



## AGENDA

Solent Local Enterprise Partnership  
Meeting of the Finance, Funding and Performance Management Group (FFPMG) to be held virtually on  
Tuesday 14 March 2023, 13:00 - 14:00

<b>Item</b>	<b>Title</b>	<b>Time</b>
1.	Introductions and apologies for absence	13:00 – 13:05
2.	Notes of the previous meeting of 6 February 2023, matters arising and declarations of interest	
3.	Audit Update	13:05 - 13:15
4.	Update on Loan Funding Agreements	13:15 - 13:35
5.	Future Funding	13:35 - 13:55
6.	Any Other Business	13:55 - 14:00

**14.3.2023**

**Item 2**

**Notes of meeting held on 6 February 2023**

**Solent Local Enterprise Partnership  
Funding, Finance Performance Management Group (FFPMG)**

Held on Monday 6 February 2023 via video conference facilities  
09:30 - 12:00

Present	In Attendance
David Youngs	Paul Somerset
Graham Barnetson	Nicola Twiddy (minute taker)
James Fitzgerald	James Ford
Nick Loader (Chair)	Kate Cloud
Richard Jones	Lloyd Clark
Salli Shapcott	Stuart Baker
Apologies	Guests for Item 3 Only
No apologies to note	IoWC - Claire Elderfield, the Project Manager & Barry Cooke, Senior Surveyor, Property Team
	ABP - Sue Simmonite, Sustainable Development Manager
	Greenclose - Mike Lashmar, Group Finance Director & James Hiley-Jones, Managing Director

Confidential information has been removed from this meeting note.

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.

Item	Action
<p><b>1. Introductions and apologies for absence</b> The Chair welcomed everyone to the meeting.</p> <p>There were no apologies to note.</p>	
<p><b>2. Notes of the previous meeting of 8 November 2022, matters arising and declarations of interest</b></p> <p><u>Notes of the previous meeting of 8 November 2022</u> The meeting notes from the meeting on 8 November 2022 were <b>Agreed</b> by FFPMG.</p> <p><u>Matters Arising</u> The following matters of arising where raised for the November meeting:</p> <p>Item 4 - University of Portsmouth CCIXR Project - the project variation was executed, and final claim payment has been made. The project now moves to monitoring phase.</p> <p>Item 6 - the draft Delivery plan was shared with the Board and then submitted in its draft form to Government and comments are awaited.</p>	

	<p><u>Declarations of Interest</u> Graham Barnetson - General interest in the IOW Floating Bridge (location of business).</p> <p>Nick Loader and Graham Barnetson - organisations have a commercial relationship with ABP, unrelated to any LEP project.</p> <p>Richard Jones - SRO for Solent Freeport in relation to Seed Capital programme.</p>	
<p><b>3.</b></p>	<p><b>Updates from scheme leads</b> <u>Isle of Wight Council</u> Kate Cloud provided an overview and status update on the Branstone Farm project.</p> <p>Claire Elderfield and Barry Cooke joined (09:36) the meeting and gave a presentation to update on the Branstone Farm project.</p> <p>Following questions, the Chair passed on the Panels thanks to Claire Elderfield and Barry Cooke and they left the meeting (09:47)</p> <p>Salli Shapcott joined the meeting (09:47)</p> <p>Following a discussion, FFPMG Members:</p> <ul style="list-style-type: none"> <li>• <b>Agreed</b> next steps in relation to the project</li> </ul> <p><u>ABP</u> Kate Cloud provided an overview and status update on the Shore Power project and the Getting Building Fund Cruise Terminal 5 project. Stuart Baker joined the meeting (09:53)</p> <p>Sue Simmonite joined the meeting (09:56) and gave a presentation to update on the Cruise Terminal 5 project and the Shore Power project.</p> <p>Following questions, the Chair passed on the Panels thanks to Sue Simmonite and she left the meeting (10:31).</p> <p>Following a discussion, FFPMG Members:</p> <ul style="list-style-type: none"> <li>• <b>Agreed</b> next steps in relation to the project</li> </ul> <p><u>Greenclose</u> Richard Jones provided an overview and status update on the Greenclose project.</p> <p>Mike Lashmar and James Hiley-Jones joined the meeting (10:45) and gave a presentation to update on the Greenclose project.</p> <p>Following questions, the Chair passed on the Panels thanks to Mike Lashmar and James Hiley-Jones and they left the meeting (11:27)</p> <p>Following a discussion, FFPMG Members:</p> <ul style="list-style-type: none"> <li>• <b>Agreed</b> next steps in relation to the project</li> </ul>	<p><b>Executive &amp; AB</b></p> <p><b>Executive</b></p> <p><b>Executive &amp; AB</b></p>
<p><b>4.</b></p>	<p><b>Finance, Funding and Performance Management Report</b> An overview of the paper was provided and the local growth deal capital and Getting Building Fund programmes were highlighted, along with operational cost and core funding.</p> <p>An update on the Project Risk Matrix was provided. Two projects will be invited to attend the next FFPMG meeting in April to provide project updates.</p>	<p><b>Executive</b></p>

	<p>A loan funds update was provided.</p> <p>Graham Barnetson left the meeting (12:00)</p> <p>FFPMG Members:</p> <ul style="list-style-type: none"> <li>• <b>Endorsed</b> the revised budget for 2022/23 of £10,679,409 as set out in Appendix A and the revised budget for the period 2023/24 to 2024/25 as set out in appendix B and recommend it for approval by the Solent LEP Board on 31 March 2023 which includes the following: <ul style="list-style-type: none"> <li>- The current position of the LEP Loan Funds available as summarised in appendix D.</li> <li>- The latest position of the Local Growth Deal and Getting Building Funds as set out in appendices E1 and E2 respectively.</li> <li>- The re-profiling and budget movements as set out in the table in paragraph 3.</li> </ul> </li> </ul> <p>The FFPMG also:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> and <b>Agreed</b> the Corporate and Strategic Risk Register at appendix C.</li> <li>• <b>Noted</b> the update in relation to the LGD and GBF tail funding as set out in paragraph 3.2 and <b>Considered</b> the specific project updates in paragraph 3.3 of the report.</li> <li>• <b>Noted</b> the latest positions of the LGD and GBF at appendices E1 and E2.</li> <li>• <b>Considered</b> the high-level Risk Matrix for the Local Growth Programme at appendix F and <b>delegated</b> its Approval to the LEP Chief Executive and the Accountable Body's section 151 officer.</li> <li>• <b>Noted</b> the update on the RRR Loan Fund in paragraph 3.3.1</li> <li>• <b>Considered</b> and <b>Agreed</b> the recommended actions relating to IOW Council Floating Bridge attached at Appendix G.</li> <li>• <b>Considered</b> the request for an extension to the Southsea Coastal Defence scheme and <b>Approved</b> a funding agreement variation to enable completion to extend to the end of March 2023.</li> <li>• <b>Considered</b> and <b>Agreed</b> the recommended actions relating to three SME grant beneficiaries and one skills beneficiary attached at Appendix H.</li> <li>• <b>Considered</b> and <b>Agreed</b> the recommended actions relating to Hampshire and Isle of Wight Wildlife Trust attached at Appendix I</li> <li>• <b>Noted</b> the Loan Fund update in paragraph 4 of the report.</li> <li>• <b>Noted</b> the CEC funding updates in paragraph 5 of the report.</li> <li>• <b>Considered</b> and <b>Agreed</b> the recommended actions to the Local Authority Audit Reports and Sampling at Appendix J.</li> </ul>	<p>LEP Board</p> <p>LEP Executive &amp; Accountable Body</p>
5.	<p>It was agreed that an additional meeting would be scheduled ahead of the next Board meeting to enable the consideration of the internal audit update and other business. The Executive will canvass for a further meeting in early March.</p> <p>No further business, meeting was closed.</p>	<p>Executive</p>

**Meeting closed at 12:07**

**14.3.2023**

**Item 3**

**Audit update**



**Item:** 3  
**Title:** Internal Audit Update  
**Date:** 14 March 2023  
**Purpose:** For information

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**Draft Resolution:**

**FFPMG is asked to:**

- **Note** the progress against plan for Internal Audit activities as set out in Annex A,
- **Consider** the following PCC Internal Audit reports as set out in Annex B:
  - Expenses Follow Up Audit
  - Compliance with Financial Frameworks

**1. Background**

There is no legal requirement for the Solent LEP to procure internal auditing services, however as the Accountable Body (AB), 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. The SLA is periodically reviewed and any changes in the provision of services provided will be included.

**2. Purpose of report**

This report is to inform the FFPMG of the status of the agreed audits and to give a summary of the audits completed since the last reporting period as detailed above (Annex A & B).

**3. Reporting on progress to plan and audits completed since the previous reporting period:**

Two audits have been finalised since the previous reporting period, which is referenced above and detailed within Annex B. No significant areas of concern are noted within the overall findings.

**4. Conformance with Public Sector Internal Audit Standards (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. An external

assessment has been scheduled to take place during 2022-23. The results of which will be shared in due course.

## 5. Summary

Progress has been made on the 2022/23 audit plan as noted above.

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

FFPMG members are asked to.

- **Note** the progress against plan for Internal Audit activities as set out in Annex A,
- **Consider** the following PCC Internal Audit report as set out in Annex B:
  - Expenses Follow Up Audit
  - Compliance with Financial Frameworks



**14.3.2023**

**Item 3**

**Annexe A**

**Audit Plan 2022 / 23**

**Annex A Annual Audit Plan 2022/23 - Progress Update**

<b>Activity</b>	<b>No. of days</b>	<b>Date of last full audit</b>	<b>Audit Results</b>	<b>Comments</b>
Compliance with Financial Framework.	5	-	2022/23 Limited Assurance	Two high risk exceptions arose relating to procurement and invoice processing.
Funding Agreements (including monitoring of outcomes)	10	2019/20 Followed up 2020/21 Reasonable Assurance	In progress	Title amended from Grant Awards including due diligent checks to Funding Agreements (including monitoring of outcomes) to reflect scope of review.
Expenses & Additional payments or allowances	3	2020/21 Reasonable Assurance	2022/23 Reasonable Assurance	Audit Follow up highlighted 3 of the 4 exceptions have been closed with one remaining open relating to VAT.
Careers Enterprise Company	3	2021/22 Reasonable Assurance	In draft	Review carried out resulting in 1 high and 2 medium risk exceptions. Follow up required for 2022-23.
Local Growth Hub (Solent)	3	2020/21 Assurance	2022/23 Assurance	Grant verification for the financial year 2021-22. Results included in covering report & Annex B.
Peer Network Funding	3	-	2022/23 Assurance	Grant verification for the financial year 2021-22. Results included in covering report & Annex B.
Restart and Recovery & Kickstarting Tourism Grant Fund	5	2020/21 Assurance	2022/23 Assurance	Phase 1 completed as part of 2020/21 audit plan. Phased 2 completed as part of the 2022/23 audit plan. Results included in covering report & Annex B.
Getting Building Fund	0	2021/22	Deferred	Audit deferred as implementation dates post 31 <sup>st</sup> March 2023.
<b>Investigations/contingency</b>	<b>18</b>	-	-	Scope to be determined as and when required.
<b>TOTAL</b>	<b>50</b>	-	-	

**14.3.2023**

**Item 3**

**Annexe B**

**Internal Audit SLEP Reports**

**A confidential report will be considered at the meeting**

**14.3.2023**

**Item 4**

**Update on Loan Funding Agreements**

**A confidential report will be considered at the meeting**

**14.3.2023**

**Item 5**  
**Future Funding**

**Item Number:** 5  
**Item Title:** New Funds Update  
**Meeting Date:** 14 March 2023  
**Purpose:** For Information and Advice

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## 1. Overview

This paper provides an update on proposals to develop a new loan funding product and an approach to equity investment opportunities.

FFPMG members are asked to:

- **Consider** and provide **Advice** on the developing of a new loan fund and the approach to equity investment.
- **Consider** the proposed approach for reviewing investment opportunities as set out in Confidential Annexe 1 and provide **Advice** to the Executive on next steps.

## 2. Loan Funding Product Development

The LEP Board agree to delegate authority to the Executive to update the Solent Prosperity Loan Fund product with a view to relaunching in Spring 2023. A short presentation will be provided at the meeting to update on progress and seek advice of FFPMG.

## 3. Approach to Considering Investment Opportunities

Confidential Annexe 1 provides a proposed approach for considering investment opportunities.

## 4. Legal position

To follow

## 5. Equality impact assessment

EIA not required for information and advice items.

## 6. Financial comments from the S151 Officer of the Accountable Body

There are no specific financial implications arising from the content of this paper and the attached appendices.

As work progresses on these two work streams the Accountable Body will highlight any risks and opportunities as appropriate for with the FFPMG or Board to consider as part of any future decision making.

## 7. Further Advice

Should FFPMG members have any questions relating to the content of this paper, please contact Stuart Baker in advance of the meeting: [stuart.baker@solentlep.org.uk](mailto:stuart.baker@solentlep.org.uk) / 023 9268 8676.

**14.3.2023**

**Item 5**

**Annexe 1  
Future Funding**

**A confidential report will be considered at the meeting**

**14.3.2023**

**Item 5**

**Annexe 1a  
Future Funding**

**A confidential report will be considered at the meeting**



**14.3.2023**

**Item 5**

**Annexe 1b  
Future Funding**

**A confidential report will be considered at the meeting**