

## Heart of the South West Annual Performance Review 2019-20

Location: Vantage Point, Pynes Hill, Exeter, EX2 5FD

Date: 28 January 2020

Time: 10am

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

Action #	Action Point	Date completed	Resolution
1	LEP to confirm the most recent version business case for Oceansgate re-phase 3 funding gap and provide a copy		Carried forward to be completed by end of financial year 2019/2020
2	CLGU to organise a meeting on HIF	13 September 2019	Complete
3	LEP to confirm when the single governance document is complete and live on their website	October 2019	Complete
4	Area Lead to raise complexities of gender balance with LAs with central CLGU team	October 2019	Complete
5	Project slippage: CLGU to confirm if the LEP can commit to spend money by 2023.	October 2019	Complete
6	LEP to make appropriate changes to the categorisation in the data return	October 2019	Complete
7	CLGU to confirm metrics or methodology for measuring BCR or VFM	December 2019	Complete
8	CLGU to confirm process on EZ reporting.	November 2019	Complete
9	Clarity on final dates for defrayed project expenditure.	December 2019	Complete
10	Confirm LEP core funding post March 2020	ASAP	Complete

## **Governance**

### Chair

Governance is generally strong. There needs to be more focus on the effectiveness of the board and the new Chair has been having 1-2-1 meetings with all the board members – one remaining. All are positive but there is some frustration about the lack of new money with no ability to bring forward new projects and consequently a risk of Board members disengaging.

Decided to move from 6 to 4 board meetings a year but to also include 3 immersion days focusing on specific themes. First is on 20 March 2020. Its focus is on Tourism and leaders in the field have been invited. From then on, 2 private sector and 1 public sector member of the board will design future immersion days. Could the attendance at the immersion days be widened?

A board Effectiveness review is being planned which will also look at sub-groups and how everything links together.

MPs engagement, including through Great South West, with its All-Party Parliamentary Committee (APPG) is a good example of how regular and theme-focused engagement is happening.

LEP would like clarity on funding/support for LEPs and specifically core funding.

### CEO

Joint Committee meeting on Friday 31 January and will discuss the possibility of a Combined Authority

Mechanism of Governance is fine but need to manage change and not sure what the change might be.

The LEP is now sitting on all the town deals boards (three in Heart of the SW: Glastonbury, Bridgwater, and Torquay).

Devon CC agreed to provide executive support to the GSW APPG. There is a Business Plan review and would be good if the LIS was agreed as they have a staff plan ready to manage LIS delivery.

The Growth Hub is also being taken in-house moving from SERCO to Devon County Council. The staff are being TUPED.

Concern that the rumoured reshuffle might delay decisions.

### Scrutiny

The Scrutiny Panel had a strong start and is seen as a positive step, although some aspects have been a challenge. Part of this is due the tension between particular areas of interest and the need to maintain a

strategic viewpoint; part of it due to the need for clarity on precise role (given that most funding is allocated). It is important to hold the interest of the members of the group as many have travelled a long way and might stop coming.

The group has been in place for a year and there has been a review and a few issues have been picked up. The group reviewed Governance quickly and would like a wider role.

Felt that the scrutiny of the development of the LIS would have been beneficial but was unable to do so as the document could not be made publicly available until later in the drafting process.

**Action:** LEP to develop a programme for the best use for scrutiny.

### S151/SIP

Somerset County Council has been through a long period of interim S151 officer and recruitment. Ben Bryant has attended for consistency. Jason Vaughn is the new S151 officer. Only started last month, he attended the 24 January board and is expected to take a more strategic approach and attend key meetings.

There have been some tough decisions this year but with some forthright, good discussions at the LEP's Strategic Investment Panel (SIP). There has been a strong focus on outputs. Greater strategic oversight by the LEP of (multiple) project managers has been achieved. It is anticipated that all outputs should be delivered – in fact over-delivered with some projects but timings on a few projects might be challenging.

The issue of one-year core funding versus medium/long-term planning was raised as it was last year.

A more progressive discussion took place on future roles for LEPs such as taking a more strategic role working with local partners to support them accessing/ delivering other public funding and, if possible, hold these partners to account on the use of that funding.

The effectiveness of a dispersed executive versus a central, directly managed team was raised. The board has agreed the current approach – the dispersed executive team - in order to prioritise partnership working. The LEP will review the model in 12-18 months, as the Growth Deal phase ends and especially if more is known about the future of LEPs.

Due to the large number of LAs on the board (the HotSW LEP area consists of 4 top-tier authorities and 12 district councils), the LEP has minimal control on the gender diversity as it is generally the LA leader or economy portfolio holder who is the member. These are all male.

**Action:** LEP to further discuss with C&LGU possible further requirement on diversity of the board gender identify/ethnicity/age in-keeping with Protected Characteristics

The LEP has been capped at good as there were a number of compliance issues (10 in total) where the LEP did not appear fully compliant with the National Local Growth Assurance Framework as required by 1 April 2019. It is understood on both sides that this was mainly presentational issue as the information had been included by 1 April – just not in the obvious place therefore minimising transparency. There has been work to improve this, with the Local Assurance Framework completely re-written plus the inclusion of a navigational table.

### **Delivery**

#### Improvement Plan/Mid-Year Review

All actions had been resolved except for the one regarding Oceansgate. This relates to Phase 3 of the EZ development regarding waterside access. There are challenges regarding remediation but the most serious is that the MOD has quoted a revenue cost of c£900k per year for security charges. Previous calculations had identified a funding gap (£16m) and more recent work has identified an increase in cost (£35-40M). – A final figure will not be known until mid-late February 2020 when the revision of the masterplan is targeted to be complete and a note will be provided to the Area Director at that time.

**Action:** LEP to work with MOD to discuss the arrangement between Oceansgate and the dockyard especially regarding security.

**Action:** LEP to provide C&LGU a copy of the business plan by the end of the financial year 2019/2020.

Delivery plan to be published in April. Key work this year includes:

- Growth Hub brought in-house
- Institute of Technology landed
- Progress with Great South West
- Nuclear Supply Chain
- South Coast Marine Cluster has now split in two with one bit covering the South West
- Photonics, working with DIT
- EU funds mainly committed though concerns with DWP local capacity

#### LGF

There has been a lot of work on outputs and the LEP are about to commission more in-depth evaluation work

There have been challenges with the broadband and mobile projects. It was decided not to progress with the mobile projects and the £4.07million funding has been moved to a digital call fund for individual projects to bid for, live from February. If these projects are not acceptable, the funding will be allocated elsewhere.

The £8million broadband project has also been challenging and the LEP has used Freedoms and Flexibilities to manage a possible delayed spend (as per CLGU guidance) working with Somerset CC. The LEP are expecting confirmation of the DCMS decision on Broadband funding shortly. This is the £18m BDUK match-funding which, with HMT agreement, had agreement to extend the eligible date of expenditure from March 2021 to March 2023. With the General Election, this agreement needs to be reconfirmed. The LEP has a pipeline of projects to pick-up any underspend, presented to the November Board, and is working with partners on other projects.

**Action:** LEP to continue to capture outputs and manage the delivery particularly on contractual commitments and actual spend.

### EZ

The LEP Network is developing a proposal around Enterprise Zone policy and also cover Freeports. There is the potential that Plymouth will want to apply for a Freeport.

Oceansgate EZ covered earlier. With Gravity EZ, the LEP has funded access road and a study of rail feasibility. The LEP would like to increase the Exeter & East Devon EZ site to cover Exeter Airport and would expect that this would be within the current financial packet. There is a current focus on developing a network of Enterprise Zones/Innovation Zones/Enterprise Centres.

### SIP

The quality of discussion at the SIP has really improved since the last APR with a better appreciation of the need for outputs to be delivered rather than planned. The SIP has always used an HMT Green Book compliant decision-making process and, in these final years of project approval, has recommended some projects not to go ahead. Each project is RAG rated with a formal report for the main board.

Branding and communications have been improving and a significant number of requests for quotes and Ministerial.

### **Strategic Impact**

Good progress with Great South West and strengthening the APPG. Sir Gary Streeter will be writing to the Chancellor and other MPs are supportive and looking to get it referenced in the budget. Second meeting in mid-March 2020 – the time to influence is now.

Board looking to improve their outreach programme and are identifying top 20 organisations across the LEP area to target and will be allocating these to specific Board members to work with.

There has been good work with the Joint Committee on developing the LIS. LIS is ready to go to write round but awaiting final decision by Government.

The Brexit resilience group has also been beneficial.

The LEP is producing a quarterly business bulletin for partners which captures sentiment and feedback from organisations representing over 25,000 businesses in the area.

Meeting on 7 February to discuss the Western Gateway.

**LEP Feedback**

None

**AOB**

Discussed GPF interest and this is now money for the LEP to decide how to spend as well as any returning funds.

Future LEP core funding to be confirmed as soon as possible.

**Action Points**

Action #	Action Point	Owner	Date to be completed	Date completed	Resolution
1	LEP to develop a programme for the best use for scrutiny	LEP	Summer 2020		
2	LEP to further discuss with C&LGU possible further requirement on diversity of the board gender identify/ethnicity/age in-keeping with Protected Characteristics	LEP/CLGU	Autumn 2020		
3	LEP to work with MOD to discuss the arrangement between Oceansgate and the dockyard especially regarding security.	LEP	March 2020		
4	LEP to provide C&LGU a copy of the Oceansgate business plan by the end of the	LEP	March 2020		

	financial year 2019/2020.				
5	LEP to continue to capture outputs and manage the delivery particularly on contractual commitments and actual spend.	LEP	Ongoing – to be reviewed monthly		

**Attendees:**

Tony Bray (chair)	Area Director Cities and Local Growth
Karl Tucker	Chair HotSW LEP
Cllr Jerry Brook	Chair HotSW LEP Scrutiny Panel
David Bird	HotSW LEP Board member and Chair of Strategic Investment Panel
David Ralph	CEO HotSW LEP
Ben Bryant	S151 rep
Eifion Jones	COO, HotSW LEP
Mel Sealey	HotSW LEP programme management
Stephanie Lewis	Secretariat, HotSW LEP Scrutiny Panel
Suzanne Bond	Area Lead, Cities and Local Growth
Mike Glossop	Notetaker, Cities and Local Growth