

AGENDA

Solent Local Enterprise Partnership
Meeting of the Finance, Funding and Performance Management Group (FFPMG) to be held on
Wednesday 26 June 2019

Item	Title	Time
1.	Introductions and apologies for absence	08:00 – 08:15
2.	Notes of the previous meeting of 3 rd April 2019, matters arising and declarations of interest	
3.	Solent Prosperity Fund to include: <ul style="list-style-type: none"> • Update on Round 5 • Update on revised technical guidance 	08:15 – 09:00
4.	Finance, Local Growth Deal and Retained Schemes update to include: <ul style="list-style-type: none"> • Local Growth Legacy schemes - Enterprise Zone update • IOW Floating bridge Scheme update • LGD Capital Programmes 2019/20 • Retained schemes to include update on Stubbington Bypass and proposed upgrade to M27 Junction 10 	09:00 – 10:30
5.	Internal Annual Audit Report 2018/19	10:30 – 10:45
6.	Any Other Business	10:45 – 11:00

26.06.2019

Item 2

**Notes of previous FFPMG meeting held on
3 April 2019**

Solent Local Enterprise Partnership

Funding, Finance Performance Management Group (FFPMG)

Held on Wednesday 3 April 2019 in the Small Conference meeting room, Fareham College

8:30 am to 11.00 am

Present	In Attendance
Stuart Hill (Chair)	Stuart Baker
Anne-Marie Mountifield	Steve Futter
Seán Woodward	Vicki Soris
Keith Mans	Nicola Twiddy
SJ Hunt	Sophie Mallon
Brian Johnson	Lloyd Clark - (Item 4 only)
Gerald Vernon-Jackson	
Lizzi Goodwin	
James Fitzgerald (deputising for Chris Ward)	
	Guests
Apologies	Keith Wilcox - Hampshire County Council
Chris Ward	Andy Tiffin - Hampshire County Council
	Jon Ryder - Hampshire County Council

Item		Action
1.	<p>Introductions and apologies for absence</p> <p>The Chairman welcomed everyone to the meeting.</p> <p>Apologies for absence were received from Chris Ward.</p>	
2.	<p>Notes of the meeting held on 25 January 2019 and extraordinary meeting on 15 February 2019, matters arising and declarations of interest</p> <p>The meeting notes from the meeting on 25 January 2019 and extraordinary meeting on 15 February 2019 were agreed by FFPMG and signed by the Chair.</p> <p><u>Matters Arising</u></p> <p><u>Annual Performance Review (APR) - (page 2 item 2)</u> Following the Annual Performance Review where the LEP had received a good rating in all categories.</p> <p>Keith Mans arrived for the meeting.</p> <p>There was a recognition that performance continues to be strong in the areas of governance, delivery and strategy and there was a discussion about allocating board leads to these areas with the ambition of securing an exceptional rating moving forward.</p>	

	<p><u>Draft Annual Business Plan 2019/20 (page 3, item 7)</u> It was noted that the draft Annual Business Plan for 2019/20 was being finalised and would be published shortly.</p> <p><u>Local Growth Deal update (page 4, item 4)</u> Following FFPMG's recommendation at the last meeting to approve a contract variation for the Z21 project, FFPMG noted that the contract variation was due to be issued.</p> <p>Following FFPMG's recommendation at the last meeting to approve funding to Esprit Electronics Ltd, FFPMG noted that the funding agreement was due to be signed.</p> <p><u>Declarations of Interest</u></p> <p><u>Seán Woodward</u> Item 3 - CETC (for noting only) Item 3 - EZ retained Rates updates Item 3 - North Whiteley (for noting only) Item 3 - Stubbington Bypass update (for noting only) Item 3 - M27 Junction 10 update Item 3 - Local Growth Deal Legacy Programme (for noting only) Item 4 - Solent Prosperity Fund update</p> <p><u>Keith Mans</u> Item 3 - Stubbington Bypass update (for noting only) Item 3 - EZ retained Rates updates Item 3 - M27 Junction 10 update (for noting only) Item 3 - Local Growth Deal Legacy Programme (for noting only) Item 4 - Solent Prosperity Fund update</p> <p><u>Gerald Vernon-Jackson</u> Item 4 - Solent Prosperity Fund update</p> <p><u>Chris Ward whilst not present at the meeting asked for the following interests to be declared</u> Item 3 - EZ retained Rates updates Item 3 - Floating Bridge update Item 4 - Solent Prosperity Fund update</p> <p><u>James Fitzgerald</u> Item 4 - Solent Prosperity Fund update</p> <p><u>Sophie Mallon</u> Item 4 - Solent Prosperity Fund update</p> <p>Noting the interests in item 3 and 4 the Chairman asked FFPMG Members to agree to reschedule agenda items at the meeting and this was agreed.</p>	Executive
5.	<p><u>Internal Audit 2018/2019 update and outline plan for 2019/20</u></p> <p>FFPMG members:</p> <ul style="list-style-type: none"> • Noted the progress against plan for Internal Audit activities and; • Considered the PCC internal Audit reports, Governance & Decision Making Framework, IT Infrastructure and Ethical Framework and; • Approved the proposed 2019-20 annual audit plan 	
3.	<p><u>Funding and Finance update</u></p> <p>FFPMG took the update on the legacy programmes as read.</p>	

4.	<p>Solent Prosperity Fund to include update on Round 4</p> <p>Gerald Vernon-Jackson declared an interest in this item. Prior to withdrawing from the meeting he highlighted two areas of any other business:</p> <ul style="list-style-type: none"> • Changes in the assessment of housing need and in government policy on housing generally needed to be considered in the context of the broader policy on housing and employment land given the importance of securing prime employment land to support high growth activity in the Solent; and • Clean growth and challenges associated with the delivery of clean air zones. <p>It was agreed that there were key issues that needed to be reflected in the emerging work on the Local Industrial Strategy and that it should be considered further at the Solent Leaders Forum</p> <p>Gerald Vernon-Jackson withdrew from the meeting.</p> <p>James Fitzgerald, and Sophie Mallon declared an interest in this item and left the meeting. Lloyd Clark joined the meeting representing the Accountable Body.</p> <p>FFPMG members:</p> <ul style="list-style-type: none"> • noted the update on the Large Project component of the Solent Prosperity Fund, following rounds one to four; and • noted and agreed the report 	Solent Leaders and LEP
6.	<p>Any other Business</p> <p>There was no other additional business</p>	

Meeting closed at 11:20

26.06.2019

Item 3

Solent Prosperity Fund update

Item Number: 3
Title: Solent Prosperity Fund Update
Date: 26 June 2019
Purpose: For information and note

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/or;
- relating to the financial or business affairs of a particular person.

1. Draft Resolution:

FFPMG members are asked to:

- **Note** the update provided in this report and provide **Advice** to the Executive on updating the Solent Prosperity Fund Large Project Technical Guidance.

2. Overview

This paper provides an update on the status of the Large Project component of the Solent Prosperity Fund (SPF), following the closure of rounds one to five. It covers the following areas:

- Update on the applications received under rounds one to four;
- Update on the two projects developing Full Business Cases in collaboration with the Solent LEP;
- Update on the applications received under round five; and
- Seeking advice from FFPMG on updating the Solent Prosperity Fund Large Project Technical Guidance.

3. Rounds One to Four

Across rounds one to four of the large project component of the SPF, the LEP received 18 applications. Table 1, below provides a high level summary of the SPF projects received across rounds one to four.

Table 1 - High Level Summary of SPF Large Projects applications received in Rounds One to Four

Funding Round Number	Project Type	Total Projects Cost (£m)	LEP Funding Request (£m)				3 rd Party Contribution (£)
			Grant	Loan	Equity	Total Request	
1	3 x Infrastructure 1 x Innovation 1 x Skills	£61.62	£24.4	£7.4	£1.0	£32.8	£28.65
2	2 x Skills 1 x Business Support	£25.57	£10.27	-	-	£10.27	£15.30
3	2 x Infrastructure 1 x Business Support	£150.71	£7.98	-	-	£7.98	£142.74

4*	1 x Infrastructure* 1 x Innovation 4 x Skills 1 x Business Support	£109.08	£30.27	£7.40	-	£37.67	£67.41
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* The Infrastructure project withdrew from the process shortly after application to round 4.

A further update on the progress of projects will be provided in a confidential annexe to follow under restricted circulation. At the time of writing work is concluding to finalise the independent analysis of Round Four applications, and this will also be shared subsequent to the initial issue of these papers.

4. Update on the two projects developing Full Business Cases in collaboration with the Solent LEP

Of the 11 applications received across rounds one to four, the Board has invited the Isle of Wight Council (in relation to the Innovation Wight project) and Portsmouth City Council (City Centre Roads phase 1) to work with the LEP to develop Full Business Cases. An update on progress in relation to both projects will be provided at the meeting.

5. Update on Round Five Applications

Round Five closed on 31 May 2019. Table 2 below provides a high level summary of the applications received.

Table 2 - High Level Summary of SPF Large Project applications received in Round Five

Number of Projects	Project Type	Total Project Cost (£m)	LEP Funding Request (£m)				3 rd Party Contribution (£m)
			Grant	Loan	Equity	Total Request	
4	2 x Infrastructure 1 x Innovation 1 x Skills	£19.16	£10.51	£0	£0	£10.51	£8.65

In accordance with the published process, the four round five applications will be considered by the Large Project Advisory Panel, and, at the time of drafting, are being independently assessed by consultants.

A high level review of projects received through round five is provided in confidential appendix A.

6. Solent Prosperity Fund Large Project Technical Guidance - Draft for Discussion

FFPMG will be aware that we have operated a two stage process for applications, whereby an initial application is by submission of an Outline Business Case. Eligible schemes that are supported by the LEP Board are invited to then develop a Full Business Case in partnership with the Solent LEP. Following an initial discussion with FFPMG at its last meeting, the fund was temporarily closed following the closure of Round 5 on 31 May 2019, pending an update to the guidance.

There will be a presentation at the meeting and following the discussion an updated Technical Guidance document will be drafted to reflect the advice of FFPMG and be presented to the Board at its 10 July 2019 meeting for agreement, with the updated Fund being launched shortly after with the next closing date for applications being at the end of September 2019.

7. Equality Impact Assessment

This is provided at appendix B, and it is considered that there are no negative impacts on groups identified in the EIA.

8. Legal Implications

- 8.1 There are no legal implications arising directly from the recommendations in this report.
- 8.2 The various amendments to the Technical Guidance in relation to this Fund which are recommended for consideration and discussion will help to manage the risk of not meeting the Fund's expenditure deadline of 31 March 2021.

9. S151 Officer of Finance Comments

All the financial information and associated implications are reflected in the body of the report and appendices. Taking into account the project updates set out above, there is still a risk that some of the funding allocated may not be defrayed within the required timescales. It therefore remains important that the FFPMG Members continue to help ensure that there is a strong pipeline in place including the consideration of lower value projects.

APPENDIX A

High Level Review of Round Five Solent Prosperity Fund Large Projects

A confidential report will be considered at the meeting.

APPENDIX B

Equality Impact Assessment Solent Prosperity Fund

Equality Impact Assessment

Preliminary assessment form 2018

The preliminary impact assessment is a quick and easy screening process. It should:

- ☐ identify those policies, projects, services, functions or strategies which require a full EIA by looking at:
 - ☐ negative, positive or no impact on any of the equality groups
 - ☐ How are going to mitigate or remove any potential negative impacts
 - ☐ opportunity to promote equality for the equality groups
 - ☐ data / feedback
- ☐ prioritise if and when a full EIA should be completed
- ☐ justify reasons for why a full EIA is not going to be completed

Directorate:

Solent LEP

Service, function:

Solent LEP

Title of policy, service, function, project or strategy (new or old) :

Solent Prosperity Fund - Large Project Component

Type of policy, service, function, project or strategy:

- ☒ Existing
- ☐ New / proposed
- ☐ Changed

Q1 - What is the aim of your policy, service, function, project or strategy?

The Solent area is an internationally recognised key economic hub comprising the Isle of Wight, the two cities of Portsmouth and Southampton, the New Forest and a constellation of large towns along the M27 corridor and the Solent waterway. Improving productivity and competitiveness in the Solent delivers wider benefits for the UK and requires targeted and sustained investment in both our businesses and our infrastructure. In response, the Solent LEP has established the Solent Prosperity Fund (SPF), with capital funding available between 2018/19 to 2021/22 for capital projects that support the Solent economy being fit for the future by helping businesses create better, higher-paying for all and investing in the skills, industries and infrastructure of the future and helping shape a prosperous Solent.

Q2 - Who is this policy, service, function, project or strategy going to benefit or have a detrimental effect on and how?

The programme fund aims to spread prosperity for all. It aims to encourage new public infrastructure and skills infrastructure projects which will have a public benefit for all, and also support commercial initiatives, which will support economic prosperity for all in the Solent and beyond.

Q3 - Thinking about each group below, does, or could the policy, service, function, project or strategy have a negative impact on members of the equality groups below?

Group	Negative	Positive / no impact	Unclear
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Note:Other excluded groups examples includes,Homeless, rough sleeper and unpaid carers. Many forms of exclusion are linked to financial disadvantage. How will this change affect people on low incomes, in financial crisis or living in areas of greater deprivation?

If the answer is "negative" or "unclear" consider doing a full EIA

If there are any potential negative impacts on any of the protected characteristics, What have you put in place to mitigate or remove the negative impacts/barriers?

N/A

Q4 - Does, or could the policy, service, function, project or strategy help to promote equality for members of the equality groups? e.g. A new service has been created for people with a disability to help them gain employment this would mean that this helps promote equality for the protected characteristic of disability only.

Group	Yes	No	Unclear
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy or maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other excluded groups	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the answer is "no" or "unclear" consider doing a full EIA

Q5 - Do you have any feedback data from the equality groups that influences, affects or shapes this policy, service, function, project or strategy?

Please add in the text boxes below what feedback / meetings you have attended for each specific protected characteristic

Group	Positive or negative feedback
Age	N/A
Disability	N/A
Race	N/A
Sex	N/A
Gender reassignment	N/A
Sexual orientation	N/A
Religion or belief	N/A
Pregnancy and maternity	N/A
Marriage & civil partnership	N/A
Other excluded groups	N/A

Q6 - Using the assessments in questions 3, 4 and 5 should a full assessment be carried out on this policy, service, function or strategy?

☐ yes ☒ No

PCC staff-If you have to complete a full EIA please contact the Equalities and diversity team if you require help Tel: 023 9283 4789 or email: equalities@portsmouthcc.gov.uk

CCG staff-If you have to complete a full EIA please email: sehccg.equalityanddiveristy@nhs.net if you require help

Q7 - How have you come to this decision? Summarise your findings and conclusion below

The Solent Prosperity Fund is a competetive fund open to all groups and organisations.

Q8 - Who was involved in the EIA?

[REDACTED]

This EIA has been approved by:

[REDACTED]

Contact number:

Date:

25th April 2019

PCC staff-Please email a copy of your completed EIA to the Equality and diversity team. We will contact you with any comments or queries about your preliminary EIA.

Telephone: 023 9283 4789, Email: equalities@portsmouthcc.gov.uk

CCG staff-Please email a copy of your completed EIA to the Equality lead who will contact you with any comments or queries about your preliminary . Email: sehccg.equalityanddiversity@nhs.net

26.06.2019

Item 4

**Finance, Local Growth Deal and
Retained Schemes update**

Item Number: 4
 Item Title: Solent LEP Finance, Local Growth Deal and Retained Schemes update
 Meeting Date: 26 June 2019
 Purpose: For Information, Advice and Decision

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1. Introduction

- 1.1 This report provides the FFPMG with the financial position of all the LEP funds to 31 May 2019 which reflects the re-profiling of budgets after a review of the early activity to date and this is reflected in the revised forecasts to the end of the 2019/20 financial year. It also shows the forecast budget for the period 2020/21 to 2021/22.
- 1.2 The opening budgets are as previously approved at the Board meeting on 10 May 2019 and the report sets out the projected outturn for the 2019/20 financial year, looking to maximise the expenditure on all of the time-limited funds and in particular the Local Growth Deal, where the high value schemes are funded from.
- 1.3 It explains any material forecast variances by exception together with any mitigation proposals and considers whether any likely underspends can and should be carried forward into the following financial year. The budget for future years also takes into account any known re-phasing of expenditure as individual schemes and programmes become more certain.
- 1.4 As there are now less than two years left of the current funding cycle therefore the risk of returning any funding to government increases greatly and a range of scenarios setting this out will be presented at the meeting.
- 1.5 The report also contains updates by exception on the Local Growth Deal (LGD) programme, including the schemes assigned retained funding via the Department for Transport (DfT).

It highlights the main areas of risk and advises as to the action that is required to mitigate those risks identified.

2. Recommendations

- 2.1 It is recommended that the FFPMG:
 - (i) **Endorse** the revised budget for 2019/20 of £50,759,118 as set out in appendix A and the revised budget for the period 2020/21 to 2021/22 as set out in appendix B and recommend it for approval by the LEP Board on 10 July 2019 which includes the following:
 - The current position of the Growing Places Fund as summarised in appendix D
 - The latest position of the Local Growth Deal Fund for the current financial year as set out in appendix E noting the challenges around future delivery as set out in paragraphs 6 and 7.
 - The re-profiling and budget movements as set out in the table in paragraph 5 overleaf.

The FFPMG are also asked to consider the following recommendations for approval by the LEP Board at their next meeting on 10 July:

- **Note** and **Endorse** the Corporate and Strategic Risk Register attached at appendix C.
- **Note** and **Endorse** the high level LGD Risk Matrix for the Local Growth Programme attached at appendix F.
- **Note** and **Endorse** the proposal to return the LGD funding set aside to match the ERDF grant to the SME element of the Solent Prosperity Fund as described in paragraph 4.1 of this report
- **Consider** the range of scenarios to ensure maximum defrayal of the LGD funding as presented at the meeting and **Provide Advice** to the Board.
- **Note** the updates in relation to the Local Growth Deal capital programme
- **Note** the other project updates reported by exception in paragraph 8 of this report.
- **Note** the update in relation to the Solent Enterprise Zone retained rates attached at appendix G and **Provide Advice** to the Board of the preferred option to take forward.
- **Note** the update provided on the M27 J10 scheme
- **Note** the update on the Stubbington Bypass DfT Retained Scheme.

FFPMG are also asked to

- **Note** and **Agree** the requirement to provide match revenue for the ERDF grant programme expenditure defrayed in the period to 31 March 2019.

3. Forecast Outturn 2019/20:

	£000's
Budget agreed at the LEP Board on 10 May 2019	66,366
Local Growth Deal - slippage / re-profiling	(12,199)
DfT retained funding - slippage / re-profiling	2,500
Return of ERDF funding	(1,000)
Re-profiling of Indemnity for Stubbington Bypass	(5,000)
Additional Interest Earned	92
Forecast Outturn for 2019/20	50,759

- 3.1 This report contains the actual expenditure up to 31 May 2019 and the key movements following the last approval of the budget at the Board meeting on 10 May 2019.

A detailed analysis of the financial position and the forecast outturn for the current financial year is attached at appendix A.

4. Analysis of the Key Issues and Variances against the Approved Budget for 2019/20

At this point in the financial year it is not expected that there will be any significant expenditure incurred however the key issues and risks in respect of the budget are set out below.

4.1 Solent Growth Fund (SGF) - SME Support

In order to stimulate more interest the Board agreed at their meeting on 10 May 2019 that the LEP Executive and AB should re-position the funds and a further update in relation to this work is provided later in section 8.e of this report.

In addition to this the matched funding for the ERDF programme that has been closed early originally came from the SME element of the Solent Prosperity Fund and therefore it is proposed that the balance of £643,319 should be added back to this funding line meaning that that the funding available for this activity to 31 March 2021 is now £4.44m.

Finally the LEP are exploring the opportunity to broaden the Natural Enterprise SME programme due to the success of the IW Rural Fund. Natural Enterprise's ambition is to launch a micro-grant scheme for rural businesses and also

expand the remit of the fund to enable marine and maritime businesses located in rural IW to apply. A proposal is in development by Natural Enterprise, and subject to due diligence will be presented for consideration at a future meeting.

4.2 Local Growth Deal 2019/20

The latest status of the overall LGD programme is set out in appendix E which clearly shows the challenges facing the FFMPG and the Board to achieve maximum defrayal by 31 March 2021 and mitigate the risk of returning any funding to Government.

Table 1 below illustrates the approved LGD projects that are either continuing or commencing in 2019/20 whether they are in respect of open funding calls, under negotiation or at funding agreement stage. The sum of these projects is £41,051,294 which is an over-programming of £4,254,995 against the available LGD Capital Funding allocated to 31 March 2020. There is however no overall over-programming of the LGD to the end of the 2020/21 financial year.

Table 1: Approved LGD Capital projects continuing / commencing expenditure in 2019/20

Solent Growth Fund Programme - SME support (2019/20)	£2,942,165
Solent Growth Fund Programme Management Costs	£129,652
Local Growth Deal Programme Management	£186,739
Innovation programme Fund (2018/19) - Programme Management Costs	£11,481
<i>Local Large Major transport schemes (Solent Metro)</i>	<i>£636,283</i>
<i>Solent Development Fund</i>	<i>£223,500</i>
Fareham College - Civil Engineering Training Centre	£2,833,000
<i>National Maritime Systems Centre</i>	<i>£3,320,666</i>
<i>Southampton Solent University - Warsash School of Maritime Science and Engineering</i>	<i>£5,164,000</i>
Sub Total	£15,447,486
Under negotiation / due diligence with scheme promoters	
Stubbington Bypass (further advance)	£3,500,000
<i>North Whiteley</i>	<i>£14,000,000</i>
Sub Total	£17,500,000
Funding Call - available funding	
<i>Solent Prosperity Fund</i>	<i>£8,103,808</i>
Sub Total	£8,103,808
Total Programme Allocation (a)	£41,051,294
Solent Growth Deal Award 2019/20 (b)	£9,252,686
Carry Forward from LGD 2018/19 (c)	£27,543,613
Total LGD Capital Programme Funding 2019/20 (d) = (b) + (c)	£36,796,299
Balance of LGD programme funding earmarked to projects starting in future years (e) = (d) - (a)	£4,254,995

FFPMG members should also note, however, that the latest position in table 2 below shows that the forecast defrayal in the current year will be significantly lower, with a projected outturn of £24,596,886. Whilst this is £15,344,470 more than the £9,252,686 allocation for 2019/20 the overall effect of this is that £12,199,413 of the cumulative LGD funding

received to date has been carried forward into the 2020/21 financial year which is the final year this funding can be spent.

The risks associated with this are explained further in paragraphs 6 and 7 below.

Table 2: Actual LGD Capital programme expenditure against the 2019/20 allocation

Solent Growth Fund Programme - SME support (2019/20)	£2,942,165
Solent Growth Fund Programme Management Costs	£129,652
Local Growth Deal Programme Management	£186,739
Innovation programme Fund (2019/20) - Programme Management Costs	£11,481
Local Large Major transport schemes	£636,283
Southampton Solent University - Warsash School of Maritime Science and Engineering	£1,119,430
Fareham College - Civil Engineering Training Centre	£2,833,000
National Maritime Systems Centre	£3,320,666
Programme Development Fund	£223,500
Sub Total	£11,402,916
Under negotiation / due diligence with scheme promoters	
Stubbington Bypass (further advance)	£3,500,000
North Whiteley	£3,243,970
Sub Total	£6,743,970
Funding Call – forecast defrayal	
Solent Prosperity Fund	£6,450,000
Sub Total	£6,450,000
Total Programme Allocation (a)	£24,596,886
Solent Growth Deal Award 2019/20 (b)	£9,252,686
Carry Forward from LGD 2018/19 (c)	£27,543,613
LGD Carry Forward to 2020/21 (d)	£12,199,413
Total LGD Capital Programme Funding 2019/20 2019/20 (e) = (b) + (c) + (d)	£24,596,886
In year under allocation of LGD programme funding for approved and indicatively earmarked schemes (f) = (e) - (a)	£0

Based on the figures in table 3, the cumulative LGD expenditure up to and including 31 March 2020 is forecast to be £115.2m (90.4%) against a cumulative budget of £127.4m.

The main reason that the cumulative expenditure forecast to 31 March 2020 is less than the cumulative grant received continues to relate directly to the complex, multi-year transport schemes that due to their very nature have slipped across a number of financial years and remain the biggest risk to the overall budget. It should also be noted that some of the schemes in the capital programme for 2019/20 will continue into 2020/21.

It is therefore proposed to re-profile this funding into the following financial year at this early stage as it is very unlikely that other projects can be accelerated to require funding ahead of current forecasts and it is important to be monitoring expenditure against the most realistic budgets.

Table 3: Local Growth Deal Summary of Expenditure vs

	Actual 2015/16 £	Actual 2016/17 £	Actual 2017/18 £	Actual 2018/19 £	Forecast 2019/20 £	Total Cumulative Forecast to 31 March 2020 £	Cumulative Spend vs Allocation to 31 March 2020
LGD Expenditure	38,833,432	37,807,314	8,312,999	5,654,531	24,596,886	115,205,162	90.4%
LGD Allocation	40,391,667	42,640,334	24,302,028	10,817,860	9,252,686	127,404,575	
Over / (Under) Spend against Allocation	(1,558,235)	(4,833,020)	(15,989,029)	(5,163,329)	15,344,200	(12,199,413)	

5. Budget movements

An analysis of the LEP's forecast expenditure for 2019/20 and the period 2020/21 to 2021/22 together with how this is funded is attached at appendix B. The details of the re-profiling of budgets that have taken place since the Board last approved the budget are shown in the table below:

	Previous Years to 2018/19	2019/20 £000's	2020/21 £000's	2021/22 £000's	Total £000's
Budget Agreed at LEP Board 10 May 2019	141,890	66,367	29,415	10,186	247,858
SME Support - Solent Prosperity Fund (return of LGD matched)		643			643
SME Support - ERDF - LGD Matched		(643)			(643)
M27 J10 - DfT Retained Funding - re-profiling		2,500	(2,500)		0
Additional Interest earned on funds not yet defrayed		92		166	258
Stubbington Bypass - re-profiling of indemnity against advances		(5,000)	5,000		0
LGD re-profiling		(12,199)	12,199		0
Return of ERDF Funding		(1,000)			(1,000)
Revised Budget	141,890	50,759	44,114	10,352	247,116
Cumulative Net GPL Fund Reserve Balance (see appendix D for details)		11,530	9,304	0	

6. Local Growth Deal (including Retained Schemes) - 2019/20 onwards

The LGD continues to be the area of the highest financial risk in relation to defrayal of funding by 31 March 2021 for the LEP. Appendix E sets out the latest LGD position, showing the latest re-profiling between financial years and highlights for P members where the differences in funding available and schemes readiness to incur expenditure occur.

The P are asked to note that of the total £177.3m LGD and DfT Retained Funding allocated to the LEP to 31 March 2021, £92.7m has been spent in the first four years to 31 March 2019 leaving a further £84.6m (47.7%) to be spent in the remaining two years, and the majority of this relates to funding earmarked for complex, multi-year transport schemes.

A High Level Delivery Risk Matrix is attached at appendix F, highlighting the current risk status of each LGD project.

a. **M27 Junction 10**

Further to the update at the LEP Board on 10 May 2019, the next M27 Junction 10 Steering Group took place on the 13 June 2019 and the next DfT convened call will take place in June 2019. A verbal update will be provided on these at the FFPMG meeting.

b. Stubbington Bypass:

The update from HCC at the last FFPMG meeting on 3 April 2019 identified that the decision in March 2018 by the SoS to hold a Public Inquiry had caused a delay in the anticipated programme, and would likely result in final approval of the Full Business Case (FBC) by DfT and Solent LEP in September 2019, with construction work commencing in November 2019.

HCC advise that the draft FBC is at an advanced stage and the process of sending draft sections to the DfT informally is continuing, in order to smooth out any queries and comments before formal submission.

c. North Whiteley

A verbal update on the progress of the funding agreement will be provided at the meeting.

Risk of Returning Funding to Government

As the FFPMG are aware, the deadline of 31 March 2021 for the defrayal of the LGD grant allocations is fast approaching and whilst 22 months may seem some time away, proactive decisions need to be taken now to reduce the risk of having to return any funding to Government and ultimately losing investment opportunities for the area.

The AB and LEP Executive have consistently highlighted the fact that the projects that have been allocated significant elements of the remaining funding are multi-year and complex in nature and therefore present the highest risk around defrayal by the funding deadline.

In order to manage this, a number of scenarios will be set out in a presentation at the meeting which will include a range of mitigating actions for the FFPMG to consider and advise the Board accordingly to ensure that the maximum amount of defrayal can take place by 31 March 2021.

The FFPMG will therefore be asked to consider these options and recommend their preferred option(s) for the Board to consider at its meeting in July 2019.

Other Project Updates reported by exception

Fareham College - Civil Engineering Training Centre

The variation agreed by the LEP Board has now been executed which will enable the initial claim for funding to be considered by the LEP Executive, with a view to processing this by the end of June 2019.

Enterprise Zone Retained Rates

An updated report and further information is attached at confidential appendix G and in the reference folder for FFPMG to consider further in order to review their current recommendation to the Board and update this if required.

Local Growth Deal 2016/17 legacy project - Floating Bridge

A meeting between the LEP Executive, Accountable Body and Isle of Wight Council (IWC) was held on 16 May 2019 to review the recommendations within the independent due diligence report; these recommendations are intended to form the basis of a contract variation to the funding agreement for the project.

Work to progress this is ongoing and a verbal update will be provided at the meeting. Alongside this FFPMG will receive an update from the scheme lead and receive a representation from stakeholders

SME Support - Small Business Programme (ERDF)

Following the Board decision to return all ERDF funding and conclude the programme there is a requirement to fund the revenue elements of eligible project management costs and revenue grants awarded under the ERDF programme from other sources within the LEP budget. These sums total £91,858 and provision for this has been made in the updated financial forecasts, as well as the removal of the £1m of ERDF funding that no longer forms part of the LEP budget.

e. SME Support - Solent Prosperity Fund

As reported previously to the Board and FFPMG, the LEP Executive and Accountable Body have been working together with the LEP's Business Support Investment Panel (BSIP) to develop proposals for recalibrating the current Solent Prosperity Fund (SPF). These proposals were approved by both FFPMG and the Board, and work is ongoing to refine the technical guidance for the new funds ahead of a re-launch in Summer 2019. Whilst it was initially reported that the new funds would be launched in June 2019, it was deemed that the current published SME funding round deadline of 26 July should be honoured as the final round for the current iteration of the SPF SME fund. This will enable the Solent Growth Hub to continue liaising with applicants who are currently working on their applications, thereby enabling applicants to make an informed decision as to whether they should submit their applications under the current iteration of the fund, or wait for the launch of the recalibrated funds in summer 2019. It also has the benefit of enabling work on the closedown of the existing fund, and the development of the new funds, to proceed in a controlled manner with minimal negative impact on any potential applicants, as the published calendar of deadlines and panel meeting dates can be honoured for the remainder of 2019.

f. Large Project Component of the Solent Prosperity Fund

The FFPMG will be considering an update on the overall performance of the large project component of the Solent Prosperity Fund (SPF) under Item 3 of this agenda.

9. Operational Costs and Capacity Funding

Since the last Board meeting the AB have received the Core Funding of £500,000 for 2019/20 which is included in the financial forecasts however the additional £200,000 to continue to support the implementation of the LEP review is yet to be received and the Cities and Local Growth Unit have informed LEPs that further information on this will be received in the new financial year. As a result of this the £200,000 has not yet been added to the financial forecasts.

The AB has also carried out a recalculation of the interest earned on LEP funding held but not paid out which has resulted in an additional £258,038 that can be used to fund either capital or revenue expenditure. It is proposed to use £91,858 of this sum to fund the project management costs and revenue grant paid out under the ERDF programme that has been closed early and the balance has been added to the contingency / reserves element of the budget in future years.

10. Financial Summary

The latest forecast outturn for the LGD programme for 2019/20 is set out in appendix A with the future years forecasts shown in Appendix B

The main financial risks are set out above in paragraphs 6 and 7 and the FFPMG will receive a presentation setting out a number of scenarios for the FFPMG to consider in order to mitigate these risks to the greatest extent possible. The FFPMG are reminded that there are now only 22 months in which to defray the funding and therefore proactive decisions will need to be taken at the earliest possible stage to help maximise the defrayal of expenditure within the timelines set by Government

11. Summary of Recommendations

11.1 It is recommended that the FFPMG:

- (i) **Endorse** the revised budget for 2019/20 of £50,759,118 as set out in appendix A and the revised budget for the period 2020/21 to 2021/22 as set out in appendix B and recommend it for approval by the LEP Board on 10 July 2019 which includes the following:

- The current position of the Growing Places Fund as summarised in appendix D
- The latest position of the Local Growth Deal Fund for the current financial year as set out in appendix E noting the challenges around future delivery as set out in paragraphs 6 and 7 of this report.
- The re-profiling and budget movements as set out in the table in paragraph 5 overleaf.

The FFPMG are also asked to consider the following recommendations for approval by the LEP Board at their next meeting on 10 July:

- **Note** and **Endorse** the Corporate and Strategic Risk Register attached at appendix C.
- **Note** and **Endorse** the high level LGD Risk Matrix for the Local Growth Programme attached at appendix F.
- **Note** and **Endorse** the proposal to return the LGD funding set aside to match the ERDF grant to the SME element of the Solent Prosperity Fund as described in paragraph 4.1 of this report
- **Consider** the range of scenarios to ensure maximum defrayal of the LGD funding as presented at the meeting and **Provide Advice** to the Board.
- **Note** the updates in relation to the Local Growth Deal capital programme
- **Note** the other project updates reported by exception in paragraph 8 of this report.
- **Note** the update in relation to the Solent Enterprise Zone retained rates attached at appendix G and **Provide Advice** to the Board of the preferred option to take forward.
- **Note** the update provided on the M27 J10 scheme
- **Note** the update on the Stubbington Bypass DfT Retained Scheme.

FFPMG are also asked to

- **Note** and **Agree** the requirement to provide match revenue for the ERDF grant programme expenditure defrayed in the period to 31 March 2019.

Equality impact assessment

EIA not required for note items. In relation to LEP funding for projects, an EIA has been prepared in relation to the Solent Prosperity Fund and this is provided at appendix B under Item 3 (which relates specifically to this funding programme), and it is considered that there are no negative impacts on groups identified in the EIA.

Legal implications

With reference to:-

the requested approval for the revised budget for 2019/20 and the forecast budget for the period 2020/21 to 2021/22 as set out in appendix B, PCC's (acting as accountable body for the LEP) s.151 officer acts as the Chief Finance officer (by the relevant delegation powers) for the LEP and is in receipt of a general delegation from the Council in order to manage such matters.

- ii. The board approval to agree the high level LGD Risk Matrix for the Local Growth Programme attached at appendix F. Any legal consideration arising out of enforcement or monitoring provisions as a result of the risk review will be reviewed by legal in line with the relevant Grant Letters as and when required.
- iii. The remaining legal comments are alluded to within the relevant parts of the report (paragraphs 6, 7 and 8) - the applicable risks are set out for consideration and need not be outlined again within this part of the report.

14. Finance's comments from the S151 Officer of the Accountable Body

All of the financial information and associated implications are reflected in the body of the report and the Appendices.

SOLENT LOCAL ENTERPRISE PARTNERSHIP - FORECAST OF OUTTURN FOR 2019/20							
Enterprise (Business Support)	Full Year Budget 2019/20*	Actual Expenditure up to 31 May 2019	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 20 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2020/21	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£
Local Growth Deal Funding:							
SME Support - Solent Prosperity Fund	1,978,497	20,894	2,621,816	643,319	643,319	0	0
ERDF BTG - Awards (ERDF Funded)	908,142	0	0	(908,142)	(908,142)	0	0
ERDF BTG - Awards (LGD Match Funded)	643,319	59,299	0	(643,319)	(643,319)	0	0
Natural Enterprise Grant Programme	250,000	250,000	250,000	0	0	0	0
Other Enterprise Initiatives:							
Solent Growth Hub	336,089	39,986	336,089	0	0	0	0
Improving Digital Capability for SME's	200,000	0	200,000	0	0	0	0
Enterprise Total	4,316,047	355,873	3,407,905	(908,142)	(908,142)	0	0
Infrastructure (Land & Property)	Full Year Budget 2019/20*	Actual Expenditure up to 31 May 2019	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 20 Over / (Underspend)	Acceleration or Programme Slippage to be carried forward to 2020/21	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
	£	£	£	£	£	£	£
Growing Places Fund Loans:							
Stubbington Bypass	3,500,000	0	0	(3,500,000)	(3,500,000)	0	0
Growing Places Loan Fund: Capital Loans Advanced	3,500,000	0	0	(3,500,000)	(3,500,000)	0	0
Grants allocated (not repayable)							
Stubbington Bypass indemnity	1,500,000	0	0	(1,500,000)	(1,500,000)	0	0
GPL Contingency Provisions and Programme Management costs							
Growing Places Loan Fund Programme Management Costs	131,143	4,404	131,143	0	0	0	0
Sub-total: GPL Contingecny Provisions and Programme Management costs	1,631,143	4,404	131,143	(1,500,000)	(1,500,000)	0	0
Solent Growth Deal:							
North Whiteley Transport Improvements	3,243,970	0	3,243,970	0	0	0	0
Local Large Majors (Solent Metro and SAEG)	636,283	0	636,283	0	0	0	0
Programme Development Fund (feasibilities)	223,500	0	223,500	0	0	0	0
Solent Growth Deal - Programme Management Costs	186,739	43,219	186,739	0	0	0	0
Stubbington Bypass - LGD forward funding	(3,500,000)	0	3,500,000	7,000,000	7,000,000	0	0
Solent Prosperity Fund	6,450,000	0	6,450,000	0	0	0	0
LGD funding approved for projects / programmes in future years	5,049,413	0	0	(5,049,413)	(5,049,413)	0	0
LGD funding indicatively earmarked for projects in future years	14,150,000	0	0	(14,150,000)	(14,150,000)	0	0
(Over) / Under Programming	0	0	0	0	0	0	0
Sub-total - Local Growth Deal	26,439,905	43,219	14,240,492	(12,199,413)	(12,199,413)	0	0
DfT Retained Schemes							
Stubbington Bypass	20,000,000	0	20,000,000	0	0	0	0
Growth deal provisional allocation for M27 Junction 10 (post 2016)	0	2,500,000	2,500,000	2,500,000	2,500,000	0	0
Sub-total - DfT Retained Schemes	20,000,000	2,500,000	22,500,000	2,500,000	2,500,000	0	0
Other Capital Funding Programmes:							
Building Foundations for Growth Capital Grant for EZ	417,783	0	417,783	0	0	0	0
Other Infrastructure Funding:							
Capacity funding	187,816	21,746	187,816	0	0	0	0
Transport Delivery Excellence Funding	52,000	0	52,000	0	0	0	0
Energy strategy	1,029	0	1,029	0	0	0	0
Infrastructure (Land & Property) Total	52,229,676	2,569,369	37,530,263	(14,699,413)	(14,699,413)	0	0

Place	Full Year Budget 2019/20*	Actual Expenditure up to 31 May 2019	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 20 Over / (Underspend)
	£	£	£	£
Capacity Funding	85,303	7,112	85,303	0
Place Total	85,303	7,112	85,303	0

Acceleration or Programme Slippage to be carried forward to 2020/21	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
£	£	£
0	0	0
0	0	0

Skills	Full Year Budget 2019/20*	Actual Expenditure up to 31 May 2019	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 20 Over / (Underspend)
	£	£	£	£
City Deal Wave 2:				
Fareham College - Civil Engineering Training Centre	2,833,000	0	2,833,000	0
Capacity funding	206,107	14,438	206,107	0
Solent Employer Ownership Programme	46	0	46	0
Careers Enterprise Company / Enterprise Adviser Network	464,114	41,968	464,114	0
Careers Enterprise Company / Enterprise Adviser Network - Programme Management	0	2,739	0	0
Skills Total	3,503,267	59,145	3,503,267	0

Acceleration or Programme Slippage to be carried forward to 2020/21	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
£	£	£
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

Strategic Sectors	Full Year Budget 2019/20*	Actual Expenditure up to 31 May 2019	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 20 Over / (Underspend)
	£	£	£	£
National Maritime Systems Centre	3,320,666	0	3,320,666	0
Southampton Solent University - Warsash School of Maritime Science and Engineering	1,119,430	0	1,119,430	0
Maritime Supplement: Capacity Funding	59,557	19,886	59,557	0
Strategic Sectors Total	4,499,653	19,886	4,499,653	0

Acceleration or Programme Slippage to be carried forward to 2020/21	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
£	£	£
0	0	0
0	0	0
0	0	0
0	0	0

Innovation	Full Year Budget 2019/20*	Actual Expenditure up to 31 May 2019	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 20 Over / (Underspend)
	£	£	£	£
Innovation Fund - Programme Management	11,482	0	11,482	0
Capacity Funding	93,507	42	93,507	0
Innovation Total	104,989	42	104,989	0

Acceleration or Programme Slippage to be carried forward to 2020/21	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
£	£	£
0	0	0
0	0	0
0	0	0

Operational Central Costs	Full Year Budget 2019/20*	Actual Expenditure up to 31 May 2019	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 20 Over / (Underspend)
	£	£	£	£
Staffing costs	500,000	90,665	500,000	0
Office costs	95,000	9,976	95,000	0
Finance costs including forecast costs for Democratic Services for future years	80,000	10,913	80,000	0
Legal support	50,000	4,020	50,000	0
Marketing & Communication costs	100,000	23,282	100,000	0
Contingency / Reserves	300,000	0	300,000	0
Solent Economic Plan and Local Industrial Strategy	469,086	1,269	469,086	0
SEEDA legacy funding for business engagement	31,396	0	31,396	0
LEP Network	2,256	6,000	2,256	0
Operational Central Costs Total	1,627,738	146,125	1,627,738	0

Acceleration or Programme Slippage to be carried forward to 2020/21	Overspend to be funded / (Underspend to be Re- allocated)	New funding from / (Funding to be handed back to) Government
£	£	£
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0

Total LEP Budget	66,366,673	3,157,552	50,759,118	(15,607,555)
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(15,607,555)	0	0
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* As agreed at LEP Board 10th May 2019

SOLENT LOCAL ENTERPRISE PARTNERSHIP - BUDGET FORECAST TO 2021/22								
ENTERPRISE (BUSINESS SUPPORT)		Actual Expenditure to end 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget	Total Forecast Expenditure	Variance
Solent RGF - Bridging the Gap:								
Awards		4,950,716	-	-	-	4,950,716	4,950,716	-
Due Diligence		381,906	-	-	-	381,906	381,906	-
RGF Solent EZ expansion Fund - Gosport Borough Council - Fund		800,000	-	-	-	800,000	800,000	-
RGF Solent EZ expansion Fund - Gosport Borough Council - Due Diligence		82,105	-	-	-	82,105	82,105	-
RGF 3 IOW Private Sector Support - Fund		475,000	-	-	-	475,000	475,000	-
RGF 3 IOW Private Sector Support - Due Diligence		110,202	-	-	-	110,202	110,202	-
Solent Growth Fund (Growth deal - 2015/16 to 2021) / - SME Support from Solent Prosperity Fund (2018/19 to 2020/21)		1,439,431	1,848,846	1,050,000	-	4,338,277	4,338,277	-
Repayment of ERDF Funded Grant Awards to DCLG		7,412	84,446	-	-	91,858	91,858	-
ERDF BTG - Awards (ERDF Funded)		84,446	(84,446)	-	-	(0)	(0)	-
ERDF BTG - Awards (LGD Match Funded)		356,681	643,319	-	-	1,000,000	1,000,000	-
Natural Enterprise Grant Programme		830,000	250,000	250,000	-	1,330,000	1,330,000	-
Matched funding for ERDF Growth Accelerator Fund		-	-	-	-	0	0	-
Solent Growth Fund (Growth deal - 2015/16 to 2021) - Programme Management		620,349	129,651	150,000	-	900,000	900,000	-
Solent Growth Hub (Growth deal - 2015/16 to 2021)		916,477	336,089	250,000	-	1,502,566	1,502,566	-
Improving Digital Capability for SME's (LGD funded 2019/20 onwards via Solent Prosperity Fund)		112,502	200,000	200,000	-	512,502	512,502	-
Enterprise Total		11,167,228	3,407,905	1,900,000	0	16,475,133	16,475,133	-
INFRASTRUCTURE (Land & Property)		Actual Expenditure to end 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget	Total Forecast Expenditure	Variance
Growing Places Fund: Original Capital Allocation								
CEMAST		3,000,000	-	-	-	3,000,000	3,000,000	-
Solent EZ Infrastructure package		8,000,000	-	-	-	8,000,000	8,000,000	-
Griffon Hoverwork		2,000,000	-	-	-	2,000,000	2,000,000	-
Stubbington Bypass		-	-	-	-	0	0	-
Solent Shared Prosperity Fund (loan element)		-	-	-	9,262,916	9,262,916	9,262,916	-
Growing Places Loan Fund:								
Funding set aside to underwrite LGD over programming if required		-	-	-	-	-	-	-
Growing Places Loan Fund: Capital Loans Advanced / Available		13,000,000			9,262,916	22,262,916	22,262,916	-
Grants allocated (not repayable)								
Stubbington Bypass indemnity		-	-	5,000,000	-	5,000,000	5,000,000	-
Funding set aside to underwrite LGD overprogramming if required		-	-	-	-	0	0	-
Use of Fund for other Purposes (not repayable):								
- Growing Places Loan Fund Programme Management Costs		168,857	131,143	-	-	300,000	300,000	-
Growing Places Loan Fund: Fund used and not repayable		168,857	131,143	5,000,000	-	5,300,000	5,300,000	-

Solent Growth Deal confirmed funding:								
The Hard Interchange (PCC)	4,832,000	-	-	-	4,832,000	4,832,000	-	
Dunsbury Hill Farm Link Road (PCC)	4,540,000	-	-	-	4,540,000	4,540,000	-	
Station Quarter North (SCC)	4,185,000	-	-	-	4,185,000	4,185,000	-	
Station Roundabout / Gudge Heath Lane (HCC)	4,953,893	-	-	-	4,953,893	4,953,893	-	
Environmental Mitigation - Solent Mitigation Disturbance project	1,355,000	-	-	-	1,355,000	1,355,000	-	
Peel Common Roundabout and St Margarets Roundabout	4,340,000	-	-	-	4,340,000	4,340,000	-	
Newgate Lane South	9,000,000	-	-	-	9,000,000	9,000,000	-	
Fareham and Gosport multiyear programme (A27 Dualling - phase 2)	3,198,000	-	-	-	3,198,000	3,198,000	-	
Fareham and Gosport multiyear programme (A27 Dualling)	4,127,000	-	-	-	4,127,000	4,127,000	-	
Solent Gateways (Isle of Wight Floating Bridge)	3,776,782	-	-	-	3,776,782	3,776,782	-	
North Whiteley Transport improvements	-	3,243,970	10,756,030	-	14,000,000	14,000,000	-	
Local Large Majors (Solent Metro and SAEG)	363,717	636,283	-	-	1,000,000	1,000,000	-	
Programme Development Fund (feasibilities)	-	223,500	-	-	223,500	223,500	-	
Fareham and Gosport Multi Year Programme - Design and Construction of Junction 10	-	-	14,150,000	-	14,150,000	14,150,000	-	
Stubbington Bypass - LGD forward funding	3,500,000	3,500,000	(7,000,000)	-	0	0	-	
Solent Growth Deal - Programme Management Costs	1,449,303	186,739	242,260	-	1,878,302	1,878,302	-	
Solent Prosperity Fund	-	6,450,000	1,653,808	-	8,103,808	8,103,808	-	
Accountable Body Capital Expenditure (Funded by LGD to maximise use of LGD)	1,000,000	-	-	-	1,000,000	1,000,000	-	
LGD funding approved for projects / programmes in future years	-	-	-	-	0	0	-	
LGD funding indicatively earmarked for projects in future years	-	-	-	-	0	0	-	
SUB TOTAL: Solent Growth Deal:	50,620,695	14,240,492	19,802,098	-	84,663,285	84,663,285	-	
DfT Retained Schemes								
Stubbington Bypass	-	20,000,000	5,700,000	-	25,700,000	25,700,000	-	
Growth deal provisional allocation for M27 Junction 10 (post 2016)	2,150,000	2,500,000	10,250,000	-	14,900,000	14,900,000	-	
SUB TOTAL: DfT Retained Schemes:	2,150,000	22,500,000	15,950,000	-	40,600,000	40,600,000	-	
Building Foundations for Growth Capital Grant for EZ	6,672,217	417,783	-	-	7,090,000	7,090,000	-	
Centenary Quay (DCLG Infrastructure House Building Capital Fund)	7,675,921	-	-	-	7,675,921	7,675,921	-	
Capacity Funding	287,184	187,816	-	-	475,000	475,000	-	
One Public Estate	19,950	-	-	-	19,950	19,950	-	
Transport Delivery Excellence Funding	-	52,000	-	-	52,000	52,000	-	
Energy Strategy	48,971	1,029	-	-	50,000	50,000	-	
Infrastructure (Land & Property) Total	80,643,795	37,530,263	40,752,098	9,262,916	168,189,072	168,189,072		

PLACE	Actual Expenditure to end 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget	Total Forecast Expenditure	Variance
Capacity funding	249,697	85,303	-	-	335,000	335,000	-
Place Total	249,697	85,303	0	0	335,000	335,000	-

SKILLS		Actual Expenditure to end 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget	Total Forecast Expenditure	Variance
CEMAST - Fareham College		3,000,000	-	-	-	3,000,000	3,000,000	-
CEMAST - Due Diligence		63,780	-	-	-	63,780	63,780	-
<u>Solent Growth deal FE Capital (2015/16 - 2021)</u>								
Eastleigh College Estates Renewal		9,000,000	-	-	-	9,000,000	9,000,000	-
IOW College Composites Centre		10,900,000	-	-	-	10,900,000	10,900,000	-
BAE Marine Workshops and Maritime Support Centre		943,066	-	-	-	943,066	943,066	-
Fareham College - Civil Engineering Training Centre		-	2,833,000	-	-	2,833,000	2,833,000	-
Capacity funding		306,031	206,107	-	-	512,138	512,138	-
Solent Employer Ownership Programme		1,499,954	46	-	-	1,500,000	1,500,000	-
Solent Employer Ownership Programme - Local Growth Deal contribution		129,000	-	-	-	129,000	129,000	-
Careers Enterprise Company / Enterprise Adviser Network		504,886	464,114	86,000	-	1,055,000	1,055,000	-
Skills Total		26,346,717	3,503,267	86,000	0	29,935,984	29,935,984	-

STRATEGIC SECTORS		Actual Expenditure to end 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget	Total Forecast Expenditure	Variance
<u>Solent Futures RGF Round 3:</u>								
Training Scheme - Awards		1,300,000	-	-	-	1,300,000	1,300,000	-
Training Scheme - Due Diligence		159,000	-	-	-	159,000	159,000	-
Supply Chain - Awards		1,179,419	-	-	-	1,179,419	1,179,419	-
Supply Chain - Due Diligence		117,000	-	-	-	117,000	117,000	-
National Maritime Systems Centre		1,679,334	3,320,666	-	-	5,000,000	5,000,000	-
Southampton Solent University - Warsash School of Maritime Science and Engineering		6,344,570	1,119,430	-	-	7,464,000	7,464,000	-
<u>MARITIME SUPPLEMENT</u>								
Capacity funding		200,443	59,557	-	-	260,000	260,000	-
Strategic Sectors Total		10,979,766	4,499,653	0	0	15,479,419	15,479,419	-

INNOVATION		Actual Expenditure to end 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget	Total Forecast Expenditure	Variance
Fareham Innovation Centre - Phase 2		2,000,000	-	-	-	2,000,000	2,000,000	-
Cancer Immunology Centre		4,500,000	-	-	-	4,500,000	4,500,000	-
Innovation Fund - Programme Management Costs		238,518	11,482	-	-	250,000	250,000	-
Local Growth Deal Fund - Innovation Projects								
University of Portsmouth Future Technology Centre (LGD contribution)		1,050,000	-	-	-	1,050,000	1,050,000	-
BAE Maritime and Test Bed		456,633	-	-	-	456,633	456,633	-
UoS - Web Science (Z21)		500,000	-	-	-	500,000	500,000	-
Capacity Funding		86,493	93,507	-	-	180,000	180,000	-
Innovation		8,831,644	104,989	0	0	8,936,633	8,936,633	0

OPERATIONAL CENTRAL COSTS		Actual Expenditure to end 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget	Total Forecast Expenditure	Variance
Staffing costs		1,557,990	500,000	500,000	450,000	3,007,990	3,007,990	-
Office costs		520,083	95,000	95,000	80,000	790,083	790,083	-
Finance costs incl forecast costs for Democratic Services for future years		367,691	80,000	80,000	60,000	587,691	587,691	-
Legal support		189,484	50,000	50,000	40,000	329,484	329,484	-
Marketing & Communication costs		336,427	100,000	100,000	100,000	636,427	636,427	-
Contingency / Reserves		-	300,000	300,000	359,713	959,713	959,713	-
Solent Economic Plan and Local Industrial Strategy		669,904	469,086	251,027	-	1,390,017	1,390,017	-
SEEDA legacy funding for business engagement		-	31,396	-	-	31,396	31,396	-
LEP Network		30,000	2,256	-	-	32,256	32,256	-
Operational Central Costs Total		3,671,579	1,627,738	1,376,027	1,089,713	7,765,057	7,765,057	-

LEP BUDGET GRAND TOTAL		Actual Expenditure to end 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget	Total Forecast Expenditure	Variance
		141,890,425	50,759,118	44,114,125	10,352,629	247,116,297	247,116,297	-
FUNDING SUMMARY		Actual Expenditure to end 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget		
Bridging the Gap Phase 1	1,969,678	-	-	-	-	1,969,678		
Bridging the Gap ERGF (Solent Wide)	1,387,307	-	-	-	-	1,387,307		
Bridging the Gap Phase 2	1,881,981	-	-	-	-	1,881,981		
RGF Solent EZ expansion Fund - Gosport Borough Council	882,105	-	-	-	-	882,105		
RGF 3 IOW SME Support Fund	585,202	-	-	-	-	585,202		
Solent Growth Deal	90,608,277	24,596,885	21,452,099	-	-	136,657,261		
Temporary Local Growth Deal Switch with PCC Capital Resources	1,000,000	-	-	-	-	1,000,000		
DfT Funding for Retained Schemes	2,150,000	22,500,000	15,950,000	-	-	40,600,000		
DCLG Infrastructure House Building Capital Fund (CQ)	7,675,921	-	-	-	-	7,675,921		
Solent Growth Hub	660,000	-	410,000	-	-	1,070,000		
Solent Futures RGF Round 3	2,912,855	-	-	-	-	2,912,855		
Growing Places Fund - Revenue	670,949	383,258	130,473	230,000	-	1,414,680		
Growing Places Fund - Capital	13,000,000	-	-	9,262,916	-	22,262,916		
Growing Places Fund - Contingency Provisions and Programme Management Costs	828,350	1,181,210	5,425,000	41,734	-	7,476,294		
Solent Futures	3,000,000	-	-	-	-	3,000,000		
Solent Employer Ownership Programme (Wave 2 City Deal)	1,499,954	46	-	-	-	1,500,000		
The Careers & Enterprise Co. - Enterprise Adviser Network	267,000	230,000	43,000	-	-	540,000		
Enterprise Advice Network - Matched Funding (Interest Earned)	237,886	234,114	43,000	-	-	515,000		
Cabinet Office - One Public Estate	19,950	-	-	-	-	19,950		
Enterprise Zone Capital Grant	6,672,217	417,783	-	-	-	7,090,000		
DfT - LTB Funding	131,580	-	-	-	-	131,580		
SEP	646,619	222,420	30,961	-	-	900,000		
Transport Excellence	36,000	-	-	-	-	36,000		
BIS - Capacity Fund	427,232	399,568	-	-	-	826,800		
BIS - Core Funding	951,208	418,520	505,272	-	-	1,875,000		
LEP Review - Core Funding	200,000	-	-	-	-	200,000		
PUSH	30,000	-	-	-	-	30,000		
Growing Places Capital - CEMAST admin fee	75,000	-	-	-	-	75,000		
LEP Network	13,900	-	-	-	-	13,900		
Interest earned on funding yet to pay out	718,426	25,888	124,320	817,979	-	1,686,613		
Local Authority Funding - PUSH, Hampshire & IOW	300,000	-	-	-	-	300,000		
SEEDA legacy funding for business engagement	168,604	31,396	-	-	-	200,000		
BIS - Digital Capability for SME's	141,396	-	-	-	-	141,396		
Transport Delivery Excellence Funding	-	42,000	-	-	-	42,000		
Energy Strategy Funding (BEIS)	48,971	1,029	-	-	-	50,000		
Skills Advisory Panel	-	75,000	-	-	-	75,000		
ERDF Funding - Revenue Funding funded from Interest	7,412	84,446	-	-	-	91,858		
ERDF Funding - Bridging the Gap (matched funding SGF)	84,446	(84,446)	-	-	-	(0)		
Grant Total - Funding	141,890,426	50,759,117	44,114,125	10,352,629	-	247,116,298		
Growing Places Fund - Forecast Reserve for Future Projects			Budget 2019/20	Budget 2020/21	Budget 2021/22	Total Budget		
Net Cumulative Growing Places Reserve Forecast - see appendix D for details			11,529,651	9,304,651	(0)	(0)		
TOTAL FUNDING TO SUPPORT LEP ACTIVITY						247,116,298		

APPENDIX C

Risk Register

A confidential report will be considered at the meeting

GROWING PLACES LOAN FUND POSITION

Fund Activity	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Total £
Opening Balance	0	(10,064,210)	(5,889,210)	(9,108,371)	(10,214,945)	(12,315,855)	(12,710,861)	(11,529,651)	(9,304,651)	
Capital Injection	(16,739,210)									(16,739,210)
<u>Loans Out (Round 1 - tranches 1 to 4):</u>										
CEMAST	2,175,000	825,000								3,000,000
Solent EZ Infrastructure package	4,500,000	3,500,000								8,000,000
Griffon Hoverwork		1,000,000	1,000,000							2,000,000
<u>Subsequent Allocations:</u>										
<u>New Solent Shared Prosperity Fund (loan element)</u>									9,262,916	9,262,916
Sub-total: Loans Advanced	6,675,000	5,325,000	1,000,000	0	0	0	0	0	9,262,916	22,262,916
<u>Contingency Provisions</u>										
Local Growth Deal:										
Stubbington Bypass indemnity			230,839	42,000	0	386,653	1,050,067	5,000,000	41,735	5,000,000
Operational Costs								425,000		2,176,294
Sub-total: Contingency Provisions	0	0	230,839	42,000	0	386,653	1,050,067	5,425,000	41,735	7,176,294
Growing Places Loan Fund Programme Management Costs			75,000	51,426	24,090	18,341	131,143			300,000
Total: Contingency Provisions and Growing Places Loan Programme Management Costs	0	0	305,839	93,426	24,090	404,994	1,181,210	5,425,000	41,735	7,476,294
<u>Loans repaid (Capital Receipts)</u>										
<u>Round 1</u>										
CEMAST		(300,000)	(575,000)	(800,000)	(1,325,000)					(3,000,000)
Solent EZ Infrastructure package		(850,000)	(3,950,000)					(3,200,000)		(8,000,000)
Griffon Hoverwork				(400,000)	(800,000)	(800,000)	0			(2,000,000)
	0	(1,150,000)	(4,525,000)	(1,200,000)	(2,125,000)	(800,000)	0	(3,200,000)	0	(13,000,000)
Sub-total: Total Planned Fund Repayments	0	(1,150,000)	(4,525,000)	(1,200,000)	(2,125,000)	(800,000)	0	(3,200,000)	0	(13,000,000)
TOTAL CUMULATIVE BALANCE OF FUND AVAILABLE							(11,529,651)	(9,304,651)	0	**

SOLENT LOCAL ENTERPRISE PARTNERSHIP - LOCAL GROWTH DEAL FUNDING BY SCHEME (NET OF DfT RETAINED SCHEME FUNDING)							
SCHEME NAME	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Budget 2019/20	Budget 2020/21	Total Budget
Solent Growth Fund (Growth deal - 2015/16 to 2021) / - SME Support from Solent Prosperity Fund (2018/19 to 2020/21)	355,932	1,405,872	306,473	701,154	2,298,846	1,500,000	6,568,277
LGD matched funding towards the ERDF grants programme			73,810	282,871	643,319		1,000,000
Solent Growth Fund (Growth deal - 2015/16 to 2021) - Programme Management	150,500	149,500	179,150	141,198	129,652	150,000	900,000
The Hard Interchange (PCC)	4,832,000	-		-	-	-	4,832,000
Dunsbury Hill Farm Link Road (PCC)	4,540,000	-	-	-	-	-	4,540,000
Station Quarter North (SCC)	4,185,000	-	-	-	-	-	4,185,000
Station Roundabout / Gudge Heath Lane (HCC)	2,065,000	2,888,893	-	-	-	-	4,953,893
Cancer Immunology Centre	4,500,000	-	-	-	-	-	4,500,000
Environmental Mitigation - Solent Mitigation Disturbance project	1,355,000	-	-	-	-	-	1,355,000
Eastleigh College Estates Renewal	6,810,000	2,190,000	-	-	-	-	9,000,000
IOW College Composites Centre	5,400,000	5,500,000	-	-	-	-	10,900,000
Capitalisation Costs for Solent Growth Deal Programme Management and Capacity funding	300,000	344,997	372,762	431,543	186,739	242,261	1,878,302
Peel Common Roundabout and St Margarets Roundabout	4,340,000	-	-	-	-	-	4,340,000
Newgate Lane South	-	6,072,571	2,927,429	-	-	-	9,000,000
Fareham and Gosport multiyear programme (A27 Dualling - phase 2)	-	3,198,000	-	-	-	-	3,198,000
Fareham and Gosport multiyear programme (A27 Dualling)	-	4,127,000	-	-	-	-	4,127,000
Solent Gateways (Isle of Wight Floating Bridge)	-	3,776,782		-	-	-	3,776,782
Innovation Fund - Fareham Innovation Centre - Phase 2		2,000,000					2,000,000
Innovation Fund - Programme Management Costs		75,000	134,544	28,975	11,481		250,000
Innovation Fund - BAE Maritime and Test Bed		456,633					456,633
Innovation Fund - Future Technology Centre (University of Portsmouth)		1,050,000					1,050,000
Contribution to BAE Employer Ownership Programme Scheme		129,000					129,000
National Maritime Systems Centre		-	1,679,334		3,320,666		5,000,000
Local Large majors (Solent Metro and SAEG)		-	339,497	24,220	636,283		1,000,000
BAE Marine Workshops and Marine Support Centre		943,066					943,066
Solent Growth Deal Programme Development Fund		-			223,500		223,500
Stubbington Bypass - advance (note 1)		3,500,000			3,500,000		7,000,000
Stubbington Bypass - repayment (note 1)						(7,000,000)	(7,000,000)
Fareham College - Civil Engineering Training Centre					2,833,000		2,833,000
Southampton Solent University - Warsash School of Maritime Science and Engineering			2,300,000	4,044,570	1,119,430		7,464,000
North Whiteley		-	-	-	3,243,970	10,756,030	14,000,000
Design and Construction of M27 Junction 10 (note 2)	-	-	-	-		14,150,000	14,150,000
Solent Prosperity Fund				-	6,450,000	1,653,808	8,103,808
SUB-TOTALS:	38,833,432	37,807,314	8,312,999	5,654,531	24,596,886	21,452,099	136,657,261
LGD funding committed / approved or indicatively earmarked across future years		-			-	-	0
TOTAL EXPENDITURE ON APPROVED LOCAL GROWTH DEAL SCHEMES	38,833,432	37,807,314	8,312,999	5,654,531	24,596,886	21,452,099	136,657,261
Accountable Body Capital Expenditure (Funded by LGD to maximise use of LGD)	1,000,000		-	-	-	-	1,000,000
TOTAL UTILISATION OF LOCAL GROWTH DEAL	39,833,432	37,807,314	8,312,999	5,654,531	24,596,886	21,452,099	137,657,261
FUNDING AGREED / INDICATIVE ALLOCATIONS							
Solent Growth Deal Funding - received	40,391,667	42,640,334	24,302,028	10,817,860	9,252,686		127,404,575
Solent Growth Deal Funding - indicative						9,252,686	9,252,686
Capital Funding from Accountable Body (Returned)	-	1,000,000	-	-	-	-	1,000,000
Funding Slippage / Acceleration	(558,235)	(5,833,020)	(15,989,029)	(5,163,329)	15,344,200	12,199,413	-
TOTALS:	39,833,432	37,807,314	8,312,999	5,654,531	24,596,886	21,452,099	137,657,261
Variance:	0	0	0	0	0	0	0

Notes:

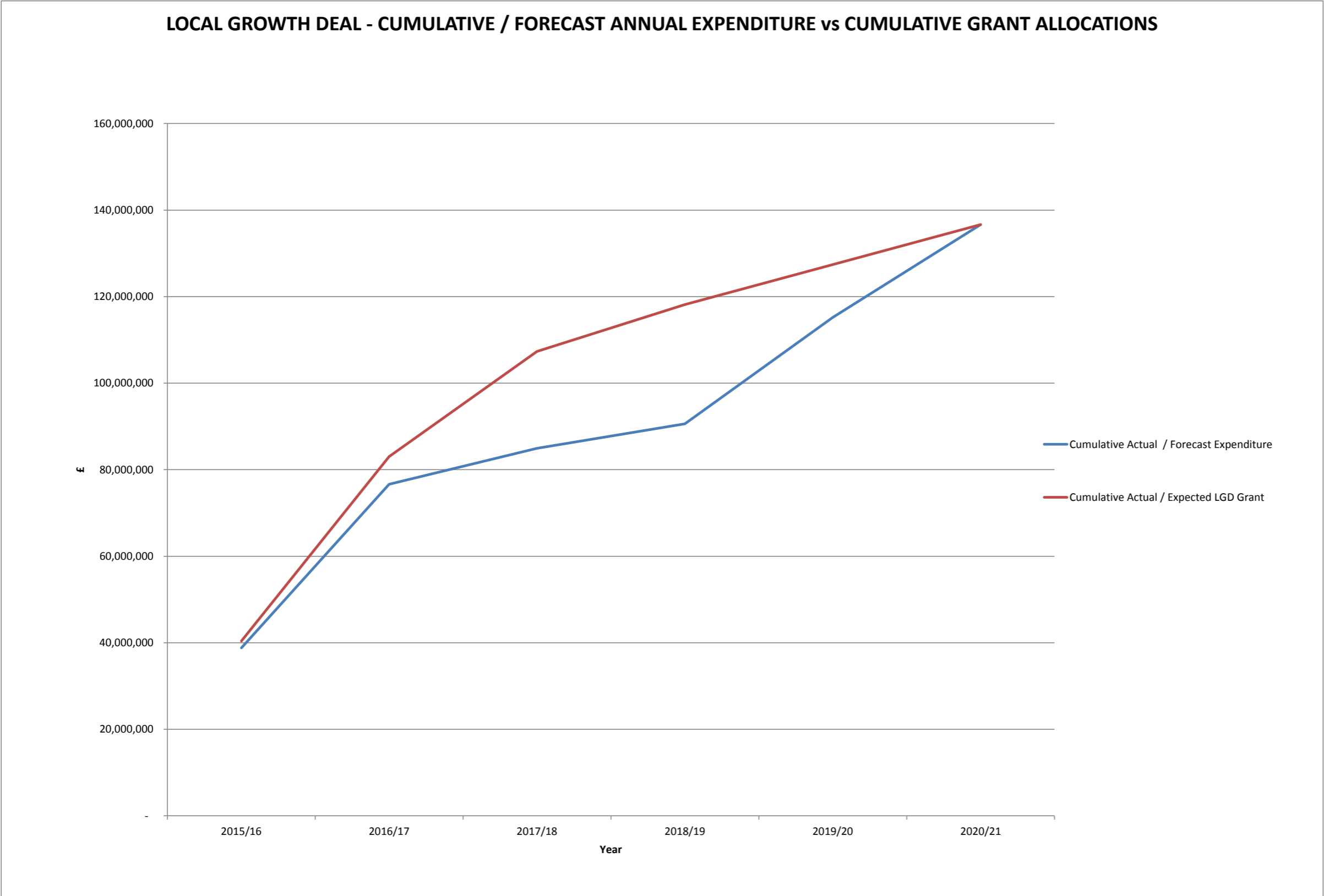
1. The initial £3.5m allocation for Stubbington Bypass is at present an advance at risk from the LGD due to DfT not agreeing to release any retained scheme funding over £2m until final tendered costs are received. The repayments to the LGD are assumed to be £1.5m from the GPL Fund and the £2m advanced by DfT. The further £3.5m advance programmed for 2019/20 is to reduce the borrowing costs that HCC would incur if they had to start financing the scheme early themselves. This is also undrawn by the GPL fund until the DfT funding is released

2. The funding to enable this scheme to proceed is indicatively earmarked and is subject to:

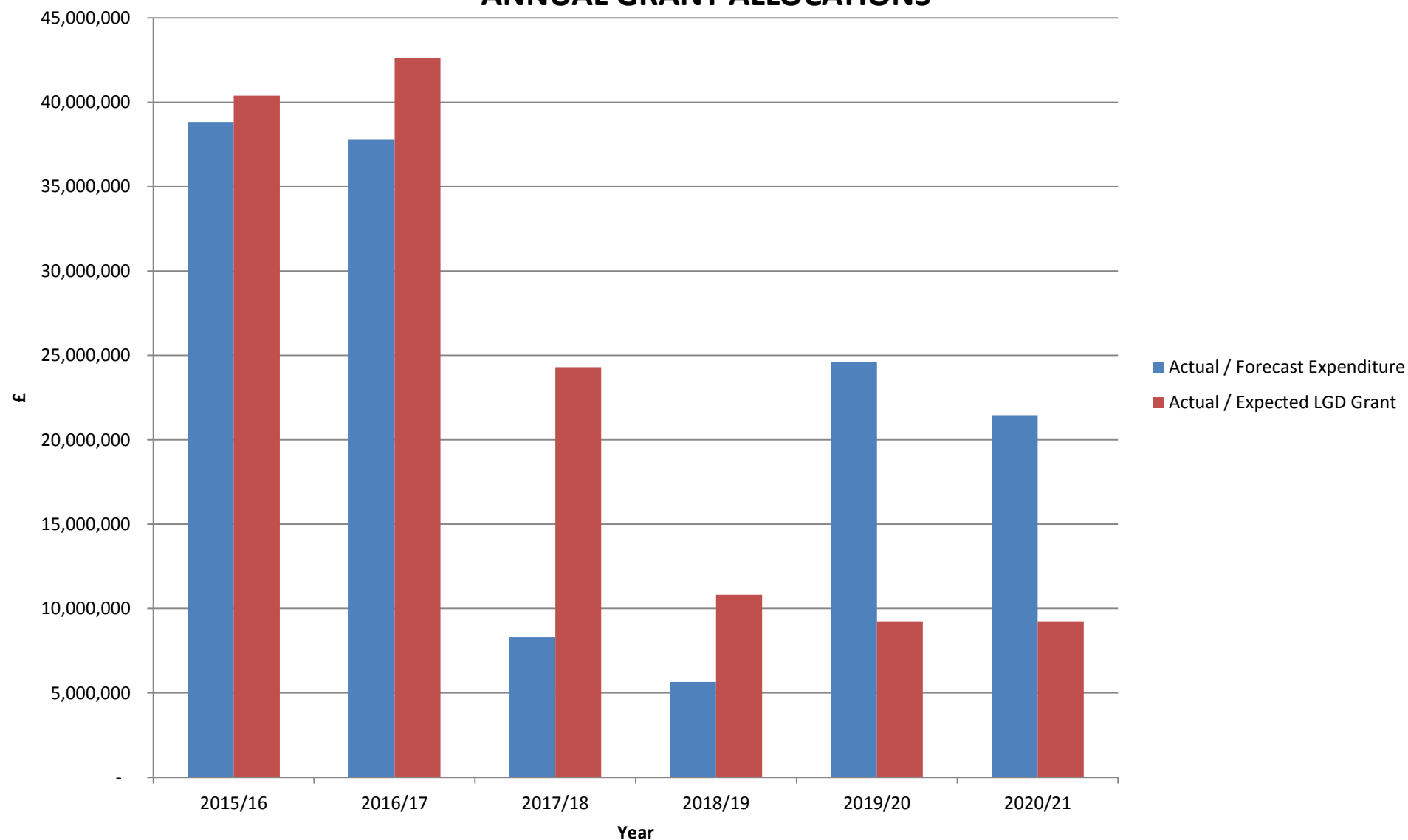
(a) timely receipt and approval of a full business case by DfT and Solent LEP; (b) The scheme being able to fully defray the funding available by 31 March 2021; (c) Receipt of the full LGD allocation in 2020/21

DfT RETAINED SCHEMES - FUNDING PROFILES						
SCHEME NAME	Actual 2016/17	Actual 2017/18	Actual 2018/19	Budget 2019/20	Budget 2020/21	Total Budget
Stubbington Bypass	0	0	0	20,000,000	5,700,000	25,700,000
M27 Junction 10 (note a)	0	0	2,150,000	2,500,000	10,250,000	14,900,000
Totals:	-	-	2,150,000	22,500,000	15,950,000	40,600,000

Notes:
(a) The £2.15m in 2018/19 and the £2.5m in 2019/20 for the M27 Junction 10 scheme have been paid directly to HCC who are the accountable body for the development phase of the project.



LOCAL GROWTH DEAL - ACTUAL / FORECAST ANNUAL EXPENDITURE vs ANNUAL GRANT ALLOCATIONS



APPENDIX F

Local Growth Deal High Level Deliverabilty Matrix

A confidential report will be considered at the meeting

APPENDIX G

Enterprise Zones Rates Update

A confidential report will be considered at the meeting

26.06.2019

Item 5

Internal Annual Audit Report 2018/19

Item: 5
Title: Annual Audit Opinion
Date: 26 June 2019
Purpose: For information

Draft Resolution:

The FFPMG is asked to:

- **Note** the Annual Audit Opinion in relation to audit work carried out during 2018-19.

1. Background

Solent LEP and Portsmouth City Council signed a Service Level Agreement for the provision of Internal Audit Services for a period of 3 years commencing in 2017/18. In partnership with the Chief Executive and Chief Internal Auditor, a proposed audit universe and Audit Plan for 2018/19 was agreed at the FFPMG meeting on the 13th September 2018.

The audit plan agreed for 2018/19 was as follows:

Activity	Status	Results
Governance & Decision Making Framework	Report Issued	Full Assurance 1 low exception raised
Risk Management	Moved to the 2019-20 audit plan	Not applicable
IT Infrastructure	Report Issued	Follow up performed on 2017-18 audit, opinion level moved from Reasonable Assurance to Full Assurance
Ethical Framework, (including code of conduct, gifts & hospitality and declarations of interest).	Report Issued	Reasonable Assurance 1 high, 1 medium & 1 low exception raised.
Compliance with FOI & GDPR requirements	Moved to the 2019-20 audit plan	Not applicable
Recruitment & retention of staff	Moved to the 2019-20 audit plan	Not applicable
Local Growth Deal grant sign off	Grant signed off	Full Assurance No exceptions raised.
Local Growth Hub grant sign off	Grant signed off	Full Assurance No exceptions raised.
Centenary Quay Grant and separate process review.	Grant signed off and process review.	Full Assurance No exceptions raised.

Activity	Status	Results
Foundations for Growth Capital Grant (Enterprise Zone)	Moved to the 2019-20 audit plan	Not applicable
Funding Contracts	Work in progress	Awaiting results at conclusion of the audit.
Purchase Cards	Report Issued.	Reasonable Assurance 1 medium exception raised.
Investigations. 1 ongoing and 1 new	Both closed and reported separately.	No process failing identified or relevant.

2. Public Sector Internal Audit Standards

In accordance with the 'Public Sector Internal Audit Standards' (PSIAS) which were introduced on 1st April 2013 (revised 1st April 2016) the Chief Internal Auditor will provide an Annual Internal Audit Opinion based on an objective assessment of the relevant organisation's framework of governance, risk management and control. The Annual Internal Audit Opinion must incorporate;

- The Opinion;
- A summary of the work that supports the Opinion; and
- A statement on conformance with PSIAS.

3. Annual Opinion

The results noted above indicate the SLEP have a sound framework for governance, risk management and control and therefore the annual audit opinion for 2018-19 is that of 'Reasonable Assurance'. Four audit opinion levels are in place and these are: no assurance, limited assurance, reasonable assurance and full assurance. Where there are mainly medium or low risk exceptions the annual audit opinion would be reasonable or full assurance. Only one area had a high risk exception raised which relates to the Ethics audit and failings by the Accountable Body to evidence annual declarations, containing nil returns. There are no areas noted of significant concern.

No Assurance	Limited Assurance	Reasonable Assurance	Full Assurance
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4. Conformance with PSIAS

Under PSIAS 1310 there is a requirement that, as part of the quality assurance and improvement programme internal and external assessments (of conformance with the Standards) must be undertaken. Standard 1311 allows for periodic self-assessments, which for Portsmouth City Council has been carried out each year since the standards were introduced.

Standard 1312 require that an external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. For 2017-18 an external assessment was undertaken in agreement with the standards and key individuals within Portsmouth City Council. The results confirm the Internal Audits conformance to PSIAS.

5. Summary

The work against plan for 2018-19 has been completed which has enabled an audit opinion to be given on the internal control environment for the SLEP. This opinion is that 'Reasonable Assurance' can be given that there are effective arrangements and controls in place.

6. Finance comments from the s151 Officer of the Accountable Body

There are no direct financial implications arising from the information set out in this report.

7. Legal implications

The relevant comments are contained within the body of this report in the context of the Annual Audit Opinion - they give reasonable assurance which within the remit of legal risk management is a good platform from which any defence to potential claims can be managed.