

Item 5

Title: Governance Update on Mid-Year Review
Date: 17th November 2020
Purpose: For Information and advice

1. Background

As part of the assurance monitoring process, the National Local Growth Assurance Framework requires all LEPs to publish an annual report and delivery plan. The delivery plan and annual report should set out a well-developed understanding of the local economic evidence base to identify opportunities and obstacles to inclusive growth, prosperity and improved productivity. Government will work with LEPs to develop measures to report against in the plan and report. These will be considered as part of the annual assurance process. Delivery plans and annual reports should be published at the beginning of each financial year.

The LEP Board agreed a Delivery Plan for 2020/21 at their meeting on 9th March 2020, however, following the Covid-19 pandemic, work was undertaken to review the delivery plan and a revised version was agreed by the Board at an extraordinary meeting held on 22nd April 2020. The Delivery Plan was published on 30th April 2020 and a copy of this is available at: <https://solentlep.org.uk/media/2999/solent-lep-delivery-plan-rev-april-2020-final.pdf>

The LEPs next Annual Report will need to provide an update on progress against the delivery plan and it is good practice for the Board to undertake a mid-year review of activity against the delivery plan. In addition to this, SGF Members are advised that the LEP undertakes a formal Annual Performance Review with Government each year and it is anticipated that progress against the delivery plan will form part of this review. The Government do also undertake a mid-year review with the LEP - which is an officer-led process - and SGF Members should note that the 2020 mid-year review took place virtually on 7th October 2020. There are no outstanding actions for the Solent LEP from the meeting and feedback was extremely positive.

In addition to the mid-year review meeting, the Annual Performance Review process also includes a range of desk based compliance checks by the Cities and Local Growth Unit assurance team. These checks were scheduled for April 2020; however due to the response to Covid-19, they were postponed. The assurance team will be conducting desk-based checks of LEPs' publicly available information (i.e. their website, including documents published on the website) and it is anticipated that the assurance team will complete their checks and feedback the outcomes to each area lead by the end of November to pass onto LEPs.

The LEP will also be required to participate in a formal Annual Performance Review meeting with Government. Details in relation to the meeting are awaited, however, it is anticipated that the meeting is likely to be scheduled for January/February 2021. The LEP will receive confirmation

of performance outcomes in relation to the themes of governance, delivery and strategy following the meeting. At present, the LEP does not have confirmed details in relation to the grading for these areas.

The final element of the Annual Performance Review process is undertaken by the Section 151 Officer of our Accountable Body, who will be required to submit a letter to the Ministry of Housing, Communities and Local Government Accounting Officer by 28 February 2021. This should include:

- A. Details of the checks that the S151 Officer (or deputies) has taken to assure themselves that the LEP has in place the processes that ensure proper administration of financial affairs in the LEP;
- B. A statement outlining whether, having considered all the relevant information, the Section 151 Officer is of the opinion that the financial affairs of the LEP are being properly administered (including consistently with the National Local Growth Assurance Framework and the LEP's Local Assurance Framework); and
- C. If not, information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the LEP to be properly administered.

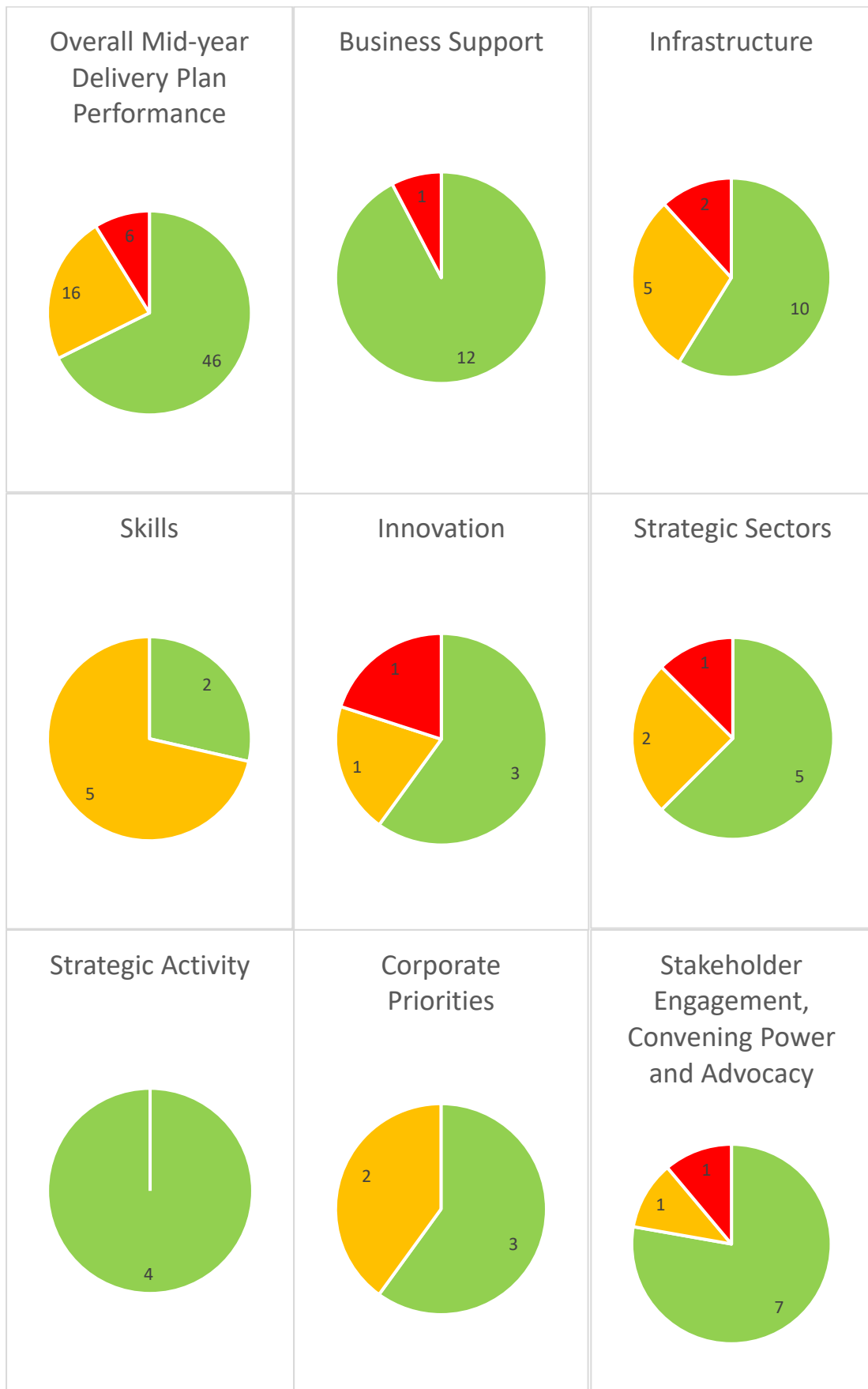
As part of this final element of the process, the LEP reviews the Local Assurance Framework on a regular basis and this review is currently underway.

2. Mid-Year Review

The Solent LEP Delivery Plan includes a range of strategic objectives, supporting activities and associated outputs/milestones under each of the strategic priorities agreed by the LEP Board.

The following paper provides a dashboard summary of performance against delivery plan activities as at September 2020, demonstrating the total number of Red, Amber and Green activities within the plan as a whole and in relation to each specific section.

Mid-Year Review Dashboard



Dashboard Commentary

The review indicates a strong performance from the Solent LEP within the first half of 2020/21 with 46 out of 68¹ green, and only six red, rated activities.

The LEPs performance has been particularly strong in relation to business support, strategic activity and stakeholder engagement, convening power and advocacy and this reflects the focus of the organisation on delivering an immediate response to support businesses, bring together key agencies and lead the development of an [Economic Recovery Plan](#) for the Solent.

However, Covid-19 has had an impact across many areas of the delivery plan as indicated in the dashboard.

In relation to the six activities rated red these include the following:

- **Promote the SME focused Solent Prosperity Fund to secure applications for start-up and SME high growth businesses.** - work has not progressed in relation to this activity and business support resources have, understandably, been targeted towards supporting business resilience, as opposed to growth, in response to the initial "survival" stage of the pandemic. However, it is recognised that supporting new start-ups and SME high growth businesses will form an important element of the LEPs work to support economic recovery and this activity will be revisited in the second half of 2020/21.
- **Delivery of 342 new homes [at Centenary Quay] by March 2020, facilitated by investment into the key public infrastructure for the scheme.** - The scheme promoter has been significantly impacted by Covid-19. Development on-site stopped in March due to Covid restrictions. Arrangements are being made for FFPMG to receive an update from the project lead at their next meeting in November.
- **Work with the private and public sectors to develop private sector-led proposals for water taxi use on Southampton Water.** - this work has not progressed due to redirection of Solent LEP focus/resources towards business support activity and also the impact of the pandemic on partner organisations. However, there remains a longer-term ambition to bring forward this work and there is an opportunity to revisit this in the context of the LEPs Economic Recovery Plan and request to establish a decarbonisation hub and Freeport set out under the LEPs [Comprehensive Spending Review submission](#). However, it should be noted that, within the current context of lockdown / social distancing restrictions, limited funds for investment and collapse in confidence in public transport experienced by existing infrastructure providers, it is unlikely this work will be progressed significantly in the short-term.
- **Jointly develop with the Isle of Wight Council Innovation Wight project, to realise a new £1.75m innovation centre at Northwood to create 250 new jobs through state-of-the-art space for start-ups and existing businesses.** - progress has stalled in relation to this project and an update on this is awaited from the Isle of Wight Council.
- **Promote Solent's maritime assets internationally through US and UK Global Trade Forum during autumn 2020.** - As a consequence of the COVID-19 pandemic, all international trade missions remain on hold.
- **Renew the Solent LEP website, incorporating the Solent Growth Hub and the Solent Enterprise Adviser activity.** - Significant work has been undertaken during 2020/21 to pivot the LEPs business support offer to primarily online delivery using the

¹ The published delivery plan includes 69 activities, however, one activity relating to the Solent University, Warsash School of Maritime Science & Engineering (WSMSE): Safety Training Centre project has been removed from this review following the decision of Solent University to withdraw the project as a result of the Covid-19 pandemic.

LEPs existing online portals. However, there remains an imperative to secure a new website that will better showcase the work of the LEP, promote its business support and skills offerings, demonstrate best practice in accessibility and meet with HM Government requirements. Capacity challenges have limited the ability to progress this work and additional resourcing will now be allocated to this to enable the activity to be progress during the second half of 2020/21.

In addition to the review of the delivery plan, it should be noted that the LEP has undertaken significant additional activity during the period which was not known during April 2020. This work should also be considered when reviewing the LEPs performance during 2020/21. Key examples of additional activity not included within the work programme when the delivery plan was considered include:

- **Restart, Restore, Recover Loan Fund:** The LEP launched the fund on 4th June 2020 and full information on the fund is available at: <https://solentlep.org.uk/covid-19-restart-restore-and-recover-loan/> Weekly webinars have been held to support potential applicants seeking to access the funds and nine applications seeking loan funding support of over £6.1 million have been received to date. The Solent LEP Board has agreed two loan requests totalling £2.75 million to date. Based on the interest and successful applications to the fund, it remains clear that there is demand for this form of loan funding in the Solent and, in particular, from businesses operating in the visitor economy sector. Round 1 of the fund closed at the end of October 2020.
- **ERDF Restart and Recovery & Kickstarting Tourism Grant Fund:** The Solent LEP received confirmation from MHCLG of an allocation of additional ERDF to respond to the impact of Covid-19, including £157,341 in relation to the Visitor Economy and £250,000 in relation to the wider economy. The LEP is working in partnership with the University of Portsmouth to ensure SMEs can access this funding in the Solent. Round one launched on 16 September and closed on 23 September 2020 and circa £100,000 of funding is being provided to SMEs under the first round. Alongside this work, the LEP is making arrangements for a second funding round to launch in November in response to a second national lockdown and businesses are already registering their interest in relation to additional funding rounds.
- **Getting Building Fund:** Following the MHCLG call for projects the LEP brought together a portfolio of 68 projects with a total value of over £900 million. This demonstrates the capacity of the area to respond to the economic challenges created as a result of COVID-19 and it also showcases the potential of the area as a catalyst for growth. The LEP submitted 11 projects that were shovel ready and could start and complete by December 2021. On 1st July 2020, the Solent LEP received confirmation that we will receive up to an additional £15.9 million for the Solent area and the Solent LEP have engaged with all of the 11 projects in the initial pipeline submitted to better understand affordability considerations, such as scalability of proposals, to inform the LEPs prioritisation process. The Solent LEP Board considered the pipeline of projects in the context of the £15.9m funding available at their meeting on 17th July 2020 and agreed a final package of six projects to progress with the funds. The projects will leverage an additional investment of £58.74 million, directly creating over 730 jobs. Our construction industry will also be re-energised through the creation of over 3,600 additional jobs in the sector. Critically our coastal communities will benefit from the unlocking of 1,500 new homes and there is a programme of town and city centre modernisation through targeted investments in our maritime and visitor economy infrastructure and the enhancement of digital connectivity to support economic performance in our more isolated coastal areas,

including the delivery of over 23,000 new super or ultra-fast broad band connections. Looking to the future we have also prioritised investment in our innovation ecosystem to secure improvements to our research and development facilities, spearheading a revolution in green recovery and low carbon technology and our human capital will be enhanced through nearly 500sqm of new learning and training floor space and 2,800sqm of employment floor space. This also delivers on our ambition to pioneer new approaches to climate change adaptation and decarbonisation as delivery of these projects will reduce CO2 emissions by over 34 million kg. A further update on this is included in item 5b.

- **Coordination of national call for PPE:** The Solent LEP has played an active role in this space, including work with Portsmouth City Council, Southampton City Council and Hampshire Fire and Rescue to support a drive to increase the supply of more Personal Protective Equipment (PPE) across the area to respond to the COVID-19 crisis. The LEP has also directed funding to support local sewing group Team Scrubbers by purchasing material that will be made into additional scrubs for Portsmouth and Southampton-based NHS and medical staff.

3. 2020 Annual Report

As set out in section 1, as part of the assurance monitoring process, the LEP is required to publish an annual report at the beginning of each financial year. A copy of the Solent LEP 2019 Annual Report is [available here](#) for reference.

Work has commenced in relation to preparation of the 2020 annual report and, in terms of format, the annual report will draw on the structure agreed for the 2019 version. A draft Annual Report will be brought forward for consideration early in the new year to ensure that it can be finalised for publication on 1st April 2021 and, in the interim to this, the Executive would welcome any feedback or advice in relation to the format for the 2020 Annual Report to inform its preparation.

Resolution:

Solent Growth Forum Members are asked to:

- **Note** the update on the Annual Performance Review process.
- **Note** the mid-year delivery plan performance review.
- **Provide advice** in relation to the format of the 2020 Annual Report

Equality impact assessment

EIA not required for note items.

Legal implications

In relation to the recommendation to note the mid - year delivery plan performance review there are no direct legal considerations arising from the recommendation.

Financial comments from the S151 Officer of the Accountable Body

There are no specific financial implications arising from this update.