

AGENDA

Solent Local Enterprise Partnership
Meeting of the Finance, Funding and Performance Management Group (FFPMG) to be held on Friday 9
November 2018 08:30 to 11:00

Item	Title	Time
1.	Introductions and apologies for absence	08:30 – 08:45
2.	Notes of the previous meeting of 13 September 2018, matters arising and declarations of interest	
3.	Local Growth Deal Retained schemes update to include: <ul style="list-style-type: none"> • Update on Stubbington Bypass • Update on proposed upgrade to M27 Junction 10 	08:45 – 09:10
4.	Local Growth programme update to include: <ul style="list-style-type: none"> • Local Growth Legacy programmes including an update on the Floating Bridge • LGD Capital programme 2018/19 • ERDF progress report 	09:10 – 09:40
5.	LEP Assurance Framework update to include consideration of terms of reference of FFPMG	09:40 - 10:10
6.	Draft Annual Report 2018 and Draft Annual Business Plan 2019/20	10:10– 10:40
7.	Internal Audit 2018/19 - Update	10:40 – 10:50
8.	Any Other Business	10:50 – 11:00

09.11.2018

Item 2

Meeting notes of FFPMG meeting held on 13.09.2018

Solent Local Enterprise Partnership

Funding, Finance Performance Management Group (FFPMG)

Held on Thursday 13th September 2018 in the Spitfire meeting room, Southampton Airport– 8:30 am to 11:25 am

Present	In Attendance
Stuart Hill - Chair	Richard Jones
Anne-Marie Mountifield	Stuart Baker
Brian Johnson	Steve Futter
James Fitzgerald (deputising for Chris Ward)	Vicki Soris
Keith Mans	Jeff Channing
Seán Woodward	Sophie Mallon
Lizzi Goodwin	
Guests	Apologies
<u>Item 5 - EZ retained rates</u>	Chris Ward
Victoria Hogg - Cushman & Wakefield	Gerald Vernon-Jackson
Andrew Smith - Cushman & Wakefield	Kevin George

Item		Action
1.	<p>Introductions and apologies for absence The Chairman welcomed everyone to the meeting and asked FFPMG</p> <p>Apologies for absence received from Gerald Vernon-Jackson, Kevin George and Chris Ward.</p>	
2.	<p>Notes of the meeting held on 22nd June 2018 The meeting notes from the meeting on 22nd June 2018 were agreed by the FFPMG and signed by the Chair.</p> <p><u>Matters Arising</u></p> <p><u>Item 1 (page 2)</u> At the July Board meeting, the board agreed the appointment of Kevin George and Gerald Vernon-Jackson to FFPMG</p> <p><u>Item 6 Solent LEP Investment Funding (page 3 & 4)</u> FFPMG were advised that the Solent Shared Prosperity funding call had been issued. A workshop had taken place on the 5th September 2018 for interested bidders.</p>	

	<p>A pilot commission is currently being finalised with a provider to offer a Growth Accelerator Programme to eligible SME businesses to develop their Growth Action Plans. It was noted that this was a pilot programme and a review would be undertaken by FFPMG following an initial wave of supported businesses.</p> <p><u>Declarations of Interest</u></p> <p><u>Seán Woodward</u> Item 3 - Stubbington Bypass update (for noting only) Item 3 - Welborne and M27 Junction 10 update (for noting only) Item 4 - North Whiteley (for noting only) Item 4 – CETC (for noting only) Item 5 - Enterprise Zone</p> <p><u>Keith Mans</u> Item 3 - Stubbington Bypass update (for noting only) Item 3 - Welborne and M27 Junction 10 update (for noting only) Item 5 - Enterprise Zone</p> <p><u>Stuart Baker</u> Item 3 - Stubbington Bypass and M27 Junction 10 update (for noting only)</p> <p><u>Kevin George</u> Item 4 - Floating Bridge (for noting only)</p> <p><u>Lizzi Goodwin</u> Item 4 - Floating Bridge (for noting only)</p> <p><u>Steve Futter</u> Item 8 - RGF Project Legacy update (for noting only)</p> <p><u>Chris Ward</u> Item 4 - Floating Bridge (It was noted that James Fitzgerald was representing Portsmouth City Council as the Accountable Body for Solent LEP)</p>	Executive
3.	<p>Local Growth Deal Retained Schemes Update</p> <p>FFPMG took the update on the legacy programmes as read.</p> <p><u>M27 Junction 10 (Welborne)</u> Seán Woodward declared his interest in this item. It was noted that the second meeting of the M27 Junction 10 Steering Group had taken place on 7th August 2018.</p> <p>FFPMG noted the update.</p> <p>Following discussions on the development of the LGD Capital programme and DfT LGD Retained scheme funding, FFPMG agreed that a letter be sent to Government seeking flexibility on the LGD Retained Fund to support this scheme going forward.</p>	Executive

	<p>In addition it was agreed that an update on funding to support the development phase of the scheme should be provided at the next board meeting</p> <p><u>Stubbington Bypass</u> FFPMG members were provided with an update on the scheme.</p> <p>It was agreed that DfT be invited to attend the next Board meeting along with Hampshire County Council to provide an update on the scheme.</p>	<p>HCC and Solent LEP Executive</p>
<p>4.</p>	<p>Local Growth Deal Update</p> <p>The paper was taken as read.</p> <p><u>Floating Bridge</u> FFPMG asked that it be recorded that the initial business case had been submitted on the 10th September 2018 and it was noted that a further update was expected and that due diligence would be undertaken ahead of the Board meeting in October</p> <p>FFPMG noted the update in relation to the Floating Bridge project.</p> <p><u>North Whiteley</u></p> <p>FFPMG noted the update in relation to the North Whiteley Transport Improvements Project.</p> <p><u>Natural Enterprise (Solent Growth Fund delivery partner)</u></p> <p>FFPMG members:</p> <ul style="list-style-type: none"> • Noted the update in relation to the Natural Enterprise Project, • Considered the assurance review and subsequent release of the agreed £250,000 LGD funding for 2018/19: and • Considered an indicative funding allocation for 2019/20 commencing on 1 April 2019. <p><u>Solent Growth Fund - Capital Investment Fund</u></p> <p>FFPMG members:</p> <ul style="list-style-type: none"> • Noted the update in relation to the seven SME projects within the Solent Growth Fund - Capital Investment Fund; and • Considered the officer assessment, due diligence report and completed due diligence activities summary for Solab seeking funding support of £111,090 and agreed a final funding decision; and • Considered the update on an SME business application seeking funding support of £150,514 and agreed that it should proceed to due diligence; and • Considered and agreed the recommendation that the CIF projects from the remaining five SMEs are taken forward under the guidelines for the new funding call. 	<p>Executive and LEP Accountable Body</p>

	<p><u>Local Growth Deal Capital Programme Update 2018/19</u></p> <p>FFPMG noted the update in relation to the Local Growth Deal 2018/19 capital programme.</p>	
5.	<p>Update on Enterprise Zone</p> <p>Sean Woodward declared an interest in this item and withdrew from the meeting completely .</p> <p>Keith Mans declared an interest in this item and withdrew from the meeting for this item.</p> <p>Cushman & Wakefield provided a short presentation to FFPMG.</p> <p>FFPMG members:</p> <ul style="list-style-type: none"> • Noted the progress in delivering the Solent Enterprise Zone (EZ); • Noted the draft Cushman and Wakefield Report; • Noted the updated forecast estimates of business rate income generated by the EZ which accrues to Solent LEP; • Noted the cost and benefit (and likelihood of presenting a case to HMT) of extending the business rate relief for a further period to 31 March 2021; • Noted what other incentives might be available that would have a similar or greater effect in encouraging regeneration of the Solent Enterprise Zone; • Considered the option of utilizing retained rates on the EZ to support wider investment priorities in the Solent area; and • Agreed the proposal to share the report with both rating authorities for comment, with a view to bringing the final report to the LEP Board at the October 2018 meeting. • Agreed to seek a standard MoU document from Cushman & Wakefield based on examples at other Enterprise Zones in order to inform discussions with Solent EZ rating authorities. 	Executive
6a.	<p>Finance Update</p> <p>Keith Mans returned to the meeting.</p> <p>FFPMG were provided with an update on the financial position of all LEP funds to 31 July 2018.</p> <p>FFPMG members Endorsed the revised budget for 2018/19 of £43,872,240 and the revised budget for the period 2019/20 to 2021/22 and recommended it for approval by the LEP Board on 19th October 2018 which included the following:</p> <ul style="list-style-type: none"> - The latest position of the Local Growth Deal Fund for the current financial year noting the challenges around future delivery; - The re-profiling and budget movements <p>FFPMG also noted the following -</p> <ul style="list-style-type: none"> - the Corporate and Strategic Risk Register; - the current position of the Growing Places Fund; - the latest forecast position on the Local Growth Deal programme particularly in light of the key risks identified; and - the high level LGD Risk Matrix for the Local Growth Programme 	

6b.	<p>Risk Management FFPMG considered the current risk management processes undertaken by the Solent LEP and were advised of the current position which the LEP Executive and Accountable Body were proposing to adopt in order to further strengthen the management of risk. It was agreed that it would be further updated prior to coming to the LEP Board in October.</p> <p>FFPMG members noted the proposal to improve the risk management process and agreed to development a framework for intervention and self assessment narrative to manage projects.</p> <p>FFPMG further agreed to develop a self assessment of the LEP's performance against Governance criteria for consideration at the next FFPMG meeting.</p>	<p>Executive</p> <p>Executive</p>
7.	<p>Annual Audit Lizzi Goodwin, Internal Audit, PCC, provided FFPMG with a schedule of proposed audit activity. It was advised that the audit was due to be completed by the end of March 2019.</p> <p>FFPMG approved the proposed 2018-19 annual audit plan, subject to the addition of including a review of purchasing card use by LEP staff (in line with best practice in place in the private sector).</p>	
8.	<p>Any other Business CIPFA Guidance: FFPMG members were advised that the S151 Officer Guidance had been circulated and would be enshrined into the LEP Assurance Framework where it would be sign posted where the LEP were meeting the key principles.</p>	
8b.	<p>James Fitzgerald, Vicki Soris, Jeff Channing, Sophie Mallon, Steve Futter and Stuart Baker left the meeting.</p> <p>FFPMG Members considered a confidential update in relation to a Regional Growth Fund Legacy Project.</p>	

Meeting closed at 11:25

09.11.2018

Item 3

Local Growth Deal Retained Schemes Update

Item Number: 3
Item Title: Retained Schemes Update
Meeting Date: 9 November 2018
Purpose: For Information and comment

Confidential information has been removed from this report.

Information defined as exempt in Part 1 of Schedule 12A to the Local Government Act 1972 has been removed from this report including:

- information relating to an individual, and;
- information relating to the financial or business affairs of any particular person (including the authority holding that information)

1. Draft Resolution:

Board members are asked to:

- **Note** the update in relation to M27 Junction 10; and
- **Note** and provide comment on the draft Strategic Case for M27 Junction 10; and
- **Note** the update in relation to Stubbington Bypass.

2. Overview

This paper updates FFPMG members on the following matters:

- M27 Junction 10;
- Stubbington Bypass.

3. Retained Schemes Update

M27 Junction 10

At the LEP Board meeting on 19 October, a short presentation was provided by the scheme promoter, Hampshire County Council (HCC), to update on the development of the business case for M27 J10. A key area of work in recent months has been engagement with the Department for Transport (DfT) and Highways England to consider options to develop the Smart Motorways and M27 J10 schemes in an optimum and coordinated way.

HCC also provided an update on the development of the business case and programme required to achieve spend of the LGD funding by 31st March 2021.

Finally, HCC has also provided a draft strategic case of the Full Business Case, and this is provided at Annex A for information and comment.

Stubbington Bypass

HCC and DfT attended the LEP Board meeting on 19 October 2018, with HCC providing an update on scheme progress and the development of the business case, whilst DfT provided an update on the Public Inquiry that they have called in response to objections.

DfT explained why they have decided to call the Inquiry, the timelines associated with this, and the implications on the timeline for delivery.

The DfT process for full approval of the business case cannot commence until the Compulsory Purchase Order (CPO) Inquiry process has concluded, which means that the project has slipped by six months. This increases the risk on the ability to spend LGD funding within the period to 31 March 2021, with construction programmed to commence August 2019, leaving 19 months to spend the LGD funding in advance of the 31st March 2021 deadline.

Recognising the impact of the Inquiry process on commencement of construction and given that DfT, themselves had called the Inquiry, DfT were asked by Board members if there was flexibility around the deadline to spend the LGD funding. It was stated by DfT that flexibility across funding windows had been given in the past and any "tail" of a capital programme from one spending period, has historically been provided for in a new spending period. However, DfT were clear that no guarantee could be provided in this regard at this time.

Further updates on both schemes will be provided at the next LEP Board meeting.

Annex A – Draft Strategic case overview M27 Junction 10 infrastructure to support Welborne development

A confidential report will be considered at the meeting

09.11.2018

Item 4

Local Growth Deal Programme Update

Item Number: 4
Item Title: Local Growth Deal Update
Meeting Date: 9 November 2018
Purpose: For Information and Decision

Confidential information has been removed from this report.

Information defined as exempt in Part 1 of Schedule 12A to the Local Government Act 1972 has been removed from this report including:

- information relating to an individual, and;
- information relating to the financial or business affairs of any particular person (including the authority holding that information)

1. Draft Resolution:

FFPMG members are asked to:

- **Note** the updates in this report; and
- **Provide Advice** to the LEP Board on the independent due diligence reports in relation to both the Floating Bridge and North Whiteley schemes; and
- **Consider** the request for a contract variation from the University of Southampton in relation to the Z21 programme; and
- **Note** the Financial Commentary in relation to the Local Growth Deal programme, and the specific risk around the potential returning of unspent LGD funds to Government

2. Overview

This paper provides updates to FFPMG members on the following matters:

- Consideration of Local Growth Deal programme 2015/16 to 2020/21;
- Financial Commentary in relation to the Local Growth Deal programme;
- Solent Prosperity Fund;
- Small Business Programme (ERDF and RGF Legacy programmes);
- Careers Enterprise Company and Careers Hub;
- Solent Growth Hub;
- Centenary Quay project;
- Risk Management.

3. Consideration of Local Growth Deal programme 2015/16 to 2020/21

Local Growth Deal 2016/17 legacy project - Floating Bridge (FB6)

Isle of Wight Council (IWC) have submitted the final version of their updated business case and the business case has undergone independent due diligence and the summary for the report is attached at Annex A in order for FFPMG to provide advice to inform further consideration by the LEP Board at its meeting on 14 December 2018.

The public consultation on the business case closes on 28 December 2018 and an update on this will be provided at the meeting

Local Growth Deal 2016/17 legacy project - Z21

The University of Southampton (UoS) received £0.5m of Local Growth Deal funding in advance in 2016/17 to establish a new funding programme to support web-related research projects and early stage commercial initiatives that can be accelerated towards commercialisation and angel funding. UoS are requesting FFPMG approval for a contract variation to extend the closing date for applications to the programme to 31 March 2020, and with this in mind, a detailed update report from UoS is attached at Annex B.

Local Growth Deal capital programme update - 2018/19

Work is ongoing to deliver the LGD 2018/19 capital programme and Table 1a below illustrates the current financial position and commitments relating to those projects either approved or under negotiation for 2018/19. A key change includes the removal of the £2.5m allocation under the Innovation Programme Fund to Saab SeaEye, who have formally withdrawn their application due to scheme slippage. They may consider re-applying under the Solent Prosperity Fund at a later date.

Table 1a: LGD Capital projects continuing / commencing expenditure in 2018/19

Solent Prosperity Fund - SME support (2018/19)	£1,500,000
SME Support - Programme Management Costs	£120,850
LGD matched funding towards the ERDF grants programme	£426,190
Local Growth Deal Programme Management	£368,282
Innovation Programme Fund (2018/19) - Programme Management Costs	£40,456
Local Large Major transport schemes (Solent Metro)	£660,503
Solent Development Fund	£223,500
<i>National Maritime Systems Centre (note 1)</i>	<i>£3,320,666</i>
Southampton Solent University - Warsash School of Maritime Science and Engineering	£5,164,000
Sub Total	£11,824,447
Under negotiation / due diligence with scheme promoters	
Fareham College - Civil Engineering Training Centre	£2,833,000
Stubbington Bypass (further advance)	£3,500,000
<i>North Whiteley (note 1)</i>	<i>£14,000,000</i>
Sub Total	£20,333,000
New Funding Call Solent Prosperity Fund - available funding	
Unallocated Funding	£1,350,000
Sub Total	£1,350,000
Total Programme Allocation (a)	£33,507,447
Solent Growth Deal Award 2018/19 (b)	£10,817,860
Carry Forward from LGD 2017/18 (c)	£22,380,284
Total LGD Capital Programme Funding 2018/19 (d) = (b) + (c)	£33,198,144
Cumulative Over programmed expenditure to 31 March 2019 (e) = (d) - (a)	(£309,303)

Note 1: The projects in italics include funding allocations for future years

On this basis, the approved capital programme, in respect of open funding calls and projects under negotiation or at funding agreement stage, is £33,507,447, which is an over allocation of £309,303 against the total funding available for allocation in 2018/19 of £33,198,144.

Board members should note however that the latest position shows that the forecast defrayal of funding approved in the current year will be lower as shown in Table 1b below. This forecast expenditure is currently

expected to be £19,980,680 which is 60% of the total funding available to spend in 2018/19. It should be noted however that some of the schemes in the capital programme for 2018/19 will continue into 2019/20 and 2020/21.

Table 1b: Forecast LGD Capital programme expenditure against the 2018/19 allocation

Solent Prosperity Fund - SME support (2018/19)	£1,500,000
SME Support - Programme Management Costs	£120,850
LGD matched funding towards the ERDF grants programme	£426,190
Local Growth Deal Programme Management	£368,282
Innovation programme Fund (2018/19) - Programme Management Costs	£40,456
Local Large Major transport schemes (Solent Metro)	£660,503
Solent Development Fund	£223,500
National Maritime Systems Centre	£2,570,666
Southampton Solent University - Warsash School of Maritime Science and Engineering	£5,164,000
Sub Total	£11,074,447
Under negotiation / due diligence with scheme promoters	
Fareham College - Civil Engineering Training Centre	£2,833,000
Stubbington Bypass (further advance)	£3,500,000
North Whiteley	£1,223,233
Sub Total	£7,556,233
New Funding Call - available funding	
Unallocated Funding	£1,350,000
Sub Total	£1,350,000
Total Programme Allocation (a)	£19,980,680
Solent Growth Deal Award 2018/19 (b)	£10,817,860
Carry Forward from LGD 2017/18 (c)	£22,380,284
Total LGD Capital Programme Funding 2018/19 (d) = (b) + (c)	£33,198,144
Cumulative Under programmed expenditure to 31 March 2019 (e) = (d) - (a)	£13,217,464

The current forecast for 2018/19 shows that the LGD allocation up to and including 31 March 2019 will be 88.8% against a cumulative budget of £118m (an under allocation of £13.2m). However, the proposed capital programme makes provision for all funds to be allocated to 31 March 2021.

The Board will be receiving updated forecasts as a mid-year review and it is anticipated that there will be further slippage in the programme as advised in this report. The risks around this slippage are set out in the financial commentary in paragraph 4 below.

A high level summary of the LGD expenditure against allocations received from 2015/16 to date is set out in the table below:

Local Growth Deal Summary of Expenditure to 31 March 2019	Actual 2015/16 (£)	Actual 2016/17 (£)	Actual 2017/18 (£)	Forecast 2018/19 (£)	Total Cumulative Forecast to 31 March 2019 (£)	Percentage Cumulative Spend vs. Allocation to 31 March 2019
Expenditure	38,833,432	37,807,314	8,312,999	19,980,680	104,934,425	88.8%
Allocation	40,391,667	42,640,334	24,302,028	10,817,860	118,151,889	
Over / (Under) Allocation	(1,558,235)	(4,833,020)	(15,989,029)	9,162,820	(13,217,464)	

FFPMG members may wish to refer to Annex C which monitors the risk associated with the Local Growth Programme and DfT Retained Scheme projects. Specific project issues reported by exception, for FFPMG members to be aware of are as follows:

Fareham College - Civil Engineering Training Centre (CETC)

The College has responded to all required pre-conditions with the exception of planning consent which is due for determination on 9 November 2018. The funding agreement is close to being finalised with a claim for the first tranche of £2,408,050 LGD funding expected to be received and paid by the end of November 2018

North Whiteley

The independent due diligence has now been completed and the report summary is attached in Annex D. FFPMG are asked to consider the due diligence report at the meeting and provide advice to the LEP Board to consider at its meeting on 14 December 2018.

A publishable version of the business case is currently open for consultation, which commenced on 10 September 2018 and closes on 5 November 2018 and an update will be provided at the meeting.

Natural Enterprise (Solent Growth Fund delivery partner)

Following consideration of this programme at the FFPMG meeting in September 2018, the next tranche of £0.25m funding for 2018/19 has now been paid to Natural Enterprise. Work is underway to organise a series of visits to funded projects to be undertaken by the LEP SME Ambassador Brian Johnson, in order to further promote the re-launch of the Fund. In addition, a meeting is being scheduled between the LEP Executive and Natural Enterprise in order to review the strength of the project pipeline and consider an in-principle indicative funding allocation for 2019/20 and 2020/21.

QinetiQ - National Maritime Systems Centre + Innovation and Collaboration Hub

QinetiQ secured a £5m LGD contribution to establish an Innovation and Collaboration Hub (ICH) as part of their £23m redevelopment of the National Maritime Systems Centre (NMSC) on Portsdown Hill. The ICH will increase capacity for growth, lower barriers to entry and offer opportunity for Small and Medium Size Enterprises (SMEs) and foster greater collaboration and innovation across the UK maritime mission systems enterprise. The latest LGD monitoring return has indicated a requirement to submit a material amendment to the secured planning permission to include a reduction in height and length and the siting of the building. Notwithstanding this, significant works are progressing onsite and a site visit is scheduled for 2 November 2018, and a verbal update will be given at the FFPMG meeting.

4. Financial Commentary in relation to the Local Growth Deal programme

Full defrayal of the Local Growth Deal by the government deadline of 31 March 2021 remains the biggest financial risk facing the LEP and, whilst the LGD is fully allocated to projects and funding calls, there remain uncertainties around some projects.

The Board were advised at their meeting on 19 October that they need to seriously consider the status of projects in the current programme as at this point, there will only be 27 months left for the projects to incur the expenditure and this time period needs to include the completion of extensive due diligence, negotiation and execution of funding agreements, the receipt of eligible expenditure claims and the payment of grant, all of which take time.

5. Solent Prosperity Fund update

Following LEP Board approval, the Solent Prosperity Fund was launched on the 10 August 2018 in order to accelerate large capital projects with the potential to transform the Solent economy through co-investment of £0.5m to £14m alongside local partners across the Solent area.

As reported to the Board at their meeting on 19 October 2018, round one closed for applications on 28 September 2018 and, whilst no smaller SME applications were received, five large project applications were received.

The submitted applications are currently being assessed and the outcome of this will be considered by the Large Project Advisory Panel (LPAP) on 21 November 2018, following receipt of the independent draft assessment

report. The LEP Board will then be invited at its December meeting to consider the due diligence report alongside the advice of LPAP.

FFPMG members should note that round two of the Solent Prosperity Fund will close on 2 November 2018, and a verbal update on the position will be reported at the meeting. To support round two, a Webinar was held on 18 October to provide a summary of the Fund and an opportunity for questions to be asked and answered. In addition, the Executive has worked with AECOM to provide potential applicants with an audio visual guide to developing successful business cases. This is available here:

<https://view.knowledgevision.com/presentation/f3da0cf86a8c4ea5a5f67139d5ed2db2>

6. Small Business Programme (ERDF funded and RGF Legacy programmes)

Further to the update provided at the September FFPMG meeting in relation to the ERDF funded Small Business Programme (SBP). A follow up discussion has taken place between the managing authority, the Ministry of Housing, Communities and Local Government (MHCLG), and the LEP in relation to the profile of expenditure and outputs on the original funding agreement. The LEP and Accountable Body have confirmed that they want to agree a variation to the ERDF funding agreement with the Managing Authority before the end of 2018 to re-profile the programme and agree a project change with MHCLG and an update will be provided at the meeting.

In relation to the RGF legacy programme report provided to FFPMG in September 2018, there will be a further progress update provided at the meeting.

7. Careers Enterprise Company and Careers Hub

The Solent LEP has been working with the Careers and Enterprise Company (CEC) to support employer engagement in schools since 2015 and, earlier this year, successfully secured additional funding to develop a pilot Careers Hub covering Solent East (Portsmouth, Havant, Gosport and Fareham). Across the Solent, the LEP has 35 employers engaged on the scheme, and 41 Enterprise Advisers actively matched with schools.

The initiative is co-funded by the CEC, with up to £165,000 per academic year available for staffing costs and, following the decision to bring the service in-house, the LEP have successfully recruited two new Enterprise Coordinators and a Careers Hub Lead to work alongside our existing Local Growth Project Officer (Employment and Skills). As a result, the LEP is now resourced to move the project forward at pace and, in order to support this activity, the LEP expects to recruit up to two new degree apprentices to work across the CEC and Growth Hub work streams.

The programme of activity directly responds to the government's Careers Strategy, published in December 2017, as well as advice from the Solent business community that young people should have better sight of the range of careers that they can have in the local economy. To support delivery, the LEP is forming a high-level advisory panel, which will report into the LEP's Employment and Skills Board, along with an inclusive partnership forum to bring all key stakeholders together to shape and share best practice and avoid duplication of activity. Key work streams include the creation of user friendly Labour Market Intelligence (LMI) aimed at young people, schools and parents and CPD to help teachers be better informed about the Solent economy and its skills needs. The LMI will also provide an enriched skills evidence base to support the development of the Local Industrial Strategy.

8. Solent Growth Hub

2018/19 is an important transition year for the Solent Growth Hub. In response to key stakeholder feedback, including BEIS (as part of the co-design meeting process) and the local business community (through a business engagement review led by the LEPs SME Ambassador), the Solent LEP has moved from a largely outsourced delivery model, to a hybrid model with the core Growth Hub serviced embedded directly within the LEP team.

As from 1 September 2018, Solent Growth Hub staff have transferred to the Solent LEP team through a TUPE process and all assets (including service critical assets such as contact data base, telephone service, email accounts and website) have been transferred to the Solent LEP. This first phase of the transition process has been undertaken successfully, with no break in service provision for SME users contacting the Growth Hub. This has been a key milestone and represents a significant change during Q1 and Q2 of 2018/19.

Q3 and Q4 of 2018/19 will see the LEP enter phase two of the transition; focussed on enhancing the service provision for local businesses, further embedding the Hub as a core element of the Solent LEPs business support service and targeting additional support towards those businesses in the Solent with the greatest potential to grow.

In relation to both progress to date and future Growth Hub activity, it is important to recognise that the Solent LEP is significantly constrained by the very limited funding being made available by BEIS to support businesses in the Solent area and, as reported at previous Board meetings, the Solent continues to receive the lowest level of funding per business of any other Growth Hub area nationally. In relation to this position, and as agreed by the Board, the Solent LEP Chairman formally wrote to BEIS in May and a formal response from HM Government has still not been received.

9. Infrastructure to Support House Building Fund - Centenary Quay Phase 4

Further to updates provided at FFPMG at their meeting in September and the LEP Board meeting on 19 October 2018 FFPMG should note that PCC Internal Audit have completed their work on this scheme and the outcome of this is reported under item 7 of the agenda for the meeting.

10. Risk Management and Operational Case Conference Report

Following consideration by FFPMG in September 2018, and subsequent approval by the LEP Board at their meeting on 19 October 2018, the LEP Executive are working to integrate the refined risk management framework into the day to day project and performance activities of the wider LEP team.

This further strengthens the corporate approach to risk management across the organisation.

The Local Growth Programme and DfT Retained Scheme Risk Matrix (see Annex C) has been expanded to include the Solent Growth Hub, Careers Enterprise Company and Careers Hub activity, and will be further expanded to include additional areas of activity as they come on stream.

Annex A - Floating Bridge Independent Due Diligence
A Confidential report will be considered at the meeting

Annex B – University of Southampton Progress update for Z21
A confidential report will be considered at the meeting

Annex C – Risk Management Status update
A confidential report will be considered at the meeting

Annex D – North Whiteley Independent Due Diligence
A confidential report will be considered at the meeting

09.11.2018

Item 5

LEP Assurance Framework Update

Item 5

Title: LEP Assurance framework update to include consideration of terms of reference of FFPMG

Date: 9th November 2018

Purpose: For Information and Decision

1. Draft Resolution:

FFPMG members are asked to:

- **Note** the update in relation to the work on the LEP Assurance framework; and
- **Note** the work on the LEP self-assessment and provide further advice in order that it can be finalised for the Board meeting in December; and
- **Consider** and **Agree** the revised Terms of reference for FFPMG

2. Overview

The Solent LEP has, for a number of years, established a process of reviewing and updating its local Assurance Framework on an annual basis to ensure continued best practice in relation to governance and management with a view to ensuring the significant public funds entrusted to the LEP can be spent with regularity and propriety in a transparent and accountable manner that always ensures best value for public money.

Following publication of a number of key publications, the Solent LEPs 2018 review will need to consider a number of significant updates to its Assurance Framework during the annual review of the document to ensure continued compliance with the policy requirements of:

- Strengthened Local Enterprise Partnerships (available here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728058/Strengthened_Local_Enterprise_Partnerships.pdf),
- CIPFA Principles for section 151 officers in accountable bodies working with local enterprise partnerships (available here: <https://www.lepnetwork.net/media/1813/principles-for-section-151-officers-and-leps.pdf>),
- The updated National Assurance Framework for LEPs (not currently published), and;
- Guidance in relation to the formation of Skills Advisory Panels (not currently published)

In relation to 3 and 4 above, final guidance is expected later in 2018 and as a result and in order to avoid the need for multiple Board reviews, a draft Assurance Framework update will be prepared for the Board consideration following receipt of all relevant Government national guidance documentation.

In addition to requirements to consider the Assurance Framework in light of national policy changes, LEP Board Members may also wish to consider the amending the Framework in relation to emerging local priorities, including;

- a. Feedback from the LEP Chairman's review of Local Authority Engagement with the Solent LEP (due to report to the LEP Board at the strategy session in December 2018). A Local Authority

- Review group has been established held their first meeting on 30 October. An update on this work will come forward at the meeting, and;
- b. Emerging strategic priorities developed as part of the ongoing development and consultation on an updated economic evidence base and Local Industrial Strategy for the Solent area, and;
 - c. The emerging self-assessment that we are undertaking in preparation for the Annual Conversation this year and as part of our commitment to continuous improvement. A draft self-assessment framework has been developed and is included in Annex A.

Whilst it is recognised that the National Assurance Framework is currently being updated by HM Government, under the requirements of the current Framework (available here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/567528/161109_LEP_Assurance_Framework.pdf) there is a requirement for the LEP Board and Section 151 Officer of the accountable body to sign off any revisions to the local assurance framework. It is not anticipated that this requirement will change. As a result, FFPMG are asked to:

- **provide feedback** to the Executive on an interim update to the National Assurance Framework to help inform the preparation of a revised draft for the consideration of the LEP Board, following the publication of all relevant national policy as set out in Annex B; and
- **consider and agree** an updated Terms of Reference for FFPMG set out in Annex C which incorporates key amends linked to the above national policy updates, and;
- **provide guidance** on the process to undertake a wider governance review in response to emerging local priorities, including proposals to establish a steering group consisting of representatives of all current LEP advisory panels and accountable body, led by the LEP Assurance Champion. An initial outline of proposals is set out in Annex D

Annex A – Draft Self-assessment framework
A confidential report will be considered at the meeting

**Annex B – Interim update to the Solent LEP Assurance Framework
A Confidential report will be considered at the meeting**

Annex C – FFPMG Revised Terms of Reference
A confidential report will be considered at the meeting

Annex D – Wider governance review
A confidential report will be considered at the meeting

09.11.2018

Item 6

**Draft Annual Report 2018 and Draft Annual
Business Plan 2019/20**

Item Number: 6
Item Title: Draft Annual Report 2018 and Update on Annual Business Plan 2019/20
Meeting Date: 9 November 2018
Purpose: For Information and comment

1. Draft Resolution:

Board members will be asked to:

- **Consider** an early draft of an Annual Report (2018) for the Solent LEP; and
- **Note** the guidance and proposed approach to developing a 2019/20 Solent LEP Business Plan.

2. Overview

This paper will provide an update to FFPMG members on the following matters:

- The Solent LEP 2018 Annual Report; and
- The Solent LEP 2019/20 Business Plan

On 24th July 2018, HM Government published new proposals for Local Enterprise Partnerships (LEPs) to supercharge economic growth and drive forward investment in local businesses across the country. The publication of the '[Strengthened Local Enterprise Partnerships](#)' review sees government delivering on its promise in the [Industrial Strategy white paper](#) to bring forward reforms to the leadership, governance and accountability of the 38 LEPs charged with kick-starting economic growth and creating jobs in their regions.

The review proposes a number of changes to boost the performance of LEPs, increase their diversity and ensure they're operating in an open and transparent way. Key areas of the review relate to:

- Roles and responsibilities
- Leadership and organisational capacity
- Accountability and performance
- Geography

At the board meeting in October the board supported work in progress to publish an annual delivery plan and end of year report to assess the impact of their strategies and investment. We currently publish an annual report and work will be undertaken to augment this with the annual delivery plan. The initial draft annual report (2018) will be considered by FFPMG at their meeting in November 2018 and there will be a presentation on work in relation to the draft annual delivery plan (2019/20). Further to the advice received by FFPMG final drafts will come to the board in December 2018 and February 2019 respectively.

3. Annual Report

An early draft of the Solent LEP 2018 Annual Report is attached in Annex A for consideration and comment. In terms of format, the Annual report will draw on the structure agreed for the 2017 version, available here:

<https://solentlep.org.uk/media/2274/solent-lep-annual-review.pdf>.

FFPMG members should note that all output and financial figures within the early draft report will be updated to reflect the final year-end position.

4. 2019/20 Business Plan

[Strengthened Local Enterprise Partnership](#), published in July 2018, set out a range of requirements of LEPs, including a requirement for each LEP to develop and publish an Annual Delivery Plan (Business Plan) by 1st April 2019. The presentation will update on the limited guidance on the development of a Business Plan, as set out in the Strengthened Local Enterprise Partnership publication, as well as initial work that is in train to fulfil this obligation.

Annex A – Draft Annual report 2018

A confidential report will be considered at the meeting

09.11.2018

Item 7

Internal Audit 2018/19 Update



Item: 7
Title: Internal Audit Update
Date: 9th November 2018
Purpose: For information

Confidential information has been removed from this report.

Information defined as exempt in Part 1 of Schedule 12A to the Local Government Act 1972 has been removed from this report including:

- information relating to an individual, and;
- information relating to the financial or business affairs of any particular person (including the authority holding that information)

Draft Resolution:

FFPMG is asked to:

- **Note** the progress against plan for Internal Audit activities and
- **Consider** the PCC Internal Audit Grant Process report for Centenary Quay as set out in Annex A.

1. Background

There is no legal requirement for the Solent LEP to procure internal auditing services, however as the accountable body Portsmouth City Council, is required to 'undertake an effective internal audit to value the effectiveness of its risk management, control and governance processes' in accordance with the Accounts and Audit Regulations 2015 Section 5. Solent LEP and PCC signed a Service Level Agreement for the provision of Internal Audit Services for a period of 3 years commencing in 2017/18.

2. Purpose of report

This report is to inform the FFPMG of the status of the agreed audits and to give a summary of the Centenary Quay Grant Process review (Annex A) and the two grant verifications.

3. Reporting on progress to plan:

Two grants, Local Growth Deal & Centenary Quay, have been signed off as verified against the relevant grant terms and conditions. In addition to these an audit was carried out on the processes in place for the administration of the Centenary Quay Grant, which are not part of the conditions attached. Progress has been made against the agreed plan which was approved in the September 2018 meeting. Future updates will be provided as and when completion of the plan is made.

The audit plan agreed for 2018/19 and its status is as follows;

Activity	No. of days	Comments for proposed	Status
Governance & Decision Making Framework	10	Part of Assurance Framework already in place & regularly reported, review to consider the compliance with these requirements.	Scheduled quarter 3/4
Risk Management	5	Review carried out in 2017-18, follow up required of exceptions raised. This work will also include an assessment of the new framework and specifically intervention arrangements when projects deviate from agreed plans.	Scheduled quarter 4
IT Infrastructure	2	Review carried out during 2017-18, follow up audit required to assess implementation of agreed actions to address risk exposure.	Scheduled quarter 4
Ethical Framework, (including code of conduct, gifts & hospitality and declarations of interest).	5	Review to include an assessment of the arrangements (recording, reporting and transparency) in place.	Scheduled quarter 3/4
Compliance with FOI & GDPR requirements	5	FOI submissions facilitated by PCC under SLA. Review of include assessment of GDPR arrangements in place.	Scheduled quarter 4
Recruitment & retention of staff	10	Review to include an assessment of the arrangements in place covering both staff and board members.	Scheduled quarter 4
Local Growth Deal grant sign off	5	Grant verification annual sign off.	Completed; Grant signed off
Centenary Quay Grant	5	Grant Verification & progress review.	Completed; Process review completed Completed; Grant signed off
Foundations for Growth Capital Grant (Enterprise Zone)	5	Grant Verification	Scheduled quarter 3
Funding Contracts	2	Review to include an assessment of the arrangements in place to hold and allow access to funding contracts.	Scheduled quarter 4
Purchase Cards	2	Review to include an assessment on compliance with Financial Rules.	In Progress
Investigations	14	Scope to be determined as and when required.	Ad hoc as required
Contingency	10	Scope to be determined as and when required.	Ad hoc as required
	80		

4. Summary of the Grant Process audit findings:

This audit looked at the process followed by the LEP for the Centenary Grant award.

A copy of the full report is attached for information.

5. Summary

Progress has been made on the 2018/19 audit plan. It is anticipated that all fieldwork will be completed by the end of March 2019, with reporting completed by June 2019.

FFPMG members are asked to;

- **Note** the progress against plan for Internal Audit activities and
- **Consider** the PCC Internal Audit Grant Process report for Centenary Quay as set out in Annex A.

Annex A – Centenary Quay Grant process

A confidential report will be considered at the meeting

09.11.2018

Item 8

Any Other Business