

THE MARCHES LOCAL ENTERPRISE PARTNERSHIP LIMITED BOARD MEETING					
Tuesday 21 July 2020			4.00pm – 6.30pm		
Remote access via Zoom					
AGENDA					
Item	Time		Lead	Discussion/ Decision	Paper
1.	4.00pm	Welcome, Apologies and Declarations of Interest	MT		
2.	4.05 pm	Midlands Connect Update and the opportunities for the Marches Maria Machancoses, Director of Midlands Connect	MM	Discussion	
3.	4.35 pm	Minutes of Marches LEP Ltd Board meetings on 26 May 2020 and 14 July 2020 and Matters Arising	MT/GH	Discussion	X
4.	4.45pm	Governance a) Election of the Deputy Chair b) Report on progress in addressing the implications of incorporation and appointment of auditors c) 2019/20 Marches LEP draft accounts	MT C Buss	Decision Discussion Decision	X X
5.	5.10pm	LEP Response to Chancellor’s Statement on Economic Recovery - Briefing from DWP on unemployment and take-up of universal credit in the Marches - Growth in unemployment/NEETS /impact on apprentices - Issues to raise with MPs and Government	JS/All	Discussion	
6.	5.50 pm	Risk Registers – Strategic and Programme	NA/SR	Discussion	X
7.	6.15 pm	Growth Deal - Update on spend/commitments in 2020/21 - Meeting the requirements to draw down the third tranche of funds for 2020/21 FY - Capitalisation of Growth Deal funds to cover additional costs incurred	NA	Information	X
8.	6.20 pm	LEP Chair/CEO report	MT/GH	Information	X
9.		Any Other Business	MT		
Date of next planned Marches LEP Ltd Board meeting – 29 September 2020					

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Item 3 (1)

**Draft Minutes of the Marches LEP Ltd Board Meeting
26 May 2020 at 4.00pm
Meeting held using Zoom due to Government Guidance on Social Distancing
(Company Number: 11822614)**

Present:			
Mandy Thorn MBE	MT	Chair, Marches LEP Board	
Paul Hinkins	PH	Telford Business Board Chair; Deputy Chair, Marches LEP Board	
Frank Myers MBE	FM	Herefordshire Business Board Chair	
Paul Bennett	PB	Shropshire Business Board Chair	
Andrew Manning Cox	AMC	Hereford Enterprise Zone Chair	
Cllr David Hitchiner	DH	Leader, Herefordshire Council	
Cllr Peter Nutting	PN	Leader, Shropshire Council	
Cllr David Wright	DW	Cabinet Member for Economy, Housing, Transport and Infrastructure, Telford & Wrekin Council	
Paul Kalinauckas	PK	Access to Finance Champion	
James Staniforth	JS	Skills Advisory Panel Chair; Principal and CEO of the Shrewsbury Colleges Group	
Sonia Roberts	SR	Social Inclusion Champion; Charity Manager, Landau Limited	
Ruth Shepherd	RS	Director, Results Communications	
Sara Williams	SW	Marketing Manager - Northern Europe, Protolabs	
Dr Catherine Baxter	CB	Higher Education Champion; University Secretary, Harper Adams University (for part of the meeting)	
Christine Snell	CS	Business Partner, AJ & CI Snell	
In Attendance:			
James Walton	JW	Section 151 Officer, Shropshire Council	
Nick Webster	NW	Economic Development Manager, Herefordshire Council	
Mark Barrow	MB	Director of Place, Shropshire Council	
Katherine Kynaston	KK	Director Housing Economy & Infrastructure, Telford & Wrekin Council	
Becky Miles	BM	Area Director, South West England and West Midlands, Cities & Local Growth Unit, Department for Business, Energy and Industrial Strategy	
Ollie Hindle	OH	Assistant Director, West Midlands & South West, Cities & Local Growth Unit, Department for Business, Energy and Industrial Strategy	
Shaun Carvill	SC	Clickingmad Ltd	
Patrick White	PW	Metro Dynamics	
Gill Hamer	GH	Chief Executive, Marches LEP	
Kathryn Jones	KJ	Partnership Manager, Marches LEP	
Nick Alamanos	NA	Programme Manager, Marches LEP	
Ennis Vingoe	EV	Marches LEP Team Support Officer	
Wayne Redge	WR	Marches LEP Office Administrator	
Amy Bould	AB	Be Bold Media Ltd	
ITEM			ACTION
1.	1. Welcome, Apologies and Declarations of Interest MT welcomed everyone and thanked them for accessing the meeting electronically. She also welcomed Becky Miles, Area Director, Cities and Local Growth Unit; Patrick White from Metro Dynamics and Shaun Carvill from Clickingmad. Apologies were received from Cllr S Davies. Cllr D Wright attended the meeting on behalf of Cllr S Davies.		

	<p>2. Declarations of Interest The Chair reminded members to complete the form for Declarations of Interest and forward to EV if required.</p>	
<p>2.</p>	<p>Re-election of Board Members a. Re-election of Paul Hinkins The Board discussed that in accordance with the Articles of Association section 21.3.2, PH's term of office on the LEP Board (as Chair of the Telford Business Board) could be extended. The Board agreed that PH's term of office would be extended for a year, as his term as the Business Board Chair would be due for re-election at that time. The Board agreed the re-election of Paul Hinkins for a further 1-year term of office (13 agreed, 1 abstention) b. Re-election of Paul Kalinauckas PK had served as a Member of the Marches LEP Board for a term of 2 years. In accordance with the Articles of Association sections 21.1 and 21.2, PK was eligible for re-election for a further 2 years. The Board confirmed the re-election of Paul Kalinauckas for a further 2-year term of office (13 agreed, 1 abstention)</p>	
<p>3.</p>	<p>Minutes of Previous Meeting held on 24 March 2020 DH noted an error in the attendees list where he had been recorded as only attending for part of the previous meeting. This would be amended. The Minutes of the previous meeting held on 24 March 2020 were approved subject to the amendment above and would be signed (electronically) by the Chair as a true and accurate record of the meeting. Matters Arising a. Board Member Expenses Policy FM asked why a distinction had been made in the policy between sole traders/SMEs and larger businesses. MT said that it was expected that members from larger businesses could claim their expenses through their businesses. After some discussion it was agreed that the policy should be amended to include all members but would state that where expenses could be met from other sources (employer/sponsor), it would not be expected that members would claim expenses from the LEP. Members noted that as per paras. 2.1 and 2.2 in the policy, claims should be made with the prior agreement of the LEP CEO. It was also agreed that the policy should apply to other stakeholders invited to join LEP Board sub-groups. They would be required to seek prior agreement from the LEP CEO to claim expenses (which could be on an ongoing basis). Such agreement would be at the CEO's discretion. The Chair proposed that the policy be adopted with the stated amendments. The Board agreed (14 agreed, 1 abstention). b. Management Meeting Terms of Reference (TORs) It had been agreed at the last Board meeting that an additional Board member from Herefordshire should be invited to attend the Management Team meetings. FM was now attending the meetings. AMC asked about the financial roles and responsibilities of the group. GH said that the Management Team was a LEP/Local Authority group that met monthly and dealt with operational matters. It had been suggested that the title of the group be changed to 'Operations Group' as the existing title was misleading. The Performance Risk and Monitoring Committee (PRMC) was responsible for financial accountability. A discussion took place about this and the geographical representation on the group. MT suggested that further discussion could take place</p>	<p>EV</p> <p>GH</p>

	<p>Next steps /priorities for action A report of the recovery priorities identified during this Board meeting will be produced and form the basis of a LEP recovery plan which will be further developed and then considered at the next Board meeting.</p>	GH,KJ
6.	<p>Local Growth Fund (LGF) MT introduced the Growth Deal update paper.</p> <p>a. Spend Position The Board noted the final Growth Deal outturn position for the 2019/20 financial year, as set out in section 1 of the report.</p> <p>b. Growth Deal – Quarter 4 Government Data Return and Outputs The Board noted that the Quarter 4 2019/20 Data Return submission had been moved to Quarter 1 2020/21, as set out in section 2 of the report.</p> <p>c. Growth Deal Spend Allocation 2020/21 The Board noted the current position relating to Growth Deal Spend Allocation 2020/21, as set out in section 3 of the report. DW expressed concern regarding the two thirds of the LGF allocation that would be released this week, rather than the full amount. He said that Telford & Wrekin Council is about to enter into contractual commitments on a large scale. GH said that the advice from government was to continue to contract. As long as the projects were moving forward and could demonstrate evidence of spend, if the review later in the summer confirmed this, then projects would not be penalised. OH confirmed that the advice was to contract and that government would be looking for evidence that all projects had been contracted with, and that they could spend their funds within the financial year. MT said that the LEP Network had already expressed concerns about this approach to government. DH expressed concern that projects were already delayed and asked if there was the potential for extensions to project durations. OH said that local authorities could use their “freedoms and flexibilities” by using other capital receipts and spending the LGF contribution before other match funding.</p> <p>d. Capitalisation of Growth Deal The Board noted the update on capitalising Growth Deal Funds to cover the actual costs for the LEP’s Programme Management Team, as set out in section 4 of the report.</p> <p>e. South Wye Transport Package The Board noted the current position relating to the South Wye Transport package programme, as set out in section 5 of the report.</p>	
7.	<p>LEP Chair /CEO report PB said that the new report layout had been very helpful. He suggested that Board members have a structured 20 to 30 minute session on risk registers in the next few months. <i>Post meeting note:</i> The risk registers are considered in detail by the PRMC at each meeting. The PRMC membership includes four Marches LEP Board members. The minutes of the last meeting held on 7 May 2020 will be available in due course.</p>	NA
8.	<p>Any Other Business The outcomes of the assessment of the business cases for the repurposed MIF funds would be notified to partners by close of play on 27 May 2020.</p>	GH

9.	Close The meeting closed at 6.40pm.	
	Next Meeting of the Board of The Marches LEP Limited: Tuesday 21 July 2020	

Item 3 (2)

**Draft Minutes of the Marches LEP Ltd Emergency Board Meeting
14 July 2020 at 8.30am
Meeting held via Zoom
(Company Number: 11822614)**

Present:		
Mandy Thorn MBE	MT	Chair, Marches LEP Board
Paul Hinkins	PH	Telford Business Board Chair (part of meeting)
Frank Myers MBE	FM	Herefordshire Business Board Chair
Paul Bennett	PB	Shropshire Business Board Chair
Andrew Manning Cox	AMC	Hereford Enterprise Zone Chair
Cllr David Hitchiner	DH	Leader, Herefordshire Council
Cllr Peter Nutting	PN	Leader, Shropshire Council
Cllr David Wright	DW	Cabinet Member for Economy, Housing, Transport and Infrastructure, Telford & Wrekin Council
Paul Kalinauckas	PK	Access to Finance Champion
James Staniforth	JS	Skills Advisory Panel Chair; Principal and CEO of the Shrewsbury Colleges Group (part of meeting)
Sonia Roberts	SR	Social Inclusion Champion; Charity Manager, Landau Limited
Ruth Shepherd	RS	Director, Results Communications
Sara Williams	SW	Marketing Manager - Northern Europe, Protolabs
Christine Snell	CS	Business Partner, AJ & CI Snell
In Attendance:		
James Walton	JW	Section 151 Officer, Shropshire Council
Richard Ball	RB	Director for Economy and Place, Herefordshire Council
Mark Barrow	MB	Executive Director for Place, Shropshire Council
Katherine Kynaston	KK	Director Housing Economy & Infrastructure, Telford & Wrekin Council
Ollie Hindle	OH	Assistant Director, West Midlands & South West, Cities & Local Growth Unit, Department for Business, Energy and Industrial Strategy
Gill Hamer	GH	Chief Executive, Marches LEP
Kathryn Jones	KJ	Partnership Manager, Marches LEP
Nick Alamanos	NA	Programme Manager, Marches LEP
Ennis Vingoe	EV	Marches LEP Team Support Officer
Wayne Redge	WR	Marches LEP Office Administrator
ITEM	ACTION	
1.	<p>1. Welcome, Apologies and Declarations of Interest MT welcomed everyone and thanked them for attending the additional Board meeting. The meeting was being held to approve the MLEP submission for the 'Getting Building' Fund. Due to the commercially sensitive nature of the project information, the papers had not been released on the website and the meeting was not being held in public. Apologies were received from Dr Catherine Baxter. J Staniforth would be joining later in the meeting.</p> <p>2. Declarations of Interest The Chair reminded members to complete the form for Declarations of Interest and forward to EV if required. The following declarations were received: PH - Item 2 Tackling Fuel Poverty through Zero Carbon Innovation Project - as the Chair of the Corporation of Telford College; AMC - Item 2 Skylon Park project - as Chair of Hereford Enterprise Zone.</p>	

<p>2.</p>	<p>Getting Building Fund – submission of proposal</p> <p>Introduction</p> <p>MT went through the background to the funding and the process that had been undertaken to produce the recommended list of projects at Appendix 1 of the papers. The Government announced a call for “shovel ready” Projects in June and the Marches LEP received bids valued at approximately £100million. These proposals were, following discussions with the project promoters, reduced to £50million. Following the submission of our shortlist to MHCLG, MLEP was awarded £14million from the ‘Getting Building’ Fund, for local infrastructure projects to drive economic growth.</p> <p>As the Board had been informed via email, this submission then underwent a prioritisation process by the MLEP executive team, which was carried out with the assistance of a MLEP Board sub-group, comprising of members of the Performance Risk and Monitoring Committee, plus the Chair. Ordinarily an independent evaluator would be engaged to undertake this work, but due to the very short time scales involved, this was not possible. The work was therefore undertaken by the MLEP executive team with the Board sub-group providing challenge. The projects had to be able to fulfil a number of criteria, in particular that 60% of the money would be defrayed by January 2021 and that planning permission was agreed. The geographical balance and the outputs were also considered. The projects in Appendix 1 were those which were deemed to be able to deliver against the set criteria. The Chair had kept the Board informed of progress throughout the process.</p> <p>The Board confirmed that they were satisfied with the process that had been undertaken and noted the background to the Project Call.</p> <p>Discussion of Projects</p> <p>Six projects valuing £14million were included in the template submission document provided by BEIS (Appendix 1 of the papers). NA introduced each project in turn. SR commented that the Board sub-group had tested the robustness of each of the projects, challenging them on their own merit and whether the outcomes could be achieved within the required timeframe.</p> <p>Integrated Constructed Wetlands – Herefordshire Council</p> <p>The LEP Team had received reassurance from Herefordshire Council that planning would be delivered.</p> <p>The Board approved the submission of the project (unanimous)</p> <p>Pride Hill Re-Modelling – Shropshire Council</p> <p>There were no queries or comments on this project.</p> <p>The Board approved the submission of the project (unanimous)</p> <p><i>PH left the meeting</i></p> <p>Tackling Fuel Poverty through Zero Carbon Innovation - Wrekin Housing Group</p> <p>A number of Board members queried the business relationship of contractors potentially working on this project. A discussion took place and it was agreed that the project would be accepted for submission subject to further due diligence. NA explained that if any project failed due diligence or if there was underspend, the Board could consider topping up the value of the remaining projects on a proportional basis; or consider a request from Telford & Wrekin Council for an additional £550k worth of work on the Stronger Communities project (also on the list for submission), and the balance of £450k could be re-allocated.</p> <p>The Board approved the submission of the project subject to further due diligence (11 for;1 abstention)</p>	<p>NA</p>
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	<p><i>JS joined the meeting. PH re-joined the meeting</i></p> <p>Hereford City Centre Improvement - Herefordshire Council There were no queries or comments on this accelerated project. The Board approved the submission of the project (13 for; 1 abstention)</p> <p>Skylon Park Campus Development – New Model Institute for Technology and Engineering NA drew members’ attention to a recommendation from the sub-group for Herefordshire Council to act as the Accountable Body for this funding, mitigating risks relating to potential cross over between the Phase 2 Agreement i.e. the double counting of outputs, match funding and grant relating to the construction of Centre for Automated Manufacturing (CAM) building. The Board were made aware that the NMITE project would accelerate the CAM building which is currently being funded through the Phase 2 Agreement between Herefordshire Council with additional outputs and economic benefits as a consequence of the accelerated project. The Board approved the submission of the project (13 for; 1 abstention)</p> <p>Stronger Communities – Telford and Wrekin Council Members discussed the project and it was confirmed that planning permission was expected in November 2020, and that the original bid had been for a relatively low amount, therefore the amount hadn’t been scaled back. The additional outputs as part of place-shaping and community regeneration in the area would be included in the submission document. The Board approved the submission of the project (12 for; 1 against; 1 abstention)</p> <p>The Board therefore approved the Project Recommendation list, as set out in Appendix 1 of the Board paper.</p> <p>The Board would be kept informed as information became available on the further due diligence on the Tackling Fuel Poverty project. Should any further decisions be required of the Board, this would be done via email. OH confirmed that due diligence could be continued following submission of the list, and that any mitigating actions would need to be discussed at the point of any project being withdrawn.</p>	<p>NA</p> <p>NA MT</p>
<p>3.</p>	<p>Any Other Business. Next Board Meeting on 21 July 2020 The Board agreed that the circulation of the papers for this meeting would be delayed to Thursday 16 July 2020. This was due to the Emergency Board meeting having been held today which meant that the limited LEP Team resources had not had sufficient time to prepare for the 21 July 2020 meeting. Members were reminded that the meeting on 21 July 2020 would be held in public.</p>	<p>GH, EV</p>
<p>4.</p>	<p>Close The meeting closed at 9.48am.</p>	
	<p>Next Meeting of the Board of The Marches LEP Limited: Tuesday 21 July 2020</p>	

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Meeting date:	21 July 2021			
Agenda Item:	4 b			
Item Subject:	Update on Implications of Incorporation for Marches LEP Ltd			
For:	Discussion		Decision	X
			Information	
Purpose:				
<ol style="list-style-type: none"> 1. To update the Board on the progress being made in ensuring that processes are being put in place and actions being taken to ensure the LEP Board meets its fiduciary and legal obligations as a company limited by guarantee. 2. To agree the appointment of the auditors James, Holyoake and Parker for 2019/20 FY 				
Recommendations:				
<ol style="list-style-type: none"> 1. To note the LEP Chair set up a LEP Board Task and Finish Group in early May to support/guide the work of Chris Buss, a finance and governance specialist, to work with the LEP CEO over the next 2-3 months to implement a range of actions resulting from the incorporation of Marches LEP Ltd 2. To note the content of the update report from Chris Buss 3. To agree the appointment of James, Holyoake and Parker as the auditor for the 2019/20 Marches LEP Ltd accounts 4. To note the appointment of Ilia Bowles as the new Director of Corporate Services for the LEP, who will join the LEP team on 1 October 2020 5. To note the ongoing discussions at LEP Network Level about the additional costs of incorporation 				
Summary:				
1. LEP Board Incorporation Task and Finish Group				
<p>In early May the LEP Chair asked Cllr Hitchiner, Dr Catherine Baxter, James Staniforth and Paul Bennett to join a task and finish group to support the interim finance and governance specialist, Chris Buss and the LEP CEO to implement an incorporation action plan. The terms of reference for the Task and Finish group are attached at Appendix 1 (see link at end of report).</p>				
2. Report of actions undertaken by Chris Buss				
<p>Chris Buss, a governance and finance specialist, was appointed on 22 May 2020 to work with the LEP CEO over the next 2-3 months to implement a range of actions resulting from the incorporation of the Marches LEP Ltd, until such time as the post of Director of Corporate Services was recruited to and in post. The main areas of work have been:</p>				
<ul style="list-style-type: none"> • The need to prepare accounts and have them audited ensuring that the necessary deadlines for returns to Companies House and HMRC are met; • and that arrangements with Shropshire Council are in place for ongoing support to the LEP both in its role as the Accountable Body and as a provider of specific other services to meet the day to day operational requirements of the LEP and its staff. 				
<p>Following an initial discussion with Shropshire Council, it became apparent that in order to ensure that the LEP could meet the deadline for returns to Companies' House and HMRC, that a limited degree of external accountancy support would be required as well as the need for an external auditor to be appointed. A procurement process was undertaken, and ten tenders were received. Following analysis of these tenders three firms were shortlisted and considered by the non-conflicted members of the Task and Finish group, for the accountancy and tax elements of the package. Thorne Widgery was appointed to complete these two tasks. See paper 4c for the Marches LEP Ltd draft 2019/20 accounts.</p>				
<p>The role of auditor for the LEP is a board level appointment and following consideration of the bids received, the Task and Finish group recommend that James, Holyoake and Parker, be appointed as auditors for the LEP.</p>				

The role of defining ongoing support to the LEP as a company limited by guarantee rather than as an unincorporated body falls into three discrete areas, all of which are progressing. These are:

- With regard to the Accountable body function exercised by the Council, defining the roles and responsibilities of the LEP and the Council as the accountable body including agreeing timescales for undertaking key tasks on both sides and codifying that into a service level agreement;
- With regard to staffing, agreeing the exact future status of the staff currently employed by Shropshire Council on behalf of the LEP including future support;
- For other areas, agreeing agreed standards and levels of support from Shropshire Council for day to day financial, IT, legal and procurement support.

In each of the above areas it will be a necessity to define both cost and agreed key performance standards.

It is understood that the LEP would wish to make the above arrangements as commercial as possible including arrangements for withholding payment where service standards are not met. This desire is understandable but may not be practicable particularly for the areas where the Council has a role as the statutory funder as the Accountable Body. In this particular role an overtly commercial approach is not, in my view, appropriate as there is a tension with the need for the Council, and in particular the statutory chief finance officer to undertake that role with the required degree of rigour, accountability and diligence. That being said, it is not unreasonable to expect matters of process to be dealt with expeditiously if the underlying paperwork is in good order, which does not always happen at present. It is hoped, based on initial discussions with the Council that an effective service level agreement can be developed for this work area resulting in speedy processing of award letters and other key documentation such as contracts. This will require the Council to increase resource levels into this area of work which the LEP will have to reimburse the cost of.

The staff within the LEP from the Chief Executive downwards have historically been employed by Shropshire Council on Local Government terms and conditions including entry into the Local Government Pension scheme. The administering authority for that scheme is Shropshire Council. Since the incorporation of the LEP in February 2019, it has been legally possible for it to employ the staff directly. However, the staff have remained with the Council. The primary difficulties in transferring the staff to the LEP relate to Pensions and in particular as to whether the LEP could become an admitted body in the Shropshire scheme, on what basis that admission were to take place, and the likely significant increased costs that could be incurred by the LEP should such a transfer take place. The initial high-level view is that transferring the staff to the LEP is unlikely to be the most cost-effective option for the LEP. Discussions are ongoing with the Council as to how to deal with this issue.

There are a range of day to day services relating to finance, IT, procurement, HR and legal that the LEP receives from the Council. These are currently being codified for agreement with the Council; these are either transactional or advisory in nature. In some cases, like IT and HR the LEP already agrees to standard Council agreements which reflect the services currently provided. The LEP could at some stage choose in many cases to procure these services separately or operate internally. However, the current process of defining the services required with outcomes and outputs specified is a first step in determining as to how these services may be provided in the future.

The next steps in the process is to, subject to the agreement of the Council, produce a Service Level Agreement for each of the above areas that the LEP can agree in September 2020, which will operate from 1 April 2021. This this will replace the existing Memorandum of Understanding.

3. Appointment of Iliia Bowles, Director of Corporate Services.

Berwick Partners were procured in March 2020 to undertake a search for candidates to fulfil this role. The LEP Chair and CEO interviewed four candidates on 11 June 2020 and shortlisted down to three. A formal interview panel was set up comprising Dr C Baxter and Cllr D Hitchiner, the LEP Chair and the LEP CEO. The panel undertook the interviews on 22 June 2020. Iliia Bowles was offered the role and accepted the same day. Iliia will be joining the LEP Team on 1 October 2020. She is joining the LEP after working for 14 years for the Competition Appeal Tribunal in London and has been the Director of Operations there for the past seven years.

4. LEP Network

It should be noted that discussions are ongoing via the LEP Network about the additional financial burden on LEPs having to pay VAT and corporation tax. The case for additional funding from Government to cover these additional costs is being developed by the LEP Network.

Financial implications:

The post of Director of Corporate Services was budgeted from 1 April 2020. As this post will not be filled until 1 October 2020 the unused budget has been allocated to fund the interim consultant, C Buss.

Legal implications:

An external lawyer will need to be procured to provide advice to the LEP on the draft SLA between the LEP and the Council. We have funds set aside from the LEP review funds to cover this cost.

Risks, opportunities and impacts:

The LEP reserves will continue to be eroded by the additional costs of VAT and corporation tax. If the Government does not increase its contribution in 2021/22 FY other income streams will need to be explored e.g. a management fee from organisations awarded grants, a top slice of the funds awarded by government to the Marches.

Background papers:

[Appendix 1 – The Terms of Reference for the LEP Incorporation Task and Finish Group](#)

Joint report from C Buss and G Hamer

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Meeting date:	21 July 2021			
Agenda Item:	4 c			
Item Subject:	Draft 2019/20 Marches LEP Ltd Accounts			
For:	Discussion		Decision	Information X
Purpose:				
Recommendations:				
1. To note the draft Marches LEP Ltd 2019/20 accounts.				
Summary				
<p>As indicated in paper 4b Thorne Widgery were selected by non-conflicted Board Members of the Incorporation Task and Finish Group to provide accountancy services for the LEP for the 2019/20 FY. To note Thorne Widgery has offices in Hereford and Ludlow. The company was commissioned in early July to both:</p> <ul style="list-style-type: none"> a) Prepare the 2019/20 draft Marches LEP Ltd accounts; b) Prepare and submit the 2019/20 Corporation Tax Return. <p>Attached at Appendix 1 (see link at end of report) are the draft 2019/20 accounts for you to consider and note.</p>				
Financial implications:				
It should be noted that discussions are ongoing via the LEP Network about the additional financial burden on LEPs having to pay VAT and corporation tax. The case for additional funding from Government to cover these additional costs is being developed by the LEP Network.				
Legal implications:				
None				
Risks, opportunities and impacts:				
The LEP reserves will continue to be eroded by the additional costs of VAT and corporation tax. If the Government does not increase its contribution in 2021/22 FY other income streams will need to be explored e.g. a management fee from organisations awarded grants, a top slice of the funds awarded by government to the Marches.				
Background papers:				
Appendix 1 - The draft 2019/20 LEP accounts				

Joint report from C Buss and G Hamer

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Meeting Date:	21 July 2020			
Agenda Item:	Item 6			
Item Subject:	Risk Registers			
For:	Discussion		Decision	Information
				X
Purpose:				
1) To update Board Members on the Strategic and Programme Risk Registers.				
Recommendations:				
1) To note the current position relating to both risk registers.				
2) To note that the proposed changes and amendments set out in this paper will be considered by PRMC on Friday 17 th July 2020.				
1. Risk Registers				
Following a review of the Risk Registers undertaken earlier in the year the LEP secretariat have sought additional guidance and training from the Accountable Body and their Risk Management team. The LEP secretariat are currently awaiting feedback and potentially further training if required. Once received the exercise of reformatting the registers will be completed.				
An update will be given at PRMC on Friday 17 th July on the following changes to the Risk Registers. The Chair of PRMC will also use the opportunity for the Committee to review the current RAG rating of the risks (particularly those with a 'red' rating), and to also review whether any new risks should be added.				
2. Strategic Risk Register				
Updates include:				
<ul style="list-style-type: none"> • Risk 1.1 - An interim has been appointed to support the LEP in developing the SLA with Shropshire Council. A review has been carried out to establish the services required by LEP to inform the SLA. 				
3. Programme Risk Register				
Updates include:				
<ul style="list-style-type: none"> • Risk 2.7 - The project pipeline has been refreshed through the Getting Building Fund call for new and accelerated projects. • Risk 2.11 - The LEP was notified in May 2020 of a decision by MHCLG to pay 2/3 of the LGF allocation in May followed by a review of contractual commitments over the summer to unlock payment of the final 1/3. Contracts for the new infrastructure and skills capital projects were amended to reflect the decision to mitigate any financial risks to the LEP. A spreadsheet detailing LGF commitments and expenditure was submitted to Government on 17 June 2020 as part of this review and will form the basis for further work over the summer. In June the LEP was invited to submit a pipeline of projects to Government for new and accelerated funding. A prioritised list of projects to the value of £54m LGF was agreed by a sub-group of the LEP Board on 29 June 2020 and submitted to Government. A letter from the Secretary of State on 30 June 2020 confirmed the Marches LEP allocation of £14million. The LEP sub-group met on 6 June 2020 to review a revised list of projects valued at £14million. Recommendations on the allocation of this funding will be made at the LEP Board on 14 July 2020. • Risk 3.4 and 5.1 - Contracting of the Growth Deal 3 contracts has progressed supported by the LEP's procured legal advisors Bevan Brittan. The decision of MHCLG to withhold payment of 1/3 of the allocation has caused some slippage while contracts were amended to reflect the change. Further work to satisfy Due Diligence has also caused some delay but is necessary to ensure the contracts are robust. Spending will be closely monitored through monthly reporting. 				

- **Risk 3.8** - The LEP secretariat are currently working with NMiTE and the Accountable Body on the variation to the Phase 1 contract to include the additional £400k and to establish their position on match.

The LEP secretariat are also proposing the inclusion of a new risk to the Programme Register around resource and capacity due to increased workload associated with the additional funding. This will be considered by PRMC on the 17th July 2020.

Financial implications:

- The LEP needs to accurately monitor risks to the programme ensuring these do not impact negatively on performance.

Legal Implications:

- None

Risks, opportunities and impacts:

- None

Appendices:

[Appendix 1 – Strategic Risk Register](#)
[Appendix 2 – Programme Risk Register](#)

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Meeting Date:	21 July 2020			
Agenda Item:	Item 7			
Item Subject:	Growth Deal Update			
For:	Discussion		Decision	Information X
Purpose:				
1) To update Board Members on progress in delivering Growth Deal funded projects.				
Recommendations:				
1) To note the current position relating to Growth Deal Spend Allocation 2020/21, as set out in appendix 1 and section 1.				
2) To note the withdrawal of the Rural Enterprise Centre from the Marches LGF Programme, as set out in appendix 2 and section 2.1.				
3) To note the content of the Letter from the Leader of Herefordshire Council and current position in respect to the £4,500,000 Ross Enterprise Park project, as set out in appendix 3 and section 2.2.				
4) To note the intention to hold an Emergency LEP Board Meeting to review the approved Project Reserve List, should the Ross Enterprise Park project be unable to deliver, as set out in section 2.3.				
5) To note the current position in respect to the capitalisation of Growth Deal Costs, as set out in section 4.				
6) To note the current position relating to the South Wye Transport package programme, as set out in section 5.				
1. Growth Deal Allocation 2020/21				
<p>On 13 May 2020 all LEP Chief Executives received a letter from Stephen Jones (Co-Director, Cities & Local Growth Unit) setting out the approach from government in respect to paying LEPs their 2020-21 Growth Deal allocation in two phases (please see Appendix 1).</p> <p>As part of this process an initial review was undertaken by colleagues at the Ministry of Housing, Communities and Local Government (MHCLG) in June 2020 to understand the impact Covid-19 was having on the delivery of Local Growth Fund (LGF) capital programmes before further funding was paid out. This review involved the populating of a detailed spreadsheet, collecting various information relating to projects including contractual commitments and plans for managing spend in year. As a consequence of this a meeting was convened on 12 June 2020 between the LEP secretariat, Local Authority lead officers and Oliver Hindle (Assistant Director, MHCLG) to discuss LGF spend profiles/commitments for the 2020/21 Financial Year. At this meeting it was confirmed that Government were not considering extending the LGF Programme beyond 31 March 2021, however the principle for Local Authorities to utilise 'Freedoms and Flexibilities' was discussed, ensuring grant was spent within the permitted timescales.</p> <p>In line with stated guidance The Marches LEP submitted the Review Spreadsheet to Government on 17 June 2020. As yet no formal correspondence has been received in respect to this exercise and the payment of the remaining 1/3rd balance from the 2020/21 Growth Deal allocation.</p>				
2. LGF Programme Overview				
<p>At the 24 March 2020 LEP Board meeting a decision was taken to overcommit the LGF programme by £2,438,958. At this meeting a reserve list (formed from the £27million project call) was also approved - providing the LEP with projects that could be funded retrospectively in the event of surplus Growth Deal funds becoming available, please see table 1.</p>				

Table 1 – Reserve List

Project	Growth Deal Value	LEP Local Authority Area
Rural Enterprise (Bishop's Castle only)	£ 2,251,000.00	Shropshire
Harper and Keele Veterinary School	£ 2,500,000.00	Telford & Wrekin
The Shell Store	£ 2,493,000.00	Herefordshire
Total	£ 7,244,000.00	

2.1 Rural Enterprise Centre

Forming part of the Growth Deal 3 'Investing in Our Future Workforce' programme list the Rural Enterprise Centre was allocated £1,059,905 for the 2020/21 FY to redevelop the old Victorian farm buildings to create start-up business incubator units, with particular relevance for rural businesses.

On the 16 June 2020 the LEP team received an email from the Director of Finance at Herefordshire, Ludlow and North Shropshire College, stating the Cities & Local Growth Unit decision around not providing the 1/3rd 2020/21 allocation *'added a very significant additional level of financial risk to this project and, having considered this very carefully over recent days, the college has concluded that this risk is now too high to be acceptable'*.

The LEP team has tried to arrange a meeting with colleagues from Herefordshire, Ludlow and North Shropshire College to discuss their email and find potential solutions, however no response has been received. As a consequence of this the decision has been taken to notify Board Members that the Rural Enterprise Centre project will no longer form part of our LGF Programme, reducing our overcommitment down to £1,379,054.

2.2 Ross Enterprise Park project

A letter has been received from the Leader of Herefordshire Council (1 July 2020) in relation to Funding Agreements, within the letter it was outlined it is *'now very unlikely the Ross Enterprise Project can now be delivered within the available time period that remains'* with a request made for a meeting to take place *'to see if there are any possibilities to extend the timeframe for delivering the Ross Enterprise Park project and include other suitable conditions'*.

The LEP team remain committed in supporting the development of the Ross Enterprise Park project with discussions ongoing. Having sought clarity from colleagues at MHCLG it has been confirmed that their position has not changed since the 12 June 2020 meeting (see section 1), with no consideration given to extending the LGF programme past 31 March 2021, however the option of utilising freedoms and flexibilities remains.

2.3 Underspend Position

Should over the course of the next couple of weeks Herefordshire Council take the decision that they are unable to proceed with the Ross Enterprise Park, the LEP Board should be immediately notified.

A solution to a potential underspend position would be to convene an Emergency LEP Board meeting, the purpose of which would be to allocate any available LGF grant against those projects listed within the agreed LEP Project Reserve List (see table 1).

3. Funding Agreements - Update

The Marches team has experienced delays in signing off the Funding Agreements relating to the recent £27million Project Call. Work is ongoing, with developments changing on a daily basis. As a consequence of this an update will be tabled at the 21 July 2020 meeting providing a more informed overview of progress.

4. Capitalisation of Growth Deal

At the 24 March 2020 LEP Board members agreed to ringfence approximately £300,000 of Growth Deal funds to cover the actual costs for the LEP's Programme Management Team. This included additional activity specifically relating to the recent Project Call process comprising the procurement of Solicitors, an Independent Technical Evaluator and additional staffing resources.

Following the decision, the LEP secretariat have started the process of working through the detail of costs with the Accountable Body finance team, ensuring costs can be capitalised in accordance with accounting guidelines/principles. This will ensure the LEP is sufficiently resourced.

5. South Wye Transport Package

The termination of the Funding Agreement for the South Wye Package (SWTP) was agreed at LEP Board on 27 January 2020, together with agreement to start discussions with Herefordshire Council on the claw back of the £3.8m - already paid to Herefordshire Council to support the development of the SWTP project.

At the last meeting members were advised that a delay had been experienced in issuing the letter to Herefordshire Council as Shropshire Council (in their role as Accountable Body) would be required to seek and recover any sums paid pursuant to the Funding Agreement post-termination. An update on the issuing of the Letter will be tabled at the 21 July 2020 meeting.

Financial implications:

- The LEP needs to accurately monitor spend and outputs, ensuring these do not impact negatively on performance. Should this happen it may result in the loss of grant to the Marches through future Growth Deal allocations.
- Should the £3.8m clawback relating to the South Wye Transport package not be received within the 2020/21FY this would cause the LGF Programme to be significantly overspent.

Legal Implications:

- None

Risks, opportunities and impacts:

- By not receiving the 2020/21 Growth Deal allocations projects will not be able to deliver the projected scale of outputs.
- Timescales of project development and delivery need to be carefully managed, including ensuring that adequate resources are in place within the LEP and its accountable body to achieve these.

Appendices:

[Appendix 1 – MHCLG letter of 13/05/2020](#)

[Appendix 2 – Email 16/06/2020 from Herefordshire, Ludlow and North Shropshire College](#)

[Appendix 3 – Letter 01/07/2020 Leader of the Herefordshire Council](#)

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Item 8 - Marches LEP Chair and Chief Executive's Report

Marches LEP Ltd Board meeting on 21 July 2020

This report provides updates on issues that do not require a Board decision. The LEP Chair and CEO will take questions on any of the below items at the Board meeting.

1. Paul Hinkins – Stepping down from Deputy Chair role and other roles supporting the work of the LEP

As you were advised on 26/06/20, sadly Paul Hinkins has decided to stand down from his duties as Deputy Chair of the LEP, as a member and past Chair of the Performance Risk and Monitoring Committee, as Chair of the Marches Growth Hub Steering and Operational Groups and a member of the LEP Operations Group. Paul has undertaken all of these roles for 5 or more years and has rarely missed a meeting. He has also stepped in to support the LEP team on quite a number of occasions when the former and current Chairs were not available. On behalf of the Board and the LEP Team we would like to formally thank him for his invaluable contribution to the work of the Marches LEP. Just to be clear Paul is still the Chair of the Telford Business Board and therefore remains a LEP Board Member.

2. Covid -19 – Gathering of intelligence on the impact on the Marches Economy

The LEP Chair continues to host every 3-4 weeks virtual meetings with local partners including the NFU, FSB, British Business Bank and two Chambers of Commerce, Business Board Chairs and Private Sector Board members to hear about the support their respective business groupings are seeking from the government and how businesses are responding to the government's recovery and social distancing guidance. The LEP Chair continues to feed this information up every 2 weeks into the West Midlands Group of LEP Chairs, which then informs the 2 weekly LEP Network meetings held with Ministers and senior civil servants from MHCLG and BEIS. The LEP Chair has also been providing regular written reports on the issues impacting on the economy to the Marches MPs. The LEP Chair and LEP CEO were invited in June 20 by Shropshire Council to join their Community Wellbeing Taskforce and Economic Recovery Taskforce respectively. Both Taskforce Groups have now met once and are due to meet again shortly.

3. Growth Hub activity report

The Marches Growth Hub, the LEP's business support service, provides advice and guidance to businesses across the Marches and signposts to follow up services, including grant funding accessed through a portfolio of EU funded projects and other public/private sector initiatives. Its website www.marchesgrowthhub.co.uk contains information on national and local support and continues to be updated regularly to provide accurate information on Covid-19 related support, including government advice and guidance <https://www.marchesgrowthhub.co.uk/advice-and-support/coronavirus-information-for-businesses/>. Business engagement activity continues on-line and a varied 'virtual' event programme with inputs from a range of partners may be found at <https://www.marchesgrowthhub.co.uk/calendar/>.

The Marches Growth Hub Operations Group meeting was held on 9 July 2020 to coordinate joint working with local authority and project partners and provide an update on funding and activity streams:

- The Marches Growth Hub's core funding of £205k from BEIS has been confirmed and an announcement was made earlier in the year about an additional allocation of £257k to support

increased in-depth adviser support and account management. Plans for this funding have been submitted and a co-design meeting with BEIS is scheduled for 16 July 2020.

- A government announcement has been made about additional support for small businesses and those in the tourism sector <https://www.gov.uk/government/news/government-announces-10-million-for-small-businesses-to-kickstart-tourism>. The Marches LEP's Technical Assistance Officer is working with partners to identify an appropriate vehicle to administer this support. Additional details from BEIS are awaited.
- Additional funding for international trade and export advisers is also anticipated from the Department for International Trade. This will support businesses in considering accessing new markets and in responding to EU Exit.
- BEIS is considering developing a peer to peer mentoring service. The details of this are to be finalised but it would encourage groups of businesses [grouped by location, sector or business issue] to work together with an expert facilitator and then to access follow-up mentoring support. Development work is being taken forward on a West Midlands-wide basis by the West Midlands cluster lead, Coventry and Warwickshire Growth Hub.

4. Future Planning for LEPs in 2020/21

Both Robert Jenrick MP, Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) and Simon Clarke MP Minister for Local Growth at MHCLG, confirmed in their speeches at the LGA Conference on 3/07/20 the publication of a white paper on “devolution and local recovery” for this autumn – with more mayors and more unitaries. S. Clarke said it will “connect local recovery with levelling up...providing a place-based strategy to boost regional economic performance in every corner of the country, from the Northern Powerhouse and the Midlands Engine to the Western Gateway and the Oxford-Cambridge Arc.” It has also been indicated that there will be a Comprehensive Spending Review (CSR) later in the Autumn and that the CSR will determine future investments to support the economy including the proposed UK Shared Prosperity Fund, the potential successor for the Local Growth Fund.

5. River Severn Partnership

The Marches LEP has recently been invited by the Environment Agency to become a member of the River Severn Partnership along with the other LEPs, Local Authorities and other relevant bodies that have the River Severn flowing through its geographical area of responsibility in Wales and England. The aim of the Partnership is to bring together multiple organisations, resources and skills to drive resilient and sustainable economic growth along Britain's longest river network (including the River Wye), creating the Severn Regional Growth Zone. Cabinet Office has asked that the Partnership submit an investment plan in the coming months. A working draft of the Plan as at the beginning of July can be found [here](#). We await the next iteration after all partners provided feedback at a meeting on 3/07/20.

6. Cross Border Marches Growth Deal

In the Conservative Party manifesto last Autumn there was a commitment for a cross-border Marches Growth Deal (not to be confused with the current Marches LEP Growth deal for Local Growth Funding). It stated: *“We will work with the Welsh Government and councils on both sides of the border to negotiate a transformative Marches Growth Deal, focusing on cross-border infrastructure which supports the local and cross-border economy.”* So far, there have been some early discussions with local authorities on the Welsh side, although this is in very early stages and nothing has been agreed. N.B. This is separate to the £55m Mid-Wales Growth Deal which was announced in late 2019. At a meeting on 14/07/20 with policy colleagues in the Cities and Local Growth Unit (CLGU)

and the Wales Office, plus representatives from the Marches LEP executive and the three local authorities we explored how a cross-border deal might work from an English perspective.

7. LEP and Hereford Enterprise Zone websites – updating

Both the LEP website and the Herefordshire Enterprise Zone (HEZ) website were built over 5 years ago by different developers. Whilst the content has been updated on both on a very regular basis by the LEP Team and our PR team the functionality of both websites is now outdated. We will be issuing a tender w/c 13 July to seek quotes from one website developer to undertake the two pieces of work. The aim is for the new HEZ website to be tested and operating by 30/10/20 and the new LEP website tested and operating by early December 2020.

8. Towns Funds

Both Telford and Wrekin Council and Herefordshire Council were allocated £25m each last Autumn by the government to develop an investment plan with stakeholders for Telford and Hereford. The Councils have set up Town Deal Boards to develop the investment plan. Mandy Thorn was invited to join the Telford Town Board to represent the LEP and Frank Myers attends the Hereford Town Deal Board on behalf of the LEP. Both Town Deal Boards are proposing to submit their investment plans by October 2020. More information on the Towns Fund can be found here <https://www.gov.uk/government/publications/towns-fund-further-guidance>

9. Marches Skills Advisory Panel – update

The Marches Skills Advisory Panel (SAP) met on 29 June 2020 and its agenda focussed on national and local employment initiatives. This included the development of a support package for redundant apprentices by the National Apprenticeship Service and a briefing on the IN2 programme, delivered by Landau, which provides tailored support for young people in the Marches who are not in education, employment or training (NEET) or are at risk of becoming NEET.

The SAP was notified that the Marches LEP had been successful in its application to become a Careers Hub under the Careers and Enterprise Company (CEC) project. This enables the LEP to access additional resources to support careers guidance in schools and colleges and to increase business engagement activities. Mandy Thorn subsequently met with the CEC project leads to discuss opportunities for businesses to contribute more strategically to the project and to deepen relationships with schools and colleges. This will include the development of a network of Cornerstone employers who can demonstrate best practice in school/college engagement.

Over the last 12 months the SAP has drawn together detailed labour market intelligence around the key growth sectors of the Marches economy. The Marches LEP has now secured an additional £75k to further develop its SAP evidence base and to strengthen its data and intelligence capabilities. This is designed to support training providers in developing programmes that meet local priorities, and which will drive economic recovery.

The HE Group, a sub-group of the SAP met on 2 June 2020 to consider areas of shared interest and has subsequently endorsed Universities UK's proposal <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2020/supporting-graduates-covid19-economy-june-2020.pdf>.

10. Date for your diary – Week commencing 12/10/20 - Marches LEP COVID Recovery virtual conference

As a LEP we are required by Government to hold at least one public meeting a year for stakeholders to receive updates on the work of the LEP and provide an opportunity for members of the public and stakeholders to ask the LEP Chair/Board and CEO questions. We are proposing this year to hold a

range of virtual meetings over the course of a week during the week commencing 12 October 2020. The week will break down into themed days of activity, backed up by PR and communications activity. It will include the launch the LEP 2020 annual report, a Q & A session with Board members, plus days of activities about various aspects of our economy including sustainable energy, training and skills, digital/cyber and financing the future.

Mandy Thorn MBE DL
Gill Hamer, Chief Executive

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