

**Solent Local Enterprise Partnership
Extraordinary Board meeting to be held via video conference on
Wednesday 1 September 2021
17:00 to 18:00**

Item	Title	Time
1.	Welcome, Introduction and Apologies for absence and declarations of interest	17:00- 17:05
	<u>LEP Matters requiring board decision</u>	
2.	Corporate Governance update to include: a. Annual Internal Audit Report 2020/21 b. Annual report from SERCOM 2020/21	17:05 – 17:20
3.	Funding programmes update a. Local Growth Deal capital programme b. Solent Prosperity Fund	17:20 – 17:55
4.	Any other business Date of next meeting – Friday 8 October 2021 – 09:00- 12:00	17:55 – 18:00

1.9.2021

Item 2a

Annual Internal Audit Report 2020/21



Item: 2a
Title: Internal Audit Annual Opinion
Date: 1st September 2021
Purpose: For information

Resolution:

Solent LEP Board is asked to:

- **Note** the Annual Audit Opinion in relation to audit work carried out during 2020/21.

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 evaluate 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. The SLA for future years has recently been finalised.

2. Purpose of report

This report is to inform the Solent LEP Board of the annual opinion on the effectiveness of the internal control framework, following the completion of the 2020/21 planned audit activities.

3. 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.

4. Annual Opinion

The audit results across the year indicate that the Solent LEP have a good framework for governance, risk management and control. There were two audits rated as limited assurance. These relate to Covid-19 activities that as noted below were implemented during a difficult period and at speed. Lessons were learnt and controls were adapted to enhance arrangements. There are no significant areas of concern in relation to the overall control environment.

The annual audit opinion for 2020-21 will therefore remain at 'Reasonable Assurance', as was the previous year. Four audit opinion levels are in place and these are: no assurance, limited assurance, reasonable assurance and full assurance.

No Assurance	Limited Assurance	Reasonable Assurance	Full Assurance
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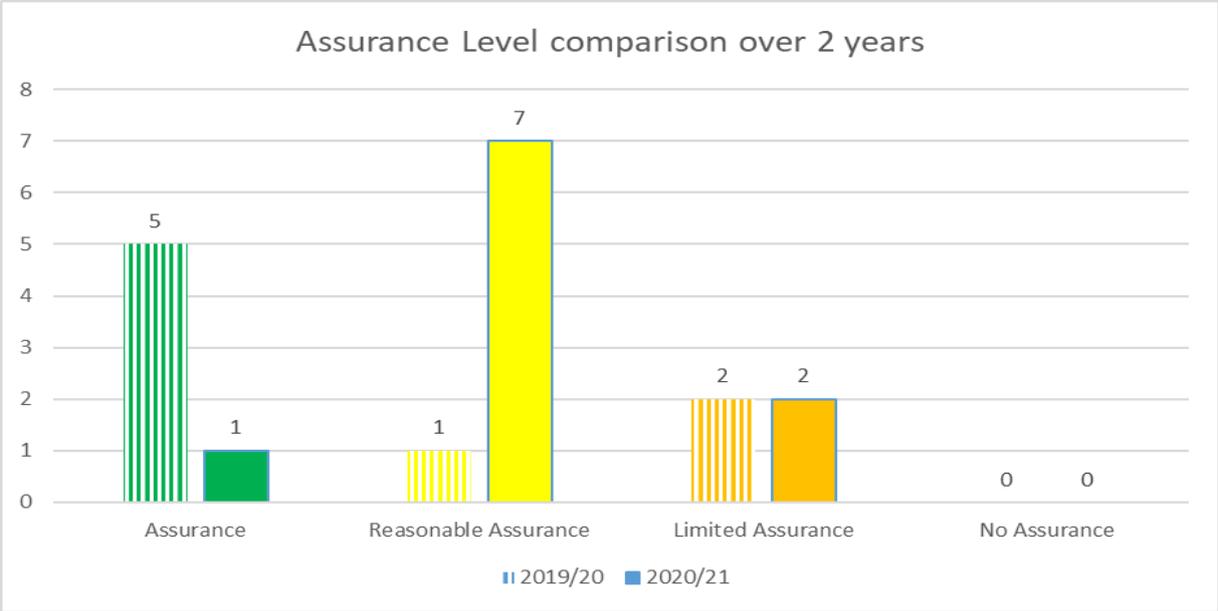
5. Summary of work completed

The audit coverage for 2020/21 and the individual results are as follows:

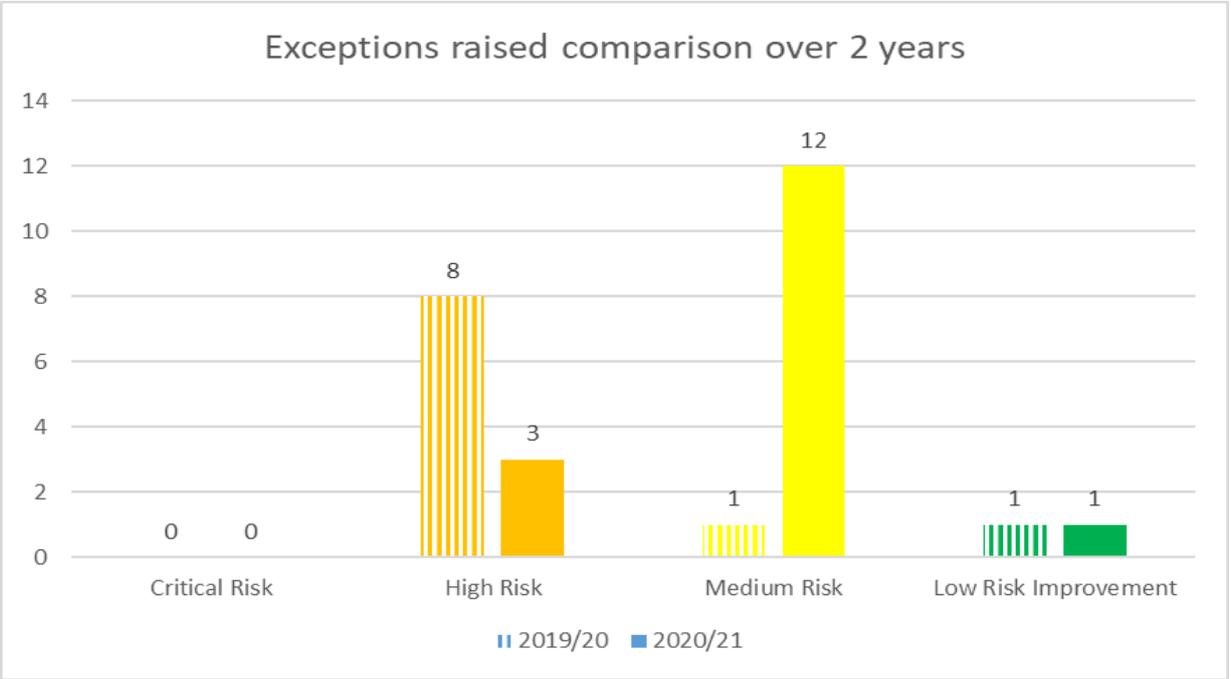
Activity	No. of days	Status	Results	Comments
Solent LEP Covid-19 Response Activity				
Restart and Recovery & Kick starting Tourism Grant Fund	10	Phase 1 completed	Assurance	
Isle of Wight and New Forest Business Resilience Funds	5	Completed	Limited	
Solent LEP Pay It Forward Fund	10	Completed	Limited	
Loans	5	Completed	Reasonable Assurance	
Summary report to bring together for Covid-19 Response audits	1	Completed	Reasonable Assurance	
Solent LEP ongoing Audit Activity				
Grant Awards including due diligence checks. Claims Processing	10	Completed	Reasonable Assurance	
Solent 2050 (project)	10	Completed	Reasonable Assurance	
IT Infrastructure	10	Completed	Reasonable Assurance	
Payroll / Expenses	5	Completed	Reasonable Assurance	
Insurance	10	Completed	Reasonable Assurance	
Centenary Quay Grant	0	Removed	No further verification required within this financial year.	
Foundations for Growth Capital Grant (Enterprise Zone)	0	Removed	No further verification required within this financial year.	
Investigations/ Advice	24	-	1 Investigation performed (Crowdfunder). Advice and guidance provided for two other areas of concern.	
TOTAL	100			

There were 8 Full Audits, 1 Follow Up audit and an opinion assessment in the 2020/21 Audit Plan.

The below table shows the overall assurance levels for the audits completed, including the 1 follow up. As shown, there has been an increase in the number of reasonable assurance audits compared to Assurance in the previous year.



The table below shows the number and risk levels of exceptions raised during the last 2 financial years. As shown, there has been a decrease in high risk exceptions raised and an increase in Medium Risk exceptions.



6. Covid 19 - Solent LEP Response

The audit plan for 2020/21 was revised at the beginning of the year to factor in work required in relation to Covid-19 and the Solent LEP's response to the pandemic. Four distinct areas were added to the plan. These were:

Kick Starting Tourism Grant - Phase 1	Assurance
Isle of Wight & New Forest Business Resilience Funds	Limited
Pay it Forward Fund	Limited
Loans	Reasonable Assurance

From the work performed it is clear there were a number of control weaknesses in the administration of the various funds. This is particularly relevant where evidence to support terms and conditions of the funding was lacking or not sufficiently robust. The administration for some of these areas was outsourced to a third party without full evaluation of their decision making.

It is recognised that schemes were set up at speed and where both the Solent LEP and the Accountable Body were under considerable pressure. It is also evident that schemes evolved to address perceived gaps or to learn from experiences encountered and to enhance the arrangements in place. The risk of fraud is present in any scheme and safeguarding against organised crime is particularly difficult. Both the Solent LEP and the Accountable Body have however implemented reasonable controls throughout to minimise the risk exposure of fraud. No significant issues were found in this area.

7. 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.

8. Summary

The annual opinion has been made and an overall opinion of 'Reasonable Assurance' has been given, in relation to the effectiveness of arrangements and controls, currently in place.

Further information about any aspects of this report can be obtained from Elizabeth Goodwin (Chief Internal Auditor), or Paul Somerset (Deputy Chief Internal Auditor).

Solent LEP Board is asked to:

- **Note** the Annual Audit Opinion in relation to audit work carried out during 2020/21.

1.9.2021

Item 2b

Annual report from SERCOM 2020/21

Item number: 2 b

Item title: Annual Report 2020/21 from the Solent LEP Search, Employment and Remuneration (SER) Committee

Meeting Date: 1st September 2021

Resolution

The Board is asked to

- **Agree** the 2020/21 Annual Report from the Search, Employment and Remuneration (SER) Committee

1. Background

The Committee is appointed to lead the process for all employment matters including, but not limited to, organisational structure, appointments and executive remuneration within the overall budget approved by the Board in order that there is a formal and transparent procedure for developing employment policy. In addition the remit of the committee includes both executive and non-executive search functions, including the provision of expert advice and guidance to the LEP Executive itself and to the LEP Board on the recruitment of new LEP Business Directors, Panel Chairs and Private Sector Members. It also provides advice and guidance to the Accountable Body on the recruitment of senior members of the Executive team.

As part of this remit there is a requirement to produce an annual report on remuneration, and a summary of the Company's remuneration policy which forms part of this annual report to the main LEP Board.

2. Employment Matters

The Committee continued during 2020/21 to oversee ongoing employment matters, including management of vacancies and other general items including staff retention, succession planning and the apprenticeship programme given this is in its third year of operation. An updated copy of the staffing structure as at May 2021 is set out in Annex A.

It should be noted that at the time of writing there are 7 vacant posts and the actual staffing establishment is 26 posts incorporating 3 apprenticeship roles, 3 secondment and 7 fixed term roles. This is currently under review as the LEP considers the impact of the LGD and GBF capital programmes coming to a conclusion, the growth of the business support function, new programme of activity aligned to the Solent Freeport and Maritime UK Solent and the LEP review which is due to report before the summer recess.

The apprenticeship programme has continued to be successful and critical component of our personal development programme and is a core component of our operational capacity. One of the apprentices has completed their level 3 Apprenticeship in Administration and has progressed to a level 4 apprenticeship as a Regulatory Compliance Officer for a fixed term of 2 years to support the regulatory functions and compliance

activities at the Solent LEP. Another has completed their higher level apprenticeship in business and Professional Administration and secured a full-time role at Portsmouth City Council and we now have 2 apprentices following a level 4 Marketing Executive apprenticeship.

In addition SERCOM has overseen the continued development of shared posts and alongside the jointly funded Careers and Outreach role with Maritime UK we now have a shared skills post with Havant Borough council.

SERCOM established a sub-group in 2020/21 to undertake an organisational review to look at capacity considerations and also to look at succession planning for the chief executive role. The Committee has overseen the work to develop a career progression route from Assistant Director level through to Deputy Chief Executive and Chief Executive level. This provides additional resilience for the LEP and ensures that there is a development pathway now firmly established between Assistant Director level and the Chief Executive role. This programme of work has now concluded and following a recruitment process Richard Jones has been appointed as Deputy Chief Executive and alongside this the delivery and compliance functions have come together under his direction as shown in Annexed A.

In addition SERCOM proposed to the Board that a further career progression opportunity be provided recognising the need to establish a Managing Director (Designate) for Maritime UK Solent and also a senior executive to deputise for Anne-Marie Mountifield in relation to work for Solent freeport Limited and on Maritime UK (Solent). The board agreed this and this work is being taken forward alongside the incorporation of Maritime UK Solent.

3. Non-Executive search activity in 2020/21 and board composition

As part of the commitment to ongoing evaluation and continuous improvement and in relation to composition targets, the Solent LEP meet or exceed targets in place in relation to private sector Board make-up and SME representation. Further work has been undertaken on this with a view to strengthening the diversity policy with the introduction of wider diversity targets to inform future executive and non-executive recruitment. It is recommended that SERCOM consider augmenting the targets for board diversity established under the LEP Assurance framework as follows:

- By April 2021 43% of the board are women, ensuring that the board remains on track to meet the government target that there will be equal representation by 2023; and
- By April 2021 12.5% of the board include representation of those with protected characteristics; and
- By April 2021 25% of senior leadership positions are female with a commitment to maintain greater diversity across the executive. Shortlisting for interviews will therefore continue to seek to include at least one male and one female candidate and at least one candidate from groups with protected characteristics, providing applicants meeting the job requirements apply. Similarly interview panels will as a minimum continue to include at least one male and one female panel member

During 2020/21 and 2021/22 the Committee also led the search activity for key appointments to the board including:

- A new LEP Chair in September 2020. Following an open recruitment 3 candidates for the role were proposed and the Business membership elected Brian to the role for a three year period from 30 September 2020
- A new LEP Deputy Chair whereby the board appointed SJ Hunt to the role for a three year period from December 2020
- Two new B Director vacancies were advertised during 2020/21 and the Committee led the work on the subsequent B Director election which concluded on 12 April 2021. Following validation of the election results by the Company secretary, B Members have elected Graham Barnetson, CFO of Red Funnel, and Alison Wilson, Owner of Balmer Lawn Hotel, to the LEP Board.
- Five new P Director appointments following the local elections in May 2021. P Members convened on 28 May 2021 and elected Graham Burgess (Leader of Gosport Borough Council), Dan Fitzhenry (Leader of Southampton City Council), Lora Peacy-Wilcox (Leader of the Isel of Wight Council), Edward Heron (Cabinet member at Hampshire County Council and Leader of the New Forest District Council) and Ben Dowling (Cabinet member at Portsmouth City Council) to the LEP Board.

4. Remuneration 2020/21 and forecast employment costs though to 2023/24

Currently Portsmouth City Council act as the Accountable body for Solent LEP and in this role employ the staff who work as part of the LEP Executive. As staff of Portsmouth City Council they work under pay and conditions set out and agreed by Portsmouth City Council. Their pay policy statement is been produced in accordance with Sections 38 to 43 of the Localism Act 2011 (the Act), and is compliant with the Local Government Transparency Code 2014.

Within this framework, the Pay Policy Statement has been reviewed on an annual basis by the Solent LEP Employment and Remuneration Committee (and can be accessed via the following web link; <https://www.portsmouth.gov.uk/services/council-and-democracy/transparency/senior-management-salary-information/pay-policy-statement-2021-22/> and within the framework of the Accountable Body's Pay Policy Statement and Job Evaluation Scheme. The Pay Policy Statement is also reviewed on an annual basis, and a new version of the policy is approved before the start of each subsequent financial year, which will need to be complied with during that year. The draft pay policy for 2021/22 was approved by Portsmouth City Council at their full council meeting in March 2021.

The pay policy for Solent LEP staff has conformed fully with the wider pay policy for Portsmouth City Council Staff and the Council's job evaluation support scheme (JESS) has been used when setting pay levels for roles within the Solent LEP. Also within the framework of the Accountable Body's Pay Policy Statement and Job Evaluation Scheme, SERCOM considered and agreed the following during 2020/21 for 2021/22:

- The Committee **agreed** to continue to adopt the Pay Policy for Portsmouth City Council for Solent LEP staff and **agreed** to continue with the policy to reward performance and/or exceptional duties for the Chief Executive and wider LEP Executive team as set out under the additional and exceptional duties policy of Portsmouth City Council and as previously approved by the committee in 2018/19; and
- In respect of the Chief Executive, the continuation of a retention package (until 31 March 2022) to provide a level of assurance that the Chief Executive would be retained to deliver the requirements of the Local Growth Deal.

It should be noted that the finalised Pay Policy Statement was agreed by Portsmouth City Council in March 2021 for the financial year 2021/22 and similarly it is expected that the finalised Pay Policy Statement for 2022/23 will be agreed by Portsmouth City Council in March 2022

The Table below shows that the LEP expenditure and resourcing outturn for 2020/21 has increased by 1.0 FTE and £50k. This is primarily due to increases in accountable body resourcing linked to new programme of work undertaken in 2020/21.

The LEP resourcing FTE assumptions for 2021/22 are lower than previously forecasted reflecting the fact that we are in the final year of some capital programmes and this is forecast to be lower again in subsequent years, reflecting the completion of the local growth deal and getting building fund programmes.

Careers outreach post at 50% salary:

Table 1: Staffing expenditure and forecast budget 2019/20 to 2023/24

	2019/20 Actual £	2019/20 Actual FTE *	2020/21 Actual £	2020/21 Actual FTE **	Contracted 2021/22 Forecast £ ***	Contracted 2021/22 Forecast FTE	Contracted 2022/23 Forecast £ ***	Contracted 2022/23 Forecast FTE	Contracted 2023/24 Forecast £ ***	Contracted 2023/24 Forecast FTE
LEP Executive	1,229,229	26.02	1,411,948	30.61	1,637,445	27.22	1,384,626	20.72	1,354,985	19.30
PCC Support	342,553	3.50	420,305	4.50	420,300	4.50	350,000	3.50	350,000	3.50
Total	1,571,782	29.52	1,832,253	35.11	2,057,745	31.72	1,734,626	24.22	1,704,985	22.80

For 2019/20 the staffing establishment was 26.02 FTE and the outturn reflects the position as at 31 March 2020 where 8.0 vacancies were not filled or in post.

** For 2020/21 the staffing establishment was 30.61 FTE and the outturn reflects the position as at 31 March 2021 where 3.0 vacancies were not filled or in post.

*** The forecasts for years 2021/22, 2022/23, and 2023/24 assumes the following:

- Any fixed term posts are not extended beyond the current contracted dates as at April 21.
- The agreed pay freeze remains in place until 2023/24.
- Staff continue to receive pay band increments until they reach the top of the pay band.
- Please note the current vacancies for the following posts - Compliance Office, Data Officer, and Local Growth Project Manager (GBF) are on hold until the LEP review is completed and outcomes considered. Therefore the contracted position for 2021/22 will be revised to reflect this.

5. LEP Review 2021

The government set out a commitment at the March 2021 Budget to work with local businesses and Local Enterprise Partnerships (LEPs) on the evolution of LEPs.

This will be a government-led review into the role of LEPs going forward. They will work with LEPs, local businesses and others between now and the Summer to consider the form, functions and geographies required for evolved LEPs to best support productivity and growth going forward.

The contribution of LEPs during the pandemic, notably in business intelligence, Ministerial Roundtables, skills support leveraging the involvement of FE/HE, through the Growth Hub network, from delivery of Growth Deal 3 programmes and the rapid turnaround of bids for the Getting Building Fund has been acknowledged by Ministers. It is therefore policy change, not LEP performance, that is the key driver of the review.

SERCOM will be considering the implications of this review as part of its work programme for 2021/22.

6. Equality Impact Assessment (EIA)

Board Paper includes consideration of Equality and Diversity Strategy, resulting in positive outcomes for individuals with protected characteristics. No negative outcomes for any groups anticipated and formal EIA not required.

7. Legal Implications

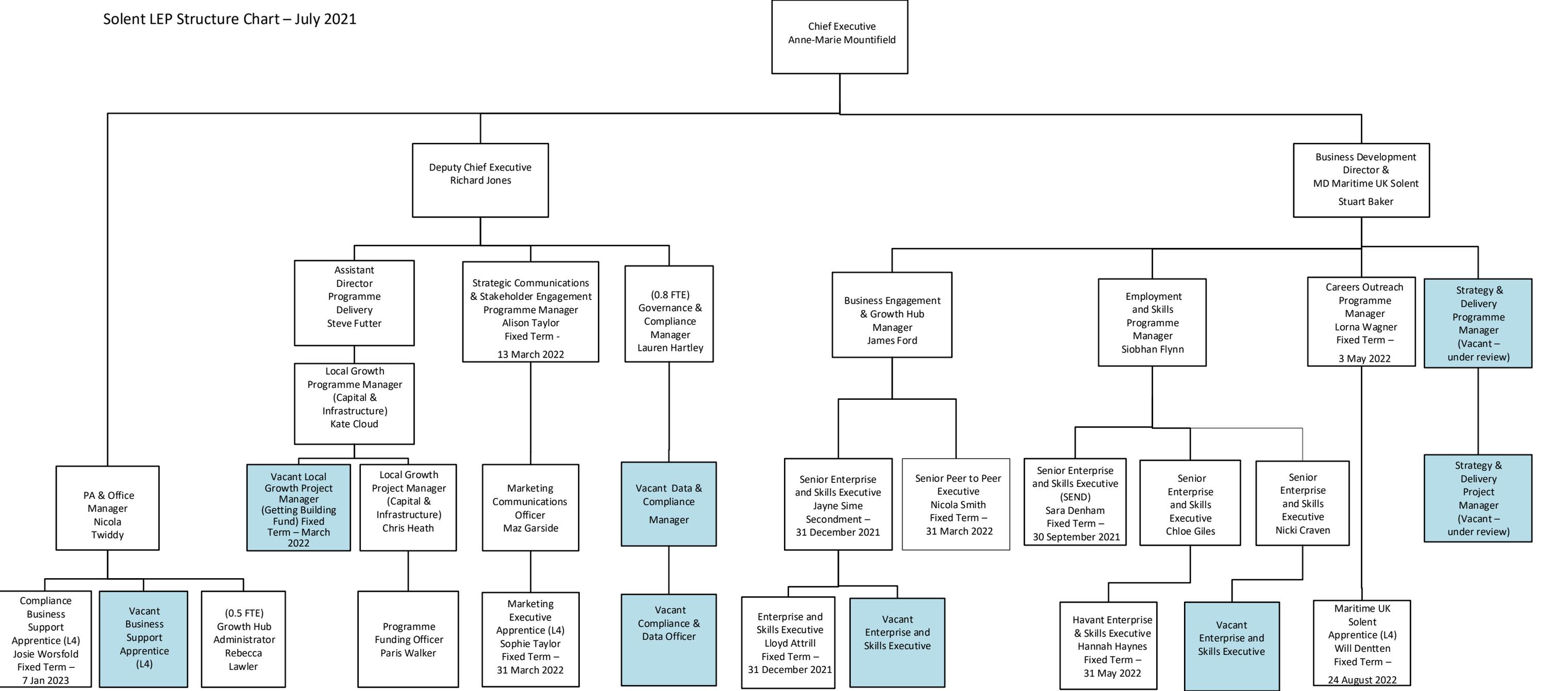
There are no specific legal implications in the reporting aspects of this report. In terms of future appointment - Portsmouth City Council (acting as accountable body) for the Solent LEP employ all staff who work as part of the Solent LEP executive - all such future appointments are to be in line with the pay and conditions set out and agreed

by the accountable body in consultation with the relevant HR lead as per the Service Legal Agreement for services with the Solent LEP.

8. S151 Officer of Finance Comments

The LEP executive and accountable body staffing costs set out in table 1 of this report are fully funded in the budget which has been approved by the LEP Board. Should there be any additional staffing requirements then the financial implications of this will be reported to a future meeting for to seek further approval.

Solent LEP Structure Chart – July 2021



1.9.2021

Item 3a

Local Growth Deal capital programme

Item Number: 3a - Funding Programmes Update
Item Title: Local Growth Deal Capital Programme - Solent Recreation Mitigation Programme "Bird Aware Solent"
Meeting Date: 1 September 2021
Purpose: For Information, Advice and Decision

1. Draft Resolution

Board members are asked to:

- **Consider** the confidential report at Annexe A and **Agree** the recommendations

2. Purpose

This paper provides a review of the project background for the SRMP, an update in relation one of the project sites on Horsea Island, and considers the proposal from SRMP to replace this project with an alternative project on North Portsea Island.

3. Project background

The Solent LEP provided £1.335m through the Local Growth Deal in 2015/16 to Southampton City Council, acting as accountable body for the then Partnership for Urban South Hampshire who were the scheme promoter for the SRMP. The SRMP has been promoted under the "Bird Aware Solent" brand, and is a green infrastructure scheme, aimed at alleviating increased visitor pressure on the Solent's Special Protection Areas (SPAs) as a result of new housing developments. LEP funding was for investment at five key recreation sites across the Solent, with this investment being complemented by housing developer contributions for sites with 5.6km of the SPAs. The table below is summarised from the SRMP presentation to FFPMG in March 2021, and summarises the key details for each of the five sites.

Site	LEP Investment	Development	Status
Alver Valley - Gosport	£205,000	<ul style="list-style-type: none"> • Creation of a new car park (western gateway) • Extension of existing car park (eastern gateway) • Signage 	Complete
River Hamble Country Park - Eastleigh	£385,000	<ul style="list-style-type: none"> • Additional land procured and made available for public access 	Complete
Shoreburs Greenway - Southampton	£150,000	<ul style="list-style-type: none"> • Over 2km of all weather surface paths connecting areas and creating an attractive walking route. 	Complete
Warblington Farm - Havant	£225,000	<ul style="list-style-type: none"> • Purchase of farm land for multi-purpose environmental mitigation scheme 	Complete
Horsea Island - Portsmouth	£390,000	<ul style="list-style-type: none"> • Fenced dog agility and exercise area • Toilets • Wader and Brent Goose refuge • Car park 	<i>Delayed</i>

4. Housing outputs update

It should be remembered that, whilst the LEP investment was provided to support the costs of developing the green infrastructure at key recreation sites, what the LEP was ultimately buying were housing outputs. Of the 9,099 housing units reported as delivered by SRMP to date, 7,519 of these have been independently confirmed as completed by Hampshire County Council's Land Availability Monitoring System. These figures are updated on an annual basis, usually in Q3 of the financial year, and we expect the housing figures to break through the 10,000 mark by Q3 of this year. This is against a contracted target of 11,250 over the monitoring period of the LGD, and SRMP are forecasting in excess of 14,000 completions within the same timeframe.

The total housing outputs agreed with HM Government for the entirety of the Solent LGD are 11,000 new housing units and, due to the LEP carefully over-contracting with individual schemes, we are currently reporting a total of 10,701 new units, with a total forecast of 15,941 by the end of 2024/25.

In summary, the LEP are in a strong position in relation to housing delivery, both at individual scheme level, and overall LGD programme level.

5. Current status

As reported by the beneficiary at the FFPMG meeting in March 2021, the Horsea Island site had met with some delays and, as a result, an alternative scheme has been proposed. Further information in relation to the current status and proposed alternative site is included at Annexe A.

Board members are asked to:

- **Consider** the confidential report at Annexe A and **Agree** the recommendations

6. Equality impact assessment

An EIA has been prepared and considered in relation to the Local Growth Deal and it is considered that there are no negative impacts on groups identified in the EIA.

7. Legal implications

Legal comments included at Annexe A.

8. Financial comments from the S151 Officer of the Accountable Body

Finance Comments included at Annexe A.

9. Decision Summary

Board members are asked to:

- **Consider** the confidential report at Annexe A and **Agree** the recommendations

1.9.2021

Item 3a: Annexe A

A confidential report will be considered at the meeting

1.9.2021

Item 3b

Solent Prosperity Fund

A confidential report will be considered at the meeting