

Minutes of the Marches LEP Performance, Risk & Monitoring Committee (PRMC) Monday 16 June 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
Dainy Runton	DR	Deputy nominated by Section 151 Officer, Telford & Wrekin Council
Roger Allonby	RA	Acting Service Director for Economy, Herefordshire 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
Yasmin Sulaman	YS	Marches LEP Growth Hub Programme Manager

ITEM		ACTION
1	<p>Welcome and apologies The Chair welcomed everyone to the meeting. Apologies received from Ken Clarke, Ollie Hindle, Alex Collins and Karen Morris.</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 May 2022 were reviewed, checked for accuracy, and approved as an accurate record of the meeting.</p>	
3	<p>Inclusive Economy and Diversity Policy and Action Plan Review RL advised the policy and action plan was last reviewed in October 2021. The policy is reviewed every 6 months, with the latest review slightly delayed due to awaiting the LEP Review outcome.</p> <p>The committee members reviewed the action plan, there were no reds and some amber rated actions. The LEP team has been tasked with completing the annual certification for Equality and Diversity Training.</p> <p>The LEP is conscious of equality and diversity in all its activities, for example for the recruitment of new Marches LEP Board members and the Energy Fund call. Examples include ensuring the layout of text in documents is accessible to all people (not justifying text) and promoting opportunities to women and ethnic minority groups. Be Bold, the LEP's PR Agency incorporates the policy in all its communications.</p> <p>SR asked for the examples of actions taken to be captured as evidence in the plan to show how the LEP has met its objectives documented in the policy.</p>	RL
4	<p>Risk Registers 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"> • 2.4 has the highest risk rating. The LEP has received its core funding, but there is a still a risk about the future of LEP's post this 12-month period. It also now includes the 	

	<p>delivery of other projects that the LEP bankrolls until the funding is received from Government for example KAM, Growth Hub, SAP, and Careers Hub. This is work that the LEP has the responsibility to deliver but the delay in getting the funding puts enormous pressure on budgets especially as reserves are decreasing. The risk outlines the impact of not receiving the funding in a timely fashion.</p> <ul style="list-style-type: none"> 2.7 relates to potential funding issues and resource capacity in terms of its contractual obligations relating to GBF and LGF funding and managing projects. The LEP Head of Programmes, Nick Alamanos, will be leaving at the end of June and Project Officer, Lisa Ashby, leaves at the end of July. That exposes the LEP which is why the risk rating has increased. The LEP is looking to replace the Project Officer role as a matter of urgency. A handover will take place and the team has already met with Finance and Department for Levelling Up, Housing and Communities to explain the position on each project. <p>SR raised a concern that it might be difficult to recruit someone on a short-term contract and suggested speaking to the Local Authorities to bring a Project Officer in on secondment. RL advised she has considered secondment and the opportunity will be promoted internally at the council. The intention is to let an 18-month contract. All options will be considered, even buying in the resource from a Project Management firm if recruitment fails to find a suitable candidate.</p> <ul style="list-style-type: none"> 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. The vacancies have now gone out to advert. <p>RL advised that five people have expressed interest in the Board member role to date, but none for the role as Chair. She requested all to use their networks to identify suitable candidates and encourage applications.</p> <ul style="list-style-type: none"> 5.5 is the longstanding issue for the LEP's operating budgets due to VAT and tax implications. 6.4 relates to the change of Government policy on LEP's. The risk rating has gone down as there is a bit more clarity than before. <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"> 2.3 risk rating has gone up due to the resignation of the LEP Project Officer in addition to the Head of Programmes. This relates to the corporate risk 2.7. <p>All of the projects have been included on a PRMC Project Forward Plan and will be invited to the PRMC to bring visibility to any issues and to ensure they get delivered.</p> <ul style="list-style-type: none"> 3.20 Oxon Link Road – planned to attend in November 2022. The Council planning meeting has been moved from June to September, so moved back from August to November meeting. <p>SR asked that the change to details of the planning meeting be reflected in the risk register.</p> <ul style="list-style-type: none"> 3.18 Integrated Wetlands – will attend in August 2022 3.21 Hereford City Centre Improvements – will attend in December 2022 3.22 Pride Hill Centre – will attend in August 2022 <p>JG to invite project contacts to the PRMC as per the PRMC Project Forward Plan.</p>	<p>RL</p> <p>All</p> <p>NA</p> <p>JG</p>
5	<p>LEP Finances</p> <p>RL gave the following update:</p> <ul style="list-style-type: none"> The accounts for 21/22 year-end have now been closed and the LEP has appointed the same accountants and auditors as last year, with a view to presenting audited accounts to the Board at an Annual General Meeting scheduled before the start of the September Board meeting. The LEP will continue to spend more than it earns, which is not sustainable. The LEP has reduced its cost overhead considerably and continues to look for ways to reduce costs 	

but needs to look at income generation as there are limits to how small the LEP can become before it becomes ineffective and not able to meet its minimum delivery requirements.

- Currently reviewing the team structure again to see if resources are appropriate and suitable aligned for the changing role of the organisation and reflecting the reduced funding.

SR asked if the LEP is looking at further operational efficiencies. RL stated that there is not much more that can be done before it impacts on the LEP's ability to operate. There are alternative options being worked through to maximise funding, including bringing the staff onto the books but in the absence of clear direction from Government about the longevity of the LEP and funding, it is too big a risk to do this. Staff currently are put on Shropshire Council's at risk register in the event of being made redundant and it would jeopardise that benefit if brought onto the LEP's books.

There is still some MIF money as a fall-back position for next year, even after committing £4million to the Energy Fund.

RL shared the [Cash Flow Forecast](#) which clearly demonstrates the drop off of income but continues to show the ring fenced funding for redundancies.

YS asked if the LEP has considered giving up its premises. RL advised it has been considered and has looked at rationalising the space and give up one of the rooms, to reduce the total rent.

SR asked what is being done about contributions from other parties, as the Government funding is not forthcoming. Are the LEP network doing anything to speak to Government to say at what point can LEP's no longer cash flow the work in the absence of the funding?

RL advised that the LEP is still expected to match the core funding with funding from the Local Authorities and letters will be going out to the LAs in due course to ask for contributions.

RL

FM stated that twice in two weeks he has received emails from consultants appointed by Herefordshire Council asking for help to do work that the LEP could do. FM has been asked to help the consultants with the Multiply Programme and does not understand why the LEP could not do that. There needs to be moral pressure put on the Local Authorities. If they go out to tender, the LEP should be given the opportunity to bid for the work. It is clear the current approach to get the LA's engaged is not working so need to try a different approach.

RL advised that the LEP have offered the LEP's services to all three Councils.

The way the Multiply Programme is being dealt with by the LA's means there is going to be three separate programmes in the Marches, which does not appear to make economic sense. THE LEP is happy to help co-ordinate Marches wide activity. RL reiterated the LEP is not trying to take the money from the LA's but to ensure that we maximise the funding coming into the region and wants to use its skills base to help.

SR stated that it does not make sense to bring in external consultants when there is already so much knowledge within the LEP team.

RL advised the LEP has promoted the Community Ownership Fund on social media and offered pro bono help to any community that needs help writing their bid. This enables the LEP to demonstrate it has the skills and is willing to help and support anyone to help the money come into the region. Details of the Community Ownership Fund can be found here: - <https://www.gov.uk/government/news/communities-across-the-uk-can-bid-for-levelling-up-funds-to-save-pubs-clubs-and-historic-buildings>

	<p>SR believes there is an issue with the relationship between the LEP and the Local Authority partners. The LEP has demonstrated nationally the value for money it can deliver. The concern is there is not a healthy and embracing relationship with the LA's. The money from Government now flows through to the LA's so it is important to get the relationship right.</p> <p>SR stated the need to go into the discussion understanding where the barriers are and suggested to do prep work to gather information on what the LEP could do differently.</p> <p>FM agreed we need to get under the skin of the problem and believes the power has shifted in favour of the Local Authorities. RL confirmed at one time the Marches LEP managed £190 million of capital going to the LAs and partners for projects and capital funding had now been reduced to nil. Many of the LEP's nationally have communicated that LA's are turning their backs on the LEP's. RL has requested a meeting with the Economic Directors and LA Leaders in July to have a frank conversation on how to develop the relationship and work together in the climate.</p> <p>RA advised that Herefordshire Council are keen to continue to work with the LEP and they will be involved in the stakeholder group to oversee some of the new work. He stated that there needs to be a shift in mindset internally, as the LEP has always been a partner that Herefordshire sought funding from and now the LEP could be selling its services to the Council, so it is not a natural thing to ask the LEP to quote for work. It important to understand what the LEP could do and what the Council needs to do and how those things can come together.</p>	<p>RL</p>
<p>6</p>	<p>Performance Monitoring Members were informed of the following:</p> <p>a) Growth Deal (LGF) update All the LGF funds have now been spent except for the NMiTE funding. RA will provide an update to advise that whilst it has not been spent in FY21/22 it will be spent by July 2022. NA thanked all the Local Authority partners, and to James Walton, Section 151 Officer, and the Finance Team for all their support looking at claims and invoices to get to this final position. Freedom and Flexibilities (F&F) from the previous fiscal year have been offset. The LEP's financial responsibilities in terms of paying out grant money, has been fulfilled and the focus is now to ensure all contractual obligations around spending the money are fulfilled and the delivery of outputs and match funding.</p> <p>i) Q4 LGF Dashboard Report is a cumulative return to Government covering Q3 and Q4. It confirms the spend position and has been signed off by the Section 151 Officer. Key successes are highlighted in the narrative: 91 Jobs Created, 441 Homes Completed, 72 Apprentices, 331 New Learners, 3,918 Commercial Floorspace Created (Sqm). Other outputs that are reported are 53 Enterprises receiving non-financial support, 21 Training Course delivered and 4 Work Placements.</p> <p>RL queried why percentage completion rate on Transport deliverables was not higher. NA advised that some of the work paid for out of LGF funding has been preliminary work, not for the actual building of the roads. For example, Oxon Link Road, where the project has not really started; although the LEP has spent the money the project has not completed yet. Therefore, the team is keen to understand the position and closely monitor these projects to ensure they do come to fruition.</p> <p>ii) NMiTE – This project has slipped slightly into 22/23. Roger Allonby was invited to attend the PRMC so members were sighted on NMiTE Phase 2 and could ask any pertinent questions. RA gave the following update:</p>	

c) MIF/Energy Fund

RL advised that the Energy Fund call is now live, and there has been a lot of interest in it so far. She asked members to help by promoting the call within their networks. [Marches LEP Energy Fund – Marches LEP](#)

d) Growth Hub

YS provided the following update:

The LEP has received paperwork from BEIS confirming funding allocation of £231,000. Schedule 1 and 3 have been completed and returned by the Accountable Body on 1 June 2022. The next step will be a Grant Offer letter and after that will be able to draw down Q1 funding.

Following that BEIS will provide the framework for reporting so the LEP will be collaborating with the Local Authorities to agree it and to assist them to align their CRMs.

RL stated the Local Authorities have cut their staff in support of the Growth Hub from 7.5 FTEs to 2.75 FTE's. Herefordshire reduced from 1.5 FTEs to 1, Shropshire 2 FTEs to 2 part time equivalents and Telford & Wrekin reduced from 4 FTEs to 0.75.

The allocation coming from the LEP (Growth Hub funding) is only £13K direct funding but they get a total of £33K support each as the LEP pays for all CRM tools and PR activities. At a recent meeting held with the LAs to discuss Growth Hub funding, RL asked the LAs for the rationale for the staffing. The reduction in funding means that it would not be possible to deliver at the same level as in 21/22. There is some sensitivity in terms of reporting outputs to the LEP when there is such a small proportion of funding of going to them.

It is important to reiterate that it is a shared objective to support local businesses. There are a plethora of initiatives running across the region and the Growth Hub needs to be the front door for businesses to access them and importantly help business identify the most suitable for them.

The LEP will focus on the unengaged businesses and will look at running an event aimed at intermediaries as that is an effective way to reach a bigger group of businesses.

e) Key Account Management (KAM)

KJ provided the following update:

- The contract with the Department for International Trade (DIT) has now been signed by the Section 151 Officer. It is for 6-months until the end of September 2022. There is a new operating model, with one resource (Jon Johnson) serving all three Local Authority areas. Jon Johnson has had initial meetings with each of the LA's which have been positive. The LEP is now awaiting a purchase order from DIT, but the first claim is ready to be submitted.

f) Skills Support

KJ provided the following update:

- Skills Advisory Panel (SAP), a Department of Education initiative – The LEP has been waiting for more specific guidance about what their requirements are for the budget that the LEP can access. There is still a moving policy on Skills Advisory Panels, Local Skills Improvement Plans and Employer Representative Bodies, which means there is not much clarity on the funding. The LEP intends to submit its request for funding and query the specifics afterwards.
- The LEP has received the grant offer letter for the Careers and Enterprise Company contract and have responded with figures and anticipating a copy awaiting signature week commencing 27 June. It will be good to have that in place ahead of the new contracting period in September. The LEP does have some money on account and Andriané Usherwood-Brown the Marches Careers Hub Lead is developing a Marches-wide expenditure plan, so we can maximise the expenditure and the maximise the

	<p>impact on our targets.</p> <p>g) Hereford Enterprise Zone 21/22 Q4 Progress</p> <p>The paper provides an overview of the activities up to Q4 from Mark Pearce the project manager for HEZ.</p> <p>RL advised that the build out phase of the HEZ is now largely complete now and has been very successful in attracting businesses.</p>	
<p>7</p>	<p>Any Other Business</p> <p>NA provided an overview of PRMC Project Forward Plan setting out the plan for projects to attend the PRMC to provide status. Update from NMiTE provided at Item 6a (i).</p> <p>SR highlighted the need for some new PRMC attendees, and to try to bring in one of the new Board members currently being recruited to ensure the new attendee can support the PRMC for a longer period than some of the existing Board members who are coming to the end of their tenure.</p> <p>RL stated that the participation at the PRMC needs to be reviewed in general, as most attendees are internal to the LEP. There is not enough representation from the Local Authority and other partners. If it is majority internal staff, then would question the purpose it serves. It is important that external partners are probing and asking questions on the information being presented.</p> <p>SR stated that attendance by partners is symptomatic of the lack of engagement across all the areas and highlights how important it is that the relationship needs to be addressed.</p> <p>RL raised Local Authority Scrutiny attendance. The intent is that the LEP attends at least one scrutiny committee a year. RL stated that the LEP is happy for all LEP activity to be reviewed or a deep dive into a particular project or programme.</p> <p>SR thanked Nick Alamanos for the huge contribution he has made as Head of Programmes. She stated from a personal perspective Nick has always been supportive and really helped her and been able to guide the PRMC members through the project terminology and landscape. She stated that Nick will be missed by his colleagues and certainly by the PRMC members. NA responded stating he has loved his time working with the LEP. It has been challenging and rewarding. He thanked people for giving him the confidence to do the job and supporting him throughout.</p>	<p>RL</p> <p>LA Partners</p>
	<p>Next Meeting of the Marches LEP PRMC: 25th August 2022 14:00-16:00</p>	