

## Stoke-on-Trent and Staffordshire LEP Annual Performance Review 2019-20

Location: LEP offices, Stafford

Date: 3 February

Time: 10.30

### Actions from 2019-20 Mid-Year Review

Action #	Action Point	Date completed	Resolution
1	No new actions resulted from the Mid-Year Review: as the LEP continued to work towards addressing the 25 Actions contained in the Improvement Plan agreed after the Dec 2018 APR & Jan 19 Deep Dive.	Ongoing	The LEP has fully addressed 18 of the actions and has made significant progress toward the remaining 7.

### Governance

The LEP has faced and addressed significant challenges during the year including the establishment of the company board, a new constitution, new Assurance Framework, resignation of the chair, appointment of new board members, new vice chair and new chair. All this has taken considerable resource. The secretariat, supported by the accountable body, has been key to meeting these challenges and partners have been supportive. A significant change from the last review is that all District Councils are now engaged with the Board, either as board members or nominated deputies. Recent board appointments have improved the diversity of the LEP board.

The chair is keen to engender a culture of constructive challenge and debate at the board and as the new governance arrangements become firmly embedded the board will focus more on the strategic issues facing the LEP area.

An induction programme for newly appointed board members is being arranged. An induction pack is in place. A half-day session is planned for the 19 Feb. *Action: LEP to evidence induction process and ensure governance requirements are fully understood by new board members and acted on.*

LEP engagement with external stakeholders in the last year has increased. Driven in large part by the development of the LIS but this is something the LEP wishes to continue and build on with the recent appointments to the LEP team.

The secretariat is slowly gaining capacity. Two additional members of staff have started in January 2020. There has been a distinct change in operation of the secretariat in the last year, with the secretariat manifestly working to provide

independent advice to the LEP Chair and Board. An immediate task is the recruitment of a LEP CEO. *Action: CEO recruitment to be completed by May.*

Budgetary challenges remain. Partners, other than the County Council, do not provide a direct financial contribution but new arrangements have been put in place to co-finance a LEP post with the Chamber of Commerce and Staffordshire University has a member of staff working with the LEP to develop a key project. The ambition is to demonstrate in the coming months that the LEP is an investible proposition.

The LEP acknowledges that there are continued risks around governance but the LEP is now managing these. It is building a pipeline of potential board members and planning for upcoming changes. Following the appointment of Alun Rogers to the Chair the LEP has a board vacancy. This is being actively promoted. The LEP wishes to ensure that appointments provide a balance of geography, skills and sectors as well as diversity. Gender diversity is currently 41% female. The LEP is required to provide an update by the 1<sup>st</sup> March on the position with the board, including public, private sector split and gender diversity. There is a risk that the current vacancy is not filled by the 1<sup>st</sup> March. *Action: CLGU to set out for the LEP the impact on the APR assessment if this vacancy remains unfilled.*

The chair was recruited following a competitive process. The vacancy was widely advertised including on the Cabinet Office public appointments website.

The LEP is considering its external communication strategy and is taking advice from a board member with expertise in this area. The Chair is building the public profile of the LEP and positioning it as a strategic convener and ensuring clear communication. There is a new CRM operating across the LEP, Growth Hub and inward investment team which will improve engagement and reporting to the board. *Action: A new LEP Communications & Marketing Strategy is being prepared with a draft to be in place by end March.*

Board roles have been defined and agreed. Board members are being tasked with leading various subgroups, programme groups and task and finish groups utilising their skills and strengths. These will drive the implementation of LEP policy and link to the Local Industrial Strategy. The Strategic Programme Management Group has been repositioned as central decision making sub-group of the board with delegated powers set out in the Scheme of delegation. It is essential that this becomes fully operational quickly. The first meeting is in the diary. Sub-group reporting will embrace technology to improve visibility to the board on progress towards objectives and delivery of tasks.

*Action: All Performance, Risk and Audit sub-groups along with Project and Programme Delivery sub-groups to be fully operational with clear reporting to the LEP board.*

There has been a reliance on electronic decision making procedures during the year as it took some time for board places to be filled and therefore any absence from board meetings meant the board was not quorate. This should no longer be the case. The LEP is actively managing attendance and will use technology to enable board members unable to travel to join meetings remotely where necessary. A date for formal scrutiny has yet to be fixed. Last one was January 2019. The LEP plans to use the LIS to frame the agenda and use the opportunity to open up its future plans and proposed themes to the scrutiny panel.

The Accountable Body confirmed the continuing mutually supportive working relationship between it and the LEP. The changes introduced over the last year were considerable: the creation of a legal entity and operational company, implementing the LEP Review, refining the Local Assurance Framework, introducing a scheme of delegation, improvements to the grant agreement with project sponsors, new project assessment measures and new financial and performance reporting arrangements to LEP Board to name but some. The Accountable Body stated that the new processes and procedures recognised more fully the need for transparency and rigour in dealing with public funding. It also felt that while the last year had not been easy the LEP secretariat had achieved as much as it could given its limited resources. The Accountable Body is currently acting as the LEP Company Secretary. It is expected that this role will be picked up by the new CEO when in place. *Action: The Company Secretary function to become more visible at LEP Board Meetings (not least for the benefit of new board members) for example in confirming a meeting is quorate, ensuring appropriate action is taken when conflicts of interests arise etc.*

Continuous improvement is something the LEP is focussed on. It continues with its own good practice of commissioning annual independent audits of governance and finance and is committed to implementing the recommendations from these. It is also actively participating in the LEP Network Peer to Peer Review process. Recent board meetings have seen members constructively challenging the LEP's operations as all members of the board seek to maximise the effectiveness of the LEP. The Chair and Vice-Chair will proactively seek reviews with the board on their performance. Sub-groups will include external advisors to utilise expert new thinking.

Following the last APR (plus Deep Dive and its own Governance Audit) the LEP, working with CLGU, put in place a comprehensive Improvement Plan consisting of 25 areas for action. Seventeen of these focussed on governance issues. The LEP has fully addressed 14 of these and has made progress towards completing the remaining three. Successful completion of the remaining actions, none of which relate to compliance, has been hindered by technical issues or lack of financial resource. The remaining actions will continue to be monitored with CLGU on a monthly basis and will be completed by end of March.

The LEP chair expressed his thanks for the expert technical support provided by officers from across the partnership over the last year.

The substantial progress made in-year by the LEP with regard to its governance, culture and commitment to deliver was noted.

### **Delivery**

At quarter two of the 19-20 FY the LEP had spent 75% of the total LGF award to date. This is considered too low and a risk to the delivery of the year end and end of programme (March 21) forecast. Of particular concern is that at Q2 only 4% of the end of year forecast had been spent. The LEP stated that spend levels in the current year have been impacted by two large projects that are included in the forecast spend for this year but have suffered delayed starts (Etruria Valley and CELR). These account for £16m forecast spend between April 2019 and March 21. The Etruria Valley LGF commitment is linked to a DfT retained scheme which is yet to gain Ministerial approval. It is a complex but vitally important project which is why the LEP remains engaged. The CELR project recently obtained LEP board approval after a rigorous independent assessment process and is now proceeding through

legal contracting arrangements. Mindful of the short delivery timeframe the LEP has worked with the project promoter to ensure the project is deliverable and the Board has stipulated specific milestones, for inclusion in the contract, that must be obtained if the project is to secure LGF funding. The Chair has personally engaged with the project promoter to emphasise the importance of swift delivery and adherence to the milestones to secure LEP funding.

At Q2 the LEP forecast to spend £97,133,235 by then end of the programme. This is a shortfall of roughly £1.1m against the total award. It was noted that this was a reporting error – the LEP expects to spend all of its LGF allocation. The Accountable Body said that it remained confident that the 2021 forecast for full spend would be met. Both projects are identified as risks on the LEP risk register and will continue to be examined closely via that mechanism, which includes the SPMG, Audit and Finance Committee and ultimately the LEP Board. The LEP has contingency arrangements in place to cover up to £10m in shortfall but the lack of spend in 19-20 will be less than that forecast at the start of the year.

As a consequence of the above spend levels at Q3 are unlikely to be significantly higher than at Q2.

At Q2 the reported its contractual commitments amounted to 75% of its total LGF award. CLGU stated that this requires improvement to give confidence in the delivery of the LGF programme. The Accountable Body reported that contractual commitments will have increased by £10m at Q3. This and other mitigating factors set out above in relation to spend will be taken into consideration by CLGU in its assessment of the LEP, however it may not be enough to raise the LEP's final assessment for delivery in 19-20 above "Requiring Improvement".

During 19-20 the LEP has undertaken a thorough review of its expected output delivery by March 21 and March 25. Consequently, it has a clearer understanding of the forecast position and has improved how outputs are monitored and reported to the LEP board. A key risk is that the LEP is reliant on a small number of its projects to deliver the majority of its output. Delays to these projects have had an impact on the timeframe for delivery of outputs. The use of clawback clauses in funding agreements was discussed. The LEP has now introduced these from 19-20 for all new projects. It also believes that its more rigorous independent assessment of projects will bring greater challenge to deliverability claims in project proposals. Other learning points for the LEP is to have output targets spread across a wider portfolio of projects and that operating a "programme" approach to projects offers more flexibility in the way projects are managed.

*Action: A review of forecasting should be undertaken by the LEP to ensure that all forecasts submitted at Q1 2020-21 across all LGF projects are as accurate as possible as the LEP enters the final year of contracted delivery.*

The City Deal was discussed. It was acknowledged that this had been an important area of the LEPs work and directly influenced the direction of the LIS in terms of its focus on local energy systems and net zero carbon. *Action: the LEP board should be better sighted on the progress and achievements of the City Deal projects. The LEP will consider how to achieve this in 20-21.*

The LEP wasn't able to meet the request to provide its Evaluation Plan in mid-November and then again in early December. A draft plan has been produced, with partner comments due back by 10 February, after which this will be submitted to CLGU. *Action: LEP to provide CLGU with its draft plan by 17 February.*

Following the last APR (plus Deep Dive and its own Governance Audit) the LEP, working with CLGU, put in place a comprehensive Improvement Plan consisting of 25 areas for action. Five of these focussed on delivery issues. The LEP has fully addressed 3 of these and has made progress towards completing the remaining two, with the expectation that these will be fully completed by the end of February.

### **Strategic Impact**

CLGU considers that the LEP has produced a good local draft. This is currently out to public consultation. Deadline is 10 February. The timeline is for the post-consultation draft to go to the cross-Whitehall LIS Analysts panel in March.

A key issue with the LEP has been that the vision and ambition of the LEP failed to be translated into a clear framework of strategic policies that were owned by the LEP Board and that clearly drove investment decisions. The LEP saw the LIS as an opportunity to change this.

Policy priorities have emerged as a result of developing the LIS and the LEP is already considering its implementation plan. The new policy sub-group structure has been put in place to specifically support the implementation plan. Board members will chair the sub-groups. *Action: LIS Advisory Sub-groups to be fully operational with a remit to drive forward LEP policy priorities.*

The LIS process has also helped the LEP develop its role a convener of local partners. Business engagement has improved. Three board members operate as SME leads (with job descriptions) and are now supported by a new member of the secretariat who is developing a work programme.

The LEP has recently instigated strategic discussions with DfT. DfT is keen to see these continue during 2020.

Following the 2019 election the LEP area has five new MPs. The Chair has plans to develop good working relationships with all local MPs as part of the LEP engagement plan being developed.

The LEP welcomes cross-LEP working. It is actively engaged in the LEP Network peer review process. It continues to be engaged with the Constellation Partnership. It works effectively with the Black Country on i54, and with a range of LEPs on agrifood and agritech issues (although this has been less prominent during the LIS development work but will pick up again in the future as it looks to support opportunities to open new markets post EU exit). There is close working with GBS Growth Hub in the overlap areas. The LEP chair sees its plans for a major 5G programme of work an opportunity to lead work with other LEPs in the future. The LEP Chair engages with the Chair of the East and West Midlands LEPs and represents West Midlands Chairs on the Midlands Connect Strategic Board.

Following the last APR (plus Deep Dive and its own Governance Audit) the LEP, working with CLGU, put in place a comprehensive Improvement Plan consisting of 25 areas for action. Three of these focussed on delivery issues. The LEP has fully addressed 1 of these and has made progress towards completing the remaining two, with the expectation that these will be fully completed by the end of February.

### **LEP Review & Overlapping Geography**

The LEP is anxious to get this resolved as soon as possible and is keen to establish a clear pathway to working positively and openly with District partners in the future. Progress has been made but work goes on to further improve the working partnership with all Districts and the LEP is focussed on what needs to be delivered. The LEP understands that Ministers may choose to write again to the LEP to ask for a local resolution but presently believes that the matter can only be resolved by a Ministerial decision.

The LEP reiterated the point that the governance improvements in line with the LEP Review and the development of the LIS have been achieved without the additional core funding. This has placed a great deal of pressure on the existing small LEP secretariat and has meant that opportunities to strengthen the secretariat were delayed as resources were diverted to the LEP Review and LIS. It has also impacted upon the ability of the LEP to complete fully all 25 areas for action in its Improvement Plan by Christmas and to meet the Evaluation Plan deadline.

The LEP Chair expressed his expectation that the LEP geography will be resolved without undermining the ability of the LEP to operate effectively across its whole county geography. The Vice-Chair said that this position was supported by the rest of the board and that there is serious frustration that the matter remained unresolved from people who are volunteering their time.

**LEP Feedback**

The Vice Chair commented that after a difficult year the board's enthusiasm is revitalised, and it is eager to get on and deliver working with all its various partners.

There has been good progress in recent months and all partners have played their part. The support of the Accountable Body and the work of the Secretariat has been particularly commendable.

The Chair also welcomed the support of CLGU during the last year.

*Action: The LEP Chair and CLGU Area Director to arrange discussions to explore how the LEP should further develop. The LEP will identify what areas it would like to explore in these sessions.*

**AOB**

**Action Points**

Action #	Action Point	Owner	Date to be completed	Date completed	Resolution
1	<i>All Performance, Risk and Audit sub-groups along with Project and Programme Delivery sub-groups to be fully</i>	Interim partnership Manager	End of March		

	<i>operational with clear reporting to the LEP board.</i>				
2	<i>CEO recruitment to be completed by May.</i>	LEP Chair	End of May		
3	<i>LEP to evidence induction process and ensure governance requirements are fully understood by new board members and acted on.</i>	Interim Partnership Manager	End of March		
4	<i>A new LEP Communications &amp; Marketing Strategy is being prepared with a draft to be in place by end March</i>	Interim Partnership Manager; LEP Board PR & Marketing lead.	End of March		
5	<i>CLGU to set out for the LEP the impact on the APR assessment if this vacancy remains unfilled.</i>	CLGU	20 February		
6	<i>The Company Secretary function to become more visible at LEP Board Meetings (not least for the benefit of new</i>	Interim Partnership Manager, S151 Officer	End of February		

	<i>board members) for example in confirming a meeting is quorate, ensuring appropriate action is taken when conflicts of interests arise etc.</i>				
7	<i>A review of forecasting should be undertaken by the LEP to ensure that all forecasts submitted at Q1 2020-21 across all LGF projects are as accurate as possible as the LEP enters the final year of contracted delivery.</i>	LEP Programme Manager & S151 Officer	End of May		
8	<i>the LEP board should be better sighted on the City Deal projects. The LEP will consider how to achieve this in 20-21.</i>	Programme Manager & Interim Partnership Manager	End of March		
9	<i>LEP to provide CLGU with its draft plan by 17 February.</i>				
10	<i>LIS Advisory Sub-groups to be fully operational with a remit to drive forward LEP policy priorities.</i>	Interim Partnership Manager	End of April		
11	<i>The LEP Chair and CLGU</i>	LEP Chair and Interim	End of March		

	<i>Area Director to arrange discussions to explore how the LEP should further develop. The LEP will identify what areas it would like to explore in these sessions.</i>	Partnership Manager			
12	<i>The outstanding actions in the 19-20 Improvement Plan will continue to be monitored by CLGU and the LEP on a monthly basis.</i>	Area Lead, Partnership Manager & S151 Officer	Ongoing		

**Attendees:**

Tony Bray                      Area Director                      CLGU  
 Andrea Whitworth          Area Lead                              CLGU  
 Saleha Jebeen                Corporate Support                  CLGU

Alun Rogers                    LEP Chair  
 James Leavesley              Vice Chair  
 Jacqui Casey                 Interim Partnership Manager  
 Simon Ablewhite              Strategic Finance Business Partner (S151)  
 Mark Connell                 Strategic Funding and Partnerships Manager Stoke-On-Trent City Council  
 Jonathan Vining                Economic Growth Programme Manager, Staffordshire County Council  
 Emma Wilson                 LEP Project Officer