

Minutes of the Marches LEP Performance, Risk & Monitoring Committee (PRMC) Monday 9 May 2022

Present

Sonia Roberts (Chair)	SR	Deputy Chair of the Marches LEP Board
Sara Williams	SW	Marches LEP Board Member
Frank Myers	FM	Marches LEP Board Member
James Walton	JW	Section 151 Officer, Shropshire Council
Karen Morris	KM	Deputy nominated by Section 151 Officer, Herefordshire Council
Dainy Runton	DR	Deputy nominated by Section 151 Officer, Telford & Wrekin Council
Rachel Laver	RL	Marches LEP Chief Executive
Nick Alamanos	NA	Marches LEP Head of Programmes
Kathryn Jones	KJ	Marches LEP Head of Partnerships and Strategy
Jo Grivell	JG	Marches LEP Office Administrator
Oliver Hindle	OH	Assistant Director, Cities & Local Growth Unit

ITEM		ACTION
1	<p>Welcome and apologies The Chair welcomed everyone to the meeting. Apologies received from Ken Clarke and Alex Collins.</p> <p>Declarations of interest There were no declarations of interest.</p>	
2	<p>Minutes of the last meeting and matters arising The minutes of the last meeting on 9th March 2022 were reviewed, checked for accuracy, and approved as an accurate record of the meeting.</p> <p>Updates on actions as follows: FM advised he had not received the EU funded business support list requested under AOB. This has been sent and will be distributed to PRMC attendees with the draft meeting minutes. There is also the following support available Life Sciences Innovative Manufacturing Fund (LSIME) - Marches Growth Hub</p>	
3	<p>PRMC Terms of Reference SR confirmed the Board has approved the new PRMC terms of reference. The proposed changes to the TORs are:</p> <ul style="list-style-type: none"> • The PRMC can make changes to any project previously approved by the Marches LEP Board up to £1,000,000. • In addition, that PRMC can approve new projects up to £1,000,000 if the changes are within the remit of the overall grant. There can be changes to timelines provided it does not exceed the end date. <p>FM asked if the wording of the Section 151 Officer role in the TORs has been revised as requested at the previous PRMC meeting. RL confirmed the TORs were updated and shared with the Marches LEP Board at the 26 April 2022 Board Meeting. The TORs can be found in the PRMC section of the Marches LEP website under “Related Downloads” PRMC Activity - Marches LEP</p>	

<p>4</p>	<p>Review Integration of LEPs</p> <p>RL advised that four working groups have been formed and Marches LEP is in Pathway 2. The first meeting was held on Wednesday 27 April; however, RL and Mandy Thorn could not attend due to other commitments. They will attend future working groups.</p> <p>Mark Livesey from the LEP Network updated RL and there was not much to report on so far from the working groups, as everyone is navigating their way through new processes. There was not a lot of detail in the letter to advise what was required of LEPs and therefore understanding is continually evolving. For example, it had been thought that the LEP could bid to be an Employer Representative Body, however, the published guidance states LEPs are precluded from bidding to be an ERB.</p> <p>The West Midlands LEP Chief Executives agreed to brief all private Board Members on the changes and progress to date. The Board Members are invited to a West Midlands LEP meeting on 17 May. The intention is the larger group will split into two for future meetings; LEPs involved in devolved areas and LEPs that are not in devolved areas, which will allow sharing of relevant best practices and to develop shared thinking.</p> <p>OH reiterated that LEPs outside of devolved areas such as the Marches LEP will continue, and Government has set out the broad principles of their role in the Ministers' letter dated 31 March 2022 Local Enterprise Partnerships: Integration guidance (publishing.service.gov.uk)</p> <p>A key milestone for the LEP is to create a delivery plan by the end of June 2022, setting out how they will meet the obligations for the year ahead. In the Marches where there is no devolution currently planned the LEP is likely to continue to operate for a number of years, subject to funding and a meaningful role remaining.</p> <p>RL highlighted that the long delays for the outcome of the LEP review has caused uncertainties of the LEP's future for its partners. RL requested that Local Authority attendees encourage their officers to continue to work positively with the LEP within the changing landscape and recognise that in some cases new approaches were necessary, e.g., with the DIT Key Account Management contract. The continued focus for all parties was to maximise investment and support available within the Marches.</p> <p>SR responded by saying it is important for OH to hear about these local challenges. There is a clear steer of what needs to happen in Mayoral and devolved areas. The attention should be on the areas that are not getting a clear steer and the priority ranking is in the wrong order.</p> <p>OH, responded that there is quite a large group of LEPs where there is no devolution deal in development and has already highlighted these types of issues internally. His request to Local Authorities is to work in partnership and to get the benefit of the LEP's expertise.</p>	<p>All LA partners</p>
<p>5</p>	<p>Risk Registers</p> <p>Members were presented with an overview document for each register. The Top 5 risks were highlighted to ensure members can immediately focus on any critical issues.</p> <p>A) The Corporate Risk Register.</p> <ul style="list-style-type: none"> • 2.7 relates to potential funding issues and resource capacity in terms of obligations around funding and managing projects. • 2.9 is a new risk which outlines the issue around the future of LEP's and the ability to retain and recruit new Board members, in particular the Chair of the Board. • 5.5 is the ongoing issue for the LEP's operating budgets due to VAT and tax implications. 	

	<ul style="list-style-type: none"> • 2.4 the LEP has received its core funding, which is why the risk rating has been downgraded, but there is still a risk about the future of LEP's post this 12-month period. • 6.4 relates to the change of Government policy on LEP's, and despite receiving the LEP Review letter discussion at agenda Item 4 indicates there are grey areas about the future of LEP's and how it can proactively work with partners to ensure this region gets a better deal in terms of levelling up and economic growth. <p>SR responded to risk 2.9 stating recruiting new Board members was a greater risk than recruiting a new Chair, as the Chair could be elected from within the existing Board members. SR requested that if the LEP is unable to recruit a new Chair for the Board externally that options to promote from within the existing board should be discussed.</p> <p>RL highlighted the need to clarify whether Board Members who have served two terms can be considered for the position of Chair, and if taking a different role within the Board resets the clock in terms of allowed tenure.</p> <p>RL, in response to risk 6.4, reiterated the importance of partners working collaboratively. The LEP is there to complement and add value to what the Local Authorities and other partners, including local colleges and private sector businesses, do.</p> <p>B) Programme Risk Register</p> <p>This register sets out the main risks related to Local Growth Fund (LGF) and Getting Building Fund (GBF), but also other programmes (Key Account Management, Growth Hub etc.)</p> <ul style="list-style-type: none"> • 3.20 Oxon Link Road – at the last Board meeting on 26 April members approved the de-linking of the OLR project from the North West Relief Road. An updated project profile and delivery profile will be shared at the next PRMC meeting for approval of a revised funding agreement. • 2.3 Capacity of the LEP team continues to be a risk. • 3.18 An update on the Wetlands programme can be found at Item 7. • 3.21 Hereford City Centre improvements is a risk because it has money to spend in this financial year • 3.22 Pride Hill Centre need clarity on the future delivery arrangements, outputs, and matched funding. <p>i. Oxon Link Road</p> <p>Following LEP Board approval (26 April 2022) it was agreed:</p> <ul style="list-style-type: none"> • The OLR project would be de-linked from the NWRR for the LEP's purposes. • Detail relating to the revised Funding Agreement (not amending the values approved by LEP Board on 21 May 2019) be delegated to the first Performance Risk and Monitoring Committee following Shropshire Councils Planning Determination Meeting (currently projected for June 2022). <p>At the LEP Board meeting Councillor Dean Carroll confirmed there was still a commitment from Shropshire Council to fulfil their contractual obligations. SR requested that Matt Johnson be invited to PRMC following Shropshire Councils Planning Determination Meeting.</p>	<p>RL</p> <p>All LA Partners</p> <p>JG/RL</p>
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<p>6</p>	<p>LEP Finances</p> <p>RL gave the following overview:</p> <ul style="list-style-type: none"> • Currently waiting for 21/22 year-end accounts to be completed. The position is looking better than forecast due to the cost saving measures put in place. There has been a 25% reduction in 22/23 core funding and the LEP will be unable to rely on interest on capital funds, for instance LGF as it had done in previous years to prop up core costs as this funding had now been defrayed. • The LEP can trade through the whole of 22/23 with its current cost base and current income which is good news for the LEP team. The LEP can trade through part of 23/24 but will need to continually review. The LEP team is looking at several ways to make further savings but there is a limit to how much the costs can be reduced before it impacts on the effective operation of the LEP. • There is a 50% reduction in the Growth Hub funding awarded by BEIS. Meeting with the LEP team and West Midlands LEP teams to discuss Growth Hub funding and delivery models. There is the need to manage expectations with partners as a 50% reduction in Growth Hub fundings means the LEP will be unable to maintain the same level of contributions. The LEP needs to understand what the Government expects to be delivered in the return for the funding. <p>FM requested details of the other cost centres to be circulated to PRMC members to be circulated with the minutes.</p>	<p>RL</p>
<p>7</p>	<p>Performance Monitoring</p> <p>Members were informed of the following:</p> <p>a) Growth Deal (LGF) update</p> <p>All obligations in terms of LGF spend have been fulfilled by projects. LGF is closed now as an expenditure programme with the focus now moving onto the achievement of Outputs and the drawing down of Match Funding. All the values for Freedom and Flexibilities have been claimed. It has been a successful financial year.</p> <p>b) Getting Building Fund (GBF) update</p> <ul style="list-style-type: none"> • Integrated Construction Wetlands (ICW), the claims submitted and authorised exceeds the projects revised profile by £27,000. All outstanding queries have been resolved. The project has fulfilled its obligations in terms of its 2021/22 Financial Year (FY) updated GBF spend profile. Having received advice from the LEP's Accountable Body the overclaim value of £27,000 would be attributed to the 2022/23 FY for accounting purposes. At a recent monitoring visit the project lead (Rachael Joy) has agreed to attend future PRMC meetings to provide updates on both the ICW and Hereford City Centre Improvements (HCCI) projects as both are within the top 5 Programme Risks, providing assurance that they are still delivering according to their revised contracts. • Pride Hill Remodelling, all GBF expenditure has been spent with the focus of the project now on the achievement of outputs and the drawing down of Match Funding. Mark Barrow/Hayley Owen to attend a future PRMC meeting to provide detail on the delivery of the project, enabling PRMC to approve a variation to its current Funding Agreement (as set out in 3.22 of the Programme Risk Register). • Tackling Fuel Poverty has achieved its GBF expenditure and Match Funding profiles. This has been an innovative project to build passive houses and the retrofitting of existing houses. The project is currently delivering its outputs. Once completed it was suggested the project should be considered for a case study, public relations opportunity for what it has achieved. • NMiTE – The funds have been passed through to Herefordshire Council as part of their roles and responsibilities as Project Accountable Body for the project. • Stronger Communities – The LEP has received and processed both the period 11 claim (£481,345.82) and 12 claims (£328,250.48). This has resulted in £661,844.98 of claims 	<p>NA/JG</p> <p>NA/JG</p>

	<p>received in 2021/22 FY against a revised contractual profile of £640,000. It has been agreed with the LEP's Accountable Body for accounting purposes £640,000 will be attributed to 2021/22 FY with the balance of £27,746.23 in 2022/23 FY. Freedoms and Flexibilities confirmed obligations have been met.</p> <p>Overall confirmation was provided that the LEP have fulfilled its obligations in terms of spend whilst acknowledging £2.6 million has been deferred to the 2022/23 FY through Freedoms & Flexibilities, which was been approved by PRMC and the Marches LEP Board.</p> <p>c) MIF funding RL advised that proposal to spend £4 million of Marches Investment Funding for a low carbon energy call, was approved by the LEP Board. It will be an open call to receive innovative bids for pilots or building on successful pilots elsewhere. It is important for businesses to receive this type of innovation in view of the energy crisis. Suggest if a LA wanted to take the lead it would be good to spend £1m to top up the Business Energy Efficiency Programme that has been very successful in supporting local businesses. A business receives a free energy audit and a grant towards any energy efficient kit. £120,000 in addition to the £4m to be assigned to the LEP to administer the energy programme.</p> <p>d) Growth Hub Mentioned in Item 6, Growth Hub funding has been reduced by 50%. Delivery plans and more detail on Growth Hub finances to be discussed at next PRMC meeting on 16 June.</p> <p>e) Key Account Management (KAM) KJ provided the following update:</p> <ul style="list-style-type: none"> • KAM is a Department for International Trade (DIT) funded project to help foreign owned businesses with their expansion and investment plans. The LEP has put in a business case for 6 months funding to provide this service and have proposed a new approach to delivering DiT required outputs. This needs to be discussed further with the Local Authorities. <p>f) Skills Support KJ provided the following update:</p> <ul style="list-style-type: none"> • The funding from the Careers and Enterprise Company is in place until the end of August 2022. Received initial paperwork for the funding September 2022 onwards, which will be approximately £200,000. This will be discussed with the LA Skills Leads at a meeting on 11 May 2022. • Skills Advisory Panel (SAP), funding from the Department of Education has been capped at £55,000 which is a reduction in the funding. In addition, half of the money granted this year needs to be retained for the use by the anticipated new Employer Representative Body. Guidance for SAP priorities to be reviewed as part of the application for funding. • As advised in Item 4, the LEP intended to apply to be an ERB but have been advised the opportunity is not open to LEP's. • In previous years, the LEP has supported local authorities by funding a labour market analytics tool named EMSI. It is unlikely that the LEP will be able to continue its funding in view of the reduction in its SAP funding. 	<p>RL</p> <p>YS</p> <p>KJ</p> <p>KJ</p> <p>KJ</p>
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<p>8</p>	<p>Any Other Business</p> <p>SR advised that the Inclusion and Diversity policy needs to be reviewed at the next PRMC meeting on 16 June 2022. RL stated it had already been added to the forward agenda. RL advised had received the annual Protected Characteristics report for the Growth Hub and has reviewed it against the Marches demographics, to see whether we are representative of those organisations.</p> <p>There will need to be more targeted promotion of the Growth Hub, we need to make sure engaging more with the under-represented groups. The report will be circulated with the minutes.</p>	<p>RL</p>
<p>Next Meeting of the Marches LEP PRMC: 16th June 2022 14:00-16:00</p>		