# Note of South East LEP Annual Conversation 2017

**Location**: Department for Communities and Local Government, 2 Marsham Street.

**Date**: Thursday, 7 December 2017 **Time**: 10.00am

**Actions from 2016 Annual Conversation**

| Action # | Action Point | Date completed | Resolution |
|---|---|---|---|
| **1** | HMG to secure further flexibility for the LEP in delivery of its Growth Deal programme | April 2017 | Completed |
| **2** | LEP to put in place greater transparency of its operations and activities | May 2017 | Completed |
| **3** | LEP to agree a revised Assurance Framework, in line with the new National Assurance Framework | May 2017 | Completed |
| **4** | Kris and Adam to discuss the Industrial Strategy and interface of this with the SEP review | Ongoing | There have been ongoing discussions but they did not meet personally because of other priorities and difficulty in fixing a date |
| **5** | Kris and Chris to meet in new year for a further discussion on the LEP and HMG's local growth policies and what more might be done | Ongoing | There have been ongoing discussions but they did not meet personally |
| **6** | Regular officer-level meetings with CloG and DfT on Growth Deal delivery should continue | Ongoing | These have occurred regularly through the year (roughly bi-monthly) |

**Governance**

**Discussion Points**

***Ney Review***

- The LEP welcomes the Ney Review and is supportive of the findings and recommendations to strengthen governance and transparency, many of which it says it already has in place or is actioning.
- The current LEP Assurance Framework was adopted in February 2017. It is updated annually, with a new version being presented to the LEP's strategic board on 15 December. It was agreed the LEP would review its procedures and agree any further actions by February 2018 to ensure ongoing full compliance.
- Policies covering the Nolan Principles and conflicts of interest are included in the assurance framework, with Strategic Board and Accountability Board members being required to complete declaration of interest forms, which are published on the LEP's website, and additionally declare interests at the start of each Board meeting.
- The LEP intends to appoint a dedicated governance officer.
- Agenda and minutes are published in good time, usually a week ahead of meetings. Papers are received by Board members well in advance.

***s151 Officer role***

- The s151 officer has a clear line of sight to all decisions made by the Strategic Board and the Accountability Board, although some of the routine s151 work in relation to the LEP is delegated within the accountable body (Essex County Council). Suzanne Bennett attended the Annual Conversation on behalf of the s151 officer, Margaret Lee.

***Board and Decision Making***

- There was a long discussion about the way the LEP's governance structure operates. The LEP outlined the relationship between the Strategic Board, the Accountability Board and the federated area boards. Pressed on whether the role of the Accountability Board in final sign-off of project expenditure undermined the claim that the LEP was business-led, the chair insisted this model gave greater assurance, through a separation of powers, than many other, including incorporated, models i.e. the Accountability Board could not itself propose projects or set priorities, which was the function of the business-dominated Strategic Board. However, the LEP agreed to examine other models, such as that used by Thames Valley Berks LEP.
- Project selection and prioritisation is a bottom-up process, with federated boards feeding into the centre with projects then reviewed by the independent technical evaluator before going to the Accountability Board. The federated areas are now using a common assessment framework. In June 2017 the Strategic Board agreed to set up a sub-committee to review project selection and prioritisation before projects went to the full board – but this has not yet been implemented. CLoG agreed this would be good practice.
- The LEP was pressed on how Board members were recruited and membership refreshed, with ministers keen to see diversity on LEP boards. The SELEP board is not particularly diverse and recruitment is not managed centrally; rather the federated areas make nominations. The LEP stated it has limited room for manoeuvre in this area given its federated model, which prescribes an equal number of delegates to the Board from each federated partnership area. The LEP agreed to review its procedures in light of Ney.

**Actions**

1. LEP to review procedures against Ney Review recommendations by end February 2018.
2. CLoG to make available to the LEP details of how TV Berks LEP operates and the LEP to consider – by mid-January 2018.
3. LEP to update CLoG on proposed changes:
    - appointing a dedicated governance officer and update CLoG – recruitment process to begin January 2018 subject to ECC capacity to support.
    - implementing its decision to establish a sub-committee to sit between the federated boards and the strategic board to better manage project pipeline – by end February 2018
    - reviewing procedures governing composition and recruitment in relation to the strategic board – by end March 2018

**Delivery**

**Discussion Points**

***Programme Overview***

- The LEP has a large allocation of LGF (£580m) and is running over 90 projects. The programme manager meets bi-monthly with the CLoG and DfT area leads to discuss progress and issues with particular projects, including the handful of key transport projects discussed at the Annual Conversation. Overall the LEP is making very good progress with the delivery of its projects and spend. One area for further development is the capture of outputs and outcomes.
- Related to the governance discussion, the LEP was urged to consider how its projects were originated and what more it could do to encourage more private sector sponsorship of projects i.e. move away from a dependence on local authorities to identify and develop projects, albeit many of these had significant private sector input.

***Spend Rate***

- Spend in 2017-18 is expected to be £97m against an allocation of £92m (rounded figures). This is possible because of funding carried forward from 2016-17. Total spend to date is £154m and 20 projects have been completed. By employing capital swaps the LEP is achieving a good spend rate and expects the use of capital swaps to decrease year on year. However, the mismatch between the budget profile and the (greater) project spend profile in the penultimate year of the Growth Deal (2019-20) has been flagged by the LEP as an issue that will need to be dealt with.
- The LEP has an agreed protocol for dealing with underspends as they emerge, with the first recourse being to bring forward already approved or new projects from within the same federated area. A last resort is to move funding between federated areas, but with a strong project pipeline this has so far not been necessary. It will be helpful for the LEP in time to be able to demonstrate that this protocol is working well and that where areas are in effect retaining their original 'area share' of funding that this is producing the best projects i.e. that stronger projects in other areas are not missing out through the process of programme management.
- The LEP is exerting tighter control over local growth funding by holding it centrally until funding is needed for project spend.
- The LEP reported that in some cases the branding guidelines for LGF projects were not being followed and they were encouraged to continue to tackle this.

**Actions**

4. LEP to continue to meet regularly with CLoG and DfT leads and work together to resolve any issues.
5. LEP to continue its consideration of the capture of project outputs and outcomes.

**Strategy**

**Discussion Points**

***Strategic vision***

- The LEP is currently revising its Strategic Economic Plan (SEP). Noted it was no longer using the consultant who had been working on it for the past few months. The new SEP should be agreed in the Spring of 2018 and will be much shorter and focused than the previous SEP, articulating the added value of the LEP and not duplicating priorities or actions that are more appropriate to federated area-level plans. It will be built around five 'pillars' and feature about 17 key themes and actions for the LEP to deliver.
- The LEP is keen to track policy developments in industrial strategy to ensure these are reflected in the SEP so far as possible – but aside from the SEP is interested in agreeing in due course a local industrial strategy with government.

**AOB**

- The LEP raised the issue of standardised approaches to procedures and is keen to use nationally agreed templates where these are developed. Hannah Rignell confirmed that a range of guidance, proformas and templates was being developed covering issues such as register of interests, Nolan principles, whistleblowing etc and that CLoG would ensure these were made available to the LEP
- The LEP raised the issue of core funding – both the level of funding which is equal for all LEPs regardless of size and the annuality issue which presented contract and staffing challenges. CLoG confirmed these were issues which were well understood and on which it was continuing to make LEP views known to ministers.
- On data reporting the LEP noted this was very labour-intensive – but all LEPs are invited to continue to work with CLoG data colleagues to refine the new system and make it more user –friendly.

**Actions**

6. LEP to publish new SEP in Spring 2018 and continue to seek active engagement with

government in joint policy development on local industrial strategies where possible.

7. CLoG to ensure LEP is sent all new guidance, proformas and templates as they become available – by end March 2018.

**Attendees:**

**LEP**

- Christian Brodie - Chair
- George Kieffer – Vice Chair (Essex & South Essex)
- Graham Peters – Vice Chair (East Sussex)
- Geoff Miles – Vice Chair (Kent)
- Adam Bryan – Managing Director
- Rhiannon Mort – Programme Manager
- Suzanne Bennett – Essex County Council (Accountable Body, for s151 Officer)

**Cities and Local Growth**

- Hannah Rignell (Area Director)
- Jack Stevens (Thames Estuary/SELEP Lead)
- Iain McNab (Area Lead – South East)
- Lee Sambrook (DfT South East and East Area Lead)