1-3 of the Improvement Plan relate to Strategic Impact. One of these has been completed and work is in progress with the other two which relate to the LIS and future engagement plans.

### **LEP Feedback**

The LEP asked for early clarity about future funding streams and UKSPF in particular. It commented that the development of the LIS is raising expectations across the area and it was necessary to understand what future opportunities there might be for the LEP to direct funding to support these ambitions.

The LEP has several major milestones in the short-term. These include:

- Board recruitment (Oct)
- Commencing Chair Recruitment (Oct)
- Commencing LEP Staff recruitment (Oct / Nov)
- Board discussions and decisions about high risk projects (Nov).
- First draft of LIS (Nov)
- Procuring comms support.
- Website improvements (early 2020)

The LEP has recently procured new independent technical appraisal services which it expects to significantly improve its capacity around the assessment and appraisal of business cases. It also is planning to offer training and support to improve the number and quality of future project applications from a wider range of stakeholders.

The LEP thanked CLGU officials for their support with taking forward the improvement planning.

### **Improvement Plan**

The LEP has been very committed to addressing the actions set out in the improvement plan. A lot of progress has been made within the last three months and it has now completed 64% of the actions.

Latest Improvement Plan as at 20 September 2019 is attached.

### **AOB**

It was noted how supportive and engaged the Whitehall Senior Sponsor Nathan Phillips (DExEU) is with the LEP. The LEP felt that this has developed into a very positive relationship.

The LEP is working hard to bring about a culture change in the way it operates and engages with local partners. The LEP has demonstrated in recent months that it is moving in a positive direction. The commitment of the staff team is evident. Major challenges lie ahead, and it was again noted that without the additional capacity funding

the LEP is going to continue to struggle to make all the changes it wants to make, and needs to make, in a timely manner.

**Action Points**

Action #	Action Point	Owner	Date to be completed	Date completed	Resolution
1					
2					
3					
4					
5					

**Attendees:**

Alun Rogers, Acting Chair, SSLEP

Jacqui Casey, Interim Partnership Manager, SSLEP

Simon Ablewhite, Strategic Finance Business Partner (S151)

Anthony Hodge, Commissioner for Business & Enterprise Staffs County Council

Caroline Mairs, Investment Services Manager, Stoke on Trent City Council

Tony Bray, Area Director, Cities and Local Growth Unit

Andrea Whitworth, Area Lead, Cities and Local Growth Unit

Saleha Jebeen, Cities and Local Growth Unit (Notes)