

Agenda

Overview and Scrutiny Performance Board

Wednesday, 23 May 2018, 10.00 am
County Hall, Worcester

All County Councillors are invited to attend and participate

This document can be provided in alternative formats such as Large Print, an audio recording or Braille; it can also be emailed as a Microsoft Word attachment. Please contact Democratic Services on telephone number 01905 844963 or by emailing democraticservices@worcestershire.gov.uk

DISCLOSING INTERESTS

There are now 2 types of interests:
'Disclosable pecuniary interests' and **'other disclosable interests'**

WHAT IS A 'DISCLOSABLE PECUNIARY INTEREST' (DPI)?

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3rd party of your member or election expenses
- Any **contract** for goods, services or works between the Council and you, a firm where you are a partner/director, or company in which you hold shares
- Interests in **land** in Worcestershire (including licence to occupy for a month or longer)
- **Shares** etc (with either a total nominal value above £25,000 or 1% of the total issued share capital) in companies with a place of business or land in Worcestershire.

NB Your DPIs include the interests of your spouse/partner as well as you

WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days and
- **Declare** it where you have a DPI in a matter at a particular meeting
 - you must **not participate** and you **must withdraw**.

NB It is a criminal offence to participate in matters in which you have a DPI

WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

- No need to register them but
- You must **declare** them at a particular meeting where:
You/your family/person or body with whom you are associated have
a **pecuniary interest** in or **close connection** with the matter under discussion.

WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

You will not normally even need to declare this as an interest. The only exception is where the conflict of interest is so significant it is seen as likely to prejudice your judgement of the public interest.

DO I HAVE TO WITHDRAW IF I HAVE A DISCLOSABLE INTEREST WHICH ISN'T A DPI?

Not normally. You must withdraw only if it:

- affects your **pecuniary interests** **OR**
relates to a **planning or regulatory** matter
- **AND** it is seen as likely to **prejudice your judgement** of the public interest.

DON'T FORGET

- If you have a disclosable interest at a meeting you must **disclose both its existence and nature** – 'as noted/recorded' is insufficient
- **Declarations must relate to specific business** on the agenda
 - General scattergun declarations are not needed and achieve little
- Breaches of most of the **DPI provisions** are now **criminal offences** which may be referred to the police which can on conviction by a court lead to fines up to £5,000 and disqualification up to 5 years
- Formal **dispensation** in respect of interests can be sought in appropriate cases.

Overview and Scrutiny Performance Board

Wednesday, 23 May 2018, 10.00 am, County Hall, Worcester

Membership

Councillors:

Mr C J Bloore (Chairman), Mrs E A Eyre (Vice Chairman), Mr A A J Adams, Mrs J A Brunner, Mr P Middlebrough, Mrs F M Oborski, Mr C B Taylor and Mr P A Tuthill

Co-opted Church Representatives (for education matters)

Bryan Allbut (Church of England)

Parent Governor Representatives (for education matters)

Ms C Richardson (Parent Governor) and Vacancy (Secondary)

Agenda

Item No	Subject	Page No
1	Apologies and Welcome	
2	Declaration of Interest and of any Party Whip	
3	Public Participation Members of the public wishing to take part should notify the Head of Legal and Democratic Services in writing or by e-mail indicating the nature and content of their proposed participation no later than 9.00am on the working day before the meeting (in this case 22 May 2018). Enquiries can be made through the telephone number/e-mail address below.	
4	Confirmation of the Minutes of the Previous Meeting (previously circulated)	
5	Worcestershire Local Enterprise Partnership Governance Arrangements	1 - 16
6	Member Update and Cabinet Forward Plan	17 - 22

Agenda produced and published by the Head of Legal and Democratic Services, County Hall, Spetchley Road, Worcester WR5 2NP. To obtain further information or hard copies of this agenda, please contact Alyson Grice (01905 844962)/Samantha Morris 01905 844963 email: scrutiny@worcestershire.gov.uk

All the above reports and supporting information can be accessed via the Council's website [here](#)

Date of Issue: Tuesday, 15 May 2018

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OVERVIEW AND SCRUTINY PERFORMANCE BOARD

23 MAY 2018

WORCESTERSHIRE LOCAL ENTERPRISE PARTNERSHIP GOVERNANCE ARRANGEMENTS

Summary

1. The Chairman and Chief Executive of the Worcestershire Local Enterprise Partnership (WLEP), the Leader of the Council (and Vice Chairman, Local Authority Representative of the WLEP), the Board representative that chairs the WLEP Finance, Audit and Risk Committee and the Section 151 Officer have been invited to the Meeting to discuss the role of the WLEP and its governance and accountability arrangements.
2. In addition, District Councils have been invited to nominate a Councillor representative to attend the Meeting.

Background – What are Local Enterprise Partnerships?

3. Local Enterprise Partnerships (LEPs) are partnerships between local authorities, further and higher education and local businesses. They were set up in 2011 by the Department for Business, Innovation and Skills, and are recognised by central government as the primary vehicle to help determine local economic priorities and lead economic growth and job creation within the local area.
4. There are now 38 LEPs nationally and their role has developed considerably since inception. In March 2014, WLEP produced their Strategic Economic Plan (SEP), a national requirement of all LEPs. This plan sets out the strategic approach for achieving sustained economic growth across Worcestershire, and is a key component in securing future government funding for infrastructure and development projects essential for economic success across the county.
5. In response to the publication of LEP's Strategic Economic Plans, the Government announced 'Local Growth Deals' for each LEP area.
6. These Local Growth Deals (known as the Local Growth Fund) bring together previously separate funding streams for infrastructure, housing, skills and other areas into one place for LEPs to invest with their knowledge of what is needed in their respective areas to deliver socio-economic success.
7. LEPs, nationally, now have responsibility for around £12billion of public funding and are the mechanism for channelling the Local Growth Fund to localities.
8. Each LEP has the flexibility to determine the details of its governance and accountability arrangements and there are a variety of models including those that have remained as partnerships, local authority Section 101 committees, community interest

companies and companies limited by guarantee. Some are unincorporated partnerships, others are incorporated or part of broader strategic governance arrangements.

9. WLEP is not a formally constituted body but an informal association where local businesses and public sector bodies have come together to form a partnership.

10. Public funding for LEPs is directed via a local authority in the area of the LEP (Worcestershire County Council in the case of WLEP), which is appointed to undertake the accountable body role.

WLEP Vision and Objectives

11. The WLEP Board, which comprises representatives from local business, Higher and Further Education and Local Authorities, has set out a clear, shared vision for the county:

“To build a connected, creative, dynamic economy that delivers increased prosperity for all those who choose to live, work and invest in Worcestershire.”

12. WLEP is responsible for developing and delivering Worcestershire’s 10-year SEP which was agreed by all partner organisations in March 2014. WLEP is, therefore, working to achieve a number of ambitious objectives by 2025. These are to:

- Create 25,000 jobs
- Increase Gross Value Added (GVA)¹ by £2.9billion; and
- Contribute towards the delivery of 21,500 new homes

13. With the help of WLEP’s ambitious delivery partners and thriving business community, Worcestershire’s economy continues to grow significantly. Indeed, Worcestershire has continued to lead the way nationally in a number of crucial areas of growth:

- 1st strongest growth in higher level workforce skills of all LEPs between 2010-2015
- 1st highest growth in productivity of all LEPs between 2010-2015
- 3rd highest growth in prosperity of all LEP areas between 2010-2015

Key Successes and Achievements

14. Worcestershire’s Local Growth Deal represents a funding package of £71.7m of capital funding from central government, to date, along with £54.5m of Major Projects Funding for Carrington Bridge. Coupled with the €68m funding from central government via our EU programme, this has enabled delivery of a number of key projects that are providing local businesses with the skills and infrastructure needed to succeed and expand.

15. These projects include a range of schemes to improve, for example, skills, rail connectivity, access to key employment sites and infrastructure including Superfast Broadband.

16. Some examples of key successes and achievements to date is provided below:

- In April 2018, WLEP confirmed that the county had been successful in its bid for central government funding of £4.8m to test and explore 5G connectivity, in order to revolutionise the way future business will operate both in the UK and globally. This innovative new project has the potential to raise Worcestershire’s profile on the national and international stage.

¹ Gross value added (GVA) is the measure of the value of goods and services produced in an area, industry or sector of an economy.

- North Worcestershire Engineering Centre of Excellence in Redditch has been developed and was publicly launched by Business Minister, Margot James MP in January 2017. This is set to train up to 200 young apprentices over the next 4 years
- A key ‘game-changer’ employment site, Worcester Six Business Park, is under development and an initial cohort of occupiers have been announced, including Kimal, Spire Healthcare, and Material Solutions (owned by Siemens)
- Superfast Broadband continues to improve access and connectivity across Worcestershire to commercial and residential properties. As of August 2017, Worcestershire has 93% Superfast coverage across the county
- Malvern Hills Science Park (phase 5) has commenced which will expand the park and provide 16,000 sq ft of additional floor space for new companies or existing tenants seeking to grow their business
- Hoobrook Link Road (Kidderminster) was officially opened in February 2017. The new £16m link road has helped to significantly reduce congestion and journey times and improved access to neighbouring employment and housing land
- In January 2017, Worcestershire Parkway Station was given the official stamp of approval by the Department for Transport. The scheme is set to provide huge benefits to Worcestershire’s rail connectivity
- The main road bridge (Carrington Bridge) en route from West Worcester to the M5 will be turned into a dual carriageway in a project that is costing more than £60 million, with £54.5m funded from the Government's Major Projects Programme. Dualling the bridge forms part of the wider A4440 Southern Link Road improvement scheme which will relieve congestion, reduce journey times and improve journey time reliability as well as being an important boost for the local economy.
- Cathedral Square was officially opened by Mayor of Worcester in July 2017. This £20m development has attracted new nationally-renowned retail brands into the city
- WLEP have worked across the partnership to develop the business support offer, and have established a ‘soft-landing offer’² for foreign investors, whilst developing the Business Growth Hub to reactively and proactively respond to local business needs
- The development of an increased national and international profile and reputation. For example, leading the current Midlands Cyber initiative and establishing the Memorandum of Understanding between Worcestershire and the State of Maryland, USA to cooperate in developing the Cyber Security industries of both areas.

17. This is by no means an exhaustive list but provides a flavour of the range and scale of the initiatives that WLEP have identified and led on as part of a wider partnership for the economic prosperity of Worcestershire. Further examples of successes and achievements can be seen in each of the WLEP’s Annual Reports.

Financial Overview

18. Worcestershire County Council acts as the Accountable Body for WLEP and undertakes the budget monitoring, forecasting and control on behalf of the WLEP and provides financial challenge to the Board. The Head of Strategic Infrastructure Finance and Financial Recovery attends the WLEP Board on behalf of the Chief Financial Officer and has a valued input into all board reports prior to despatch and holds the Board to account on financial issues.

19. Table 1 shows WLEP’s Local Growth Fund (LGF) profile (2015/16 – 2020/21), which represents a total funding allocation of £71.725m.

² Soft landing offer means providing certain benefits to make it easier for a business to locate locally, for example free limited time membership to Chamber of Commerce, reduced rates for office space etc.

Table 1 - LEP Local Growth Fund Profile 2015/16 – 2020/21

	Growth Deal 1/2/3 Profile						Total
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	
GD 1 & 2	13,400,000	24,153,000	15,325,957	1,336,400			54,215,357
GD3				3,516,687	3,624,437	10,368,876	17,510,000
Combined	13,400,000	24,153,000	15,325,957	4,853,087	3,624,437	10,368,876	71,725,357
Rounded	13,400	24,153	15,326	4,853	3,624	10,369	71,725

20. In addition to the Local Growth Fund monies, WLEP is responsible for overseeing Worcestershire's notional allocation of €68m EU funding from central government. In order to fulfil the EU Code of Conduct on Partnership in the framework of European Structural and Investment Funds (ESIF), the WLEP is required to incorporate an ESIF Committee in its structure and governance which establishes close co-operation between partners which represent the most relevant stakeholders.

21. The ESIF Committee remit covers the whole ESIF programme cycle encompassing preparation, development, implementation, monitoring and evaluation of all EU funded programmes and projects. Recruitment of representatives involved in the planned use of ESI funds has followed the established open and transparent WLEP process which simultaneously aligns with EU and DCLG expectations. The ESIF Committee membership comprises representation from public bodies, higher education sector, economic partners and social partners e.g. Department for Work and Pensions (DWP), Department for Environment, Food and Rural Affairs (DEFRA) and the Ministry of Housing, Communities and Local Government (MHCLG).

22. The operational budget for LEPs nationally, is determined by central government on an annual basis. The LEP's Core revenue budget for 2017/18 was **£722k**, comprising:

- i) DCLG income of £500k,
- ii) Local authority income of £150k,
- iii) A planned contribution from reserves of £62k, and
- iv) Other income of £10k.

23. Subject to WLEP Board approval at their scheduled meeting on 21 May 2018, the year end position indicates a marginal under-spend against budget of **£113**, which will be transferred to the WLEP reserve, which is held for unforeseen risks and issues and an element for potential redundancy costs. The value of the reserve at 31 March 2018 is c£130k which has been deemed a prudent level by the Finance, Audit and Risk Committee of the LEP.

24. The WLEP also administers the Growing Places Fund (GPF), which was originally introduced to provide loans to accelerate the delivery of projects that would deliver economic outputs and outcomes. Loans were agreed at market rates based on the risk profile of the project with all capital being repaid over an agreed period. The original GPF made available to the LEP totalled £5,518,972 of which £418,515 was revenue. The uncommitted balance remaining at the end of the financial year is £9,821 revenue. The amount currently held on the balance sheet is £3.277m; however this has been committed to individual projects with £452k of the Project Development Fund remaining.

25. A full income and expenditure account for revenue expenditure and the GPF is produced for the WLEP as part of its annual report and is attached at Appendix 1. This will be submitted to the WLEP Board for review and to seek their approval on 21 May 2018.

WLEP Business Plan Priorities for 2018/19

26. 2018/19 represents another exciting period for WLEP. Schemes that are receiving WLEP LGF investment in 2018/19 are as follows:

- **Kidderminster Rail Station** – WLEP will invest £1.1m in 2018/19 (WLEP total investment in this scheme will be £2.5m) to support a dramatic redevelopment of the existing rail station, including a new glass-fronted station twice the size of the existing building with new facilities including a cafe/shop, toilets, indoor seating and waiting areas. It will enable better transport links and connectivity for Kidderminster. Other funders for this scheme include Worcestershire County Council, Greater Birmingham and Solihull LEP (GBSLEP) and Wyre Forest District Council.
- **A38 (Bromsgrove)** – WLEP will invest £1.0m in 2018/19 (WLEP total investment in this scheme will be £7.5m) to support a proposed 5-phase project which will deliver a series of strategic road infrastructure improvements along the A38 in Bromsgrove. This in turn will provide access to strategic housing and employment land enabling further economic growth in this area.
- **Pershore Northern Link improvements** – WLEP will invest £0.5m in 2018/19 (WLEP total investment in this scheme will be £5m) to provide a road infrastructure project designed to address current and future congestion, and will facilitate delivery of employment and housing land included within the South Worcestershire Development Plan.
- **Churchfields (Kidderminster)** – WLEP will invest £0.25m in 2018/19 (WLEP total investment in this scheme will be £1m) to deliver highway infrastructure improvements to relieve traffic congestion along A456 and A51 and provide access for proposed housing land.
- **Capital Skills Programme (county-wide)** – WLEP will invest £1.8m in 2018/19 (WLEP total investment in this programme will be £4.0m) to support FE colleges and local skills delivery/execution on a county / town basis.
- **The Kiln (Worcester)** – WLEP will invest £0.2m in 2018/19 (WLEP total investment in this scheme will be £0.2m) and represents the first call on the £2.0m Capital Skills programme in 2018/19. This project will provide business incubator space in Worcester city centre and generate a creative working space for business entrepreneurs.

27. In April 2018, WLEP confirmed that the county had been successful in its bid for central government funding of £4.8m to test and explore 5G connectivity, in order to revolutionise the way future business will operate both in the UK and globally. 5G is the next generation of mobile technology, and is expected to have a profound impact on the global economy and the way people live their lives when it becomes available in the UK, in the next three years.

28. In May 2018, a Worcestershire 5G Consortium will begin the country's most comprehensive industrial 5G Test-bed trial with a team of 5G specialists and business experts pioneering the concept of 'Industry 4.0'³. The consortium of partners who will work together to deliver the £5.6m project includes local infrastructure providers, national network operators and research and development facilities. They are: Worcestershire

³ Industry 4.0 is a name for the current trend of automation and data exchange in manufacturing technologies. Industry 4.0 is commonly referred to as the fourth industrial revolution.

County Council, 5GIC at University of Surrey, AWTG, Huawei, O2, BT, and Malvern Hills Science Park.

29. This development represents a real coup for Worcestershire and directly contributes to WLEP's vision of building a connected, creative, dynamic economy that delivers increased prosperity for all those who choose to live, work, and invest in Worcestershire. WLEP is now working closely in partnership with the Midlands Engine with a view to widening the availability of 5G across the region.

30. Another key development for WLEP in 2018/19 is the development and creation of the Centre of Entrepreneurship (CoE). The CoE is attempting to address the challenge identified in Worcestershire which relates to a lack of an entrepreneurial culture in the county, which will be part-funded by the WLEP's Growing Places Fund.

31. The Strategic Economic Plan (SEP) identified a lack of small business commercial space and the need for a Centre of Excellence-type structure. An independently commissioned review of the SEP was undertaken in Autumn 2017, and found that WLEP is positioned 35th out of 38 LEPs nationally in terms of the volume of business start-ups.

32. The CoE project will support the WLEP vision and will initially be based in Malvern, taking advantage of and focusing on the 5G opportunity. However, it is acknowledged that the CoE will have to grow and develop a network of physical sites elsewhere around the county recognising from profile trend analysis that entrepreneurs and business owners do not necessarily travel.

33. WLEP are utilising their partnership links with the private sector to inform the development of this project and indeed wider business priorities for WLEP. For example, early in May 2018, a WLEP Board member took the opportunity whilst in Zurich for business to visit a number of their technology parks and business incubators, with the outputs and findings being fed back to inform the CoE Advisory Board.

34. The intention is to create virtual networks too, so that growth is not limited and it encourages exporting and partnering into other markets. The ultimate objective is to create new businesses of the future leading to higher paid local jobs.

35. The proposed timeline would see an initial cohort of entrepreneurs recruited to commence the programme in September 2018.

36. In November 2017, the Government published the White Paper 'Industrial Strategy: Building a Britain fit for the future'. This White Paper sets out the Government's final plans for supporting Britain's industrial sectors, improving productivity, driving growth across the country and making British business more competitive.

37. LEPs will undoubtedly play a key role in the delivery of the Industrial Strategy and it is anticipated that Local Industrial Strategies will need to be developed and agreed during 2018, which will build on local strengths and deliver on economic opportunities.

38. In order to prepare for the development of a Local Industrial Strategy and to future-proof WLEP's ability to respond to any potential funding opportunities arising from central government, WLEP are working with businesses, FE and HE partners, and local authorities to develop a project pipeline which will continue to support delivery of the WLEP vision and objectives.

39. WLEP will work with Local Authorities as they review their own local Infrastructure Development Plans (IDPs) with a view to informing a list of priorities during the summer

2018. This will be complemented by intelligence from FE and HE partners and local businesses to ensure a complete picture of the economic needs across Worcestershire is developed and prioritised.

National Government Review of LEPs

40. In October 2017, the Ministry of Housing, Communities and Local Government (MHCLG), then the Department for Communities and Local Government, published the Review of Local Enterprise Partnerships Governance and Transparency, a report led by Mary Ney, Non-Executive Director (NED) of the MHCLG Board.

41. This review formed an integral part of the wider work that the Government is currently undertaking to strengthen Local Enterprise Partnerships (LEPs), ensuring they have robust corporate governance arrangements in place that enable them to fulfil their role in driving local economic growth.

42. In response to the publication of the MHCLG NED Review and the recommendations adopted by the Government, WLEP have now updated their Assurance Framework in compliance with national best practice. This was published onto the WLEP website in February 2018.

43. The WLEP Assurance Framework is intended to evidence that Worcestershire Local Enterprise Partnership has in place the necessary systems and processes to manage delegated funding from Central Government effectively. The Assurance Framework is to be read in conjunction with the Worcestershire Local Transport Body Assurance Framework (November 2015) which governs the systems and processes to manage transport schemes funded by the Local Growth Deal.

WLEP Governance and Transparency Arrangements

44. As part of the recently revised WLEP Assurance Framework, consideration was given to an Annual Audit and Scrutiny Process for WLEP.

45. The proposed approach is for WLEP to attend Worcestershire County Council's Overview and Scrutiny Performance Board (OSPB), on an annual basis, to update the Board on the operations of the LEP over the last 12 months and the programme of activity for the following year. The OSPB will then decide whether it wishes to undertake further Scrutiny. This approach is consistent with national best practice identified by central government.

46. The WLEP structure includes a Finance Audit and Risk (FAR) Committee, which is a formal standing sub-committee of the WLEP Board. It is responsible for the monitoring, audit and risk management functions of the LEP and ensuring compliance with any regulatory frameworks relating to funding or partnership working including the Memorandum of Understanding with the Accountable Body.

47. The FAR Committee meet on a quarterly basis and at their meeting in April 2018, a member of the Internal Audit function from the Accountable Body was invited to attend, to discuss proposals for a WLEP audit plan during 2018/19.

48. The FAR Committee agreed that Internal Audit would draft a Terms of Reference for an audit based on the following elements:

- Review previous internal audits undertaken on WLEP activity to ensure previous recommendations have been addressed

- Review the implementation of the action plan that was developed to address the recommendations identified by central government following the Annual Conversation⁴ meeting which took place in January 2018
- Review any thematic findings identified by the Accountable Body's external auditors, Grant Thornton, which would be applicable to the functions and activities undertaken by WLEP

49. It is intended that the Terms of Reference for the audit will be agreed by the FAR Committee at their next scheduled meeting in August 2018, with the audit taking place in Q3 2018/19 and initial findings reported back to the FAR Committee meeting at their November 2018 meeting.

50. In February 2018, Stephen Jones, Director of Cities and Local Growth Unit wrote to all LEPs to record the outcome of their Annual Conversation meeting. The results for WLEP were very favourable with an overall judgement that WLEP has delivered good performance. The letter is provided at Appendix 2.

51. In terms of the 'Governance' theme, WLEP were considered to be good with a recognition that the Accountable Body and LEP relationship was effective, well-developed and that there is trust between both parties, with a commitment to maximise and manage programme spend and an openness to promote a culture of continuous improvement.

52. Central government consider WLEP's 'Delivery' to be exceptional when compared to other LEPs. There was a clear acknowledgement of a number of key projects which have been delivered including Hoobrook Link Road (Kidderminster), Cathedral Square, the Centre of Vocational Excellence (Worcester) and the North Worcestershire Engineering Centre of Excellence.

53. Finally, WLEP's approach to strategic planning is considered to be good, with recognition that WLEP has a good awareness of its vision, ambition and available levers.

Next Steps

54. WLEP welcomes the invitation to present to the OSPB of the Accountable Body and is proud to outline the positive impact that WLEP and the wider partnership is having on the county's economic development.

55. WLEP trusts that the OSPB members will recognise the progress made to date and will continue to support the ambitious objectives set out in the SEP.

56. It is intended that the outputs of the audit activity planned for WLEP in 2018/19 will be shared with the OSPB to help inform any potential key lines of enquiry if it is decided there is a need to undertake further Scrutiny.

⁴ Annual Conversation – a meeting that takes place between each LEP and central government on an annual basis to review performance of the LEPs including governance, delivery and strategy.

Purpose of the Meeting

57. The Board is asked to:

- (a) Consider and comment on the WLEP Assurance Framework, in compliance with national best practice
- (b) Review and discuss the progress made by WLEP to date and the planned programme of activity for 2018/19 against the Strategic Economic Plan
- (c) Note the internal audit activity planned to take place in 2018/19
- (d) Determine whether it would wish to make any comments to the Chairman and Chief Executive of the Worcestershire Local Enterprise Partnership (WLEP) or carry out any further Scrutiny.

Supporting Information

Appendix 1 – WLEP Financial Accounts Statement for 2017/18

Appendix 2 – Outcome of Annual Conversation Letter from Stephen Jones, Director of Cities and Local Growth Unit

Contact Points

County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Specific Contact Points for this report

Alyson Grice/Samantha Morris, Overview and Scrutiny Officers Tel: 01905 844962/844963

Email: scrutiny@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

- WLEP Strategic Economic Plan: <http://www.wlep.co.uk/assets/WLEP-Final-SEP-310314-V-1-1.pdf>
- WLEP SEP Summary document: <http://www.wlep.co.uk/assets/SEP-Summary-Documents-Amended-Version-for-Web.pdf>
- WLEP Annual Reports: <http://www.wlep.co.uk/resources/document-library/>
- Government's Industrial Strategy: Building a Britain Fit for the Future: <https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>
- WLEP Assurance Framework: <http://www.wlep.co.uk/governance-2/>

[All agendas and minutes are available on the Council's website here.](#)

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Appendix 1 – Final Accounts 2017/2018

Worcestershire LEP Year Ended 31st March 2018

LEP Statement of Income and Expenditure		
	WLEP Core	Apprenticeship s
	£	£
Income		
Transfer from Reserves	68,434	14,111
Core Funding	500,000	
Growth Plan		
Growth Hub	205,000	
Local Government Contribution	150,000	
Sponsorship & other income	10,325	
Apprenticeship Event		40,894
Total Income	933,759	55,005
Expenditure		
Staffing (inc. travel and subsistence)	490,745	
Growth Plan Project Activity	205,000	
External Consultancy Support/Research	72,944	
Exhibitions and Events	88,153	
Services and Supplies	1,311	
Marketing/Promotions	11,683	
Training	18,012	
Other fees/exp. (inc. Rent)	45,798	
Apprenticeship Event		34,108
Total Expenditure	933,646	34,108
Excess of income over expenditure ye 31.3.18	-113	20,897

Statement of LEP Reserves		
Reserve at 01.04.17	207,925	14,111
Movement during year ending 31.03.18	-68,321	6,786
Reserves at 31.3.18	139,604	20,897

WLEP Reserve also includes an allowance for redundancies

Statement of Growing Places Reserves and Transactions

Unspent Balance at 01.04.17	3,630,494
Loans Advanced	-54,902
Project Development Revenue and Capital Grants	-398,535
Loan Capital Repaid	77,271
Interest and Other Receipts	22,177

Unspent Balance at 31.03.18	3,276,504
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Split as follows:

Committed - Redditch Eastern Gateway	1,547,484
Committed - Centre for Entrepreneurship	500,000
Committed - 5G Testbed	576,803
Committed - Project Development Capital	124,751
Committed - Project Development Revenue	65,660
Project Development Fund Balance	451,984
Uncommitted - Capital	0
Uncommitted - Revenue	9,821



Department for
Business, Energy
& Industrial Strategy



Ministry of Housing,
Communities &
Local Government

Cities and Local Growth Unit
1st Floor, Fry Building, 2 Marsham Street,
London,
SW1P 4DP

20 February 2018

Gary Woodman
Chief Executive, Worcestershire LEP
By email

Dear Gary

I am writing to you following your Annual Conversation on 9 January 2018 to communicate formally the outcome of the process and to set out the next steps and immediate actions that are required. The agreed note of the Annual Conversation is attached.

With the increasingly important role that LEPs have, it is important to Ministers and our Permanent Secretary, Melanie Dawes, as Accounting Officer, that there is a strong emphasis on ensuring that LEPs have the highest standards in place and are able to effectively act as key drivers of growth in their places. This is a point reinforced by the Public Accounts Committee in their recent hearing.

Performance Review

As set out in the 2017 Annual Conversation Guidance, following the Annual Conversation officials in the Cities and Local Growth Unit undertook a Performance Review to look at the performance of each LEP across the three themes: governance, delivery and strategy. The review also sought to highlight any areas where there may be need for further development or where there is good practice to be shared. This involved reviewing the information provided for the Annual Conversation along with other sources including Growth Deal data submissions and LEP governance processes and policies. Following the conclusion of the Annual Conversation process we have determined that overall your LEP has delivered good performance. Feedback under each theme is set out below.

Governance

Worcestershire LEP's overall governance is considered to be good. I am pleased to see that the Accountable Body and LEP relationship is effective, well-developed and there is trust between both parties, a commitment to maximise and manage programme spend and an openness to promote a culture of continuous improvement. The strength of the current structure is that investment decisions rest with the Board and do not require separate decisions to be taken by the Accountable Body.

I note that the S151 officer indicated a number of areas that could join-up policy at strategic levels between the Council and the LEP better and through frequent engagement with the LEP Board. Areas suggested include formal S151 sign off for Board reports which have financial implications and regular attendance at WLEP Board, approaches which are all in line with recommendations in the Ney Review. WLEP has identified a number of improvements required to align with Ney Review guidance and committed to meet the 28 February 2018 deadline.

Your website is comprehensive, with information available on all Growth Deal funded projects in delivery and providing transparency over the boards and members.

I understand themed sub-boards are in place and working well, with individual Board members leading on themes, initiatives and projects and report back to the Board. I am encouraged that the LEP has recognised that the Business Board requires new impetus and a refreshed set of objectives which better supports all businesses in the region.

The Local Transport Board continues to operate as a sub-group of the LEP Board and this remains the preferred approach. All Local Authorities are represented on this group as well as business representatives. The group continues to provide strong recommendations in developing transport strategy for the area.

Agreed actions from the Annual Conversation include the following:

- LEP to ensure the section 151 officer's suggestions as outlined in the annual statement are fully considered, accepted and procedures adapted where necessary.
- The Accountable Body will consider the future scrutiny and audit arrangements that might be appropriate for the LEP. This might, for example, take a thematic approach. The final process will be included in the revised local assurance framework.
- The LEP will prepare a set of operational procedures that are specific to and owned by the LEP in line with Ney recommendations and commits to meeting the recommendations by 28 February 2018.
- LEP to review its business board and consider its function and form in order for it to be fit for purpose around the current strategic priorities.

- Cities and Local Growth Unit to investigate which Growth Hubs are being most successful at business engagement and intelligence gathering and working effectively with their LEP.
- The LEP will consider how the LTB meetings can be made more transparent and meeting papers made available.

Delivery

I am pleased that the LEP's delivery is considered to be exceptional when compared to other LEPs. I am pleased to learn that there have been key projects delivered in year which include the completion of the £16 million Hoobrook Link Road, Cathedral Square, North Worcestershire Engineering Centre of Excellence and the Centre of Vocational Excellence in Worcester.

It is good that the LEP and Accountable Body review jointly, on a monthly basis, the expenditure profile for all schemes. This provides an accurate forecast for all projects in development and delivery. You assess the Growth Deal programme in terms of worst case, best case and likely case outturns, with any risks to delivery and outturn presented to the board, alongside a full mitigation plan and if necessary you take action to utilise flexibilities. This consideration is documented and transparent within Board papers.

I note that Growing Places Funding has been used to effectively support the design and delivery of new programmes including a 5G Testbed, Centre of Entrepreneurship and the Redditch Gateway development.

The LEP Chair is content with the delivery of the funded programmes but not complacent; he encourages early reviews and complete openness of risks and issues' ensuring that mitigation action is taken at the earliest opportunity. This imbues the LEP with a strong culture of self-appraisal and continuous improvement.

It is important that the LEP recognises that there will be a shift in focus to outputs of the funded projects and has monitoring plans in place and are confident that they are on track to hit forecasted outputs, with good results to date.

Strategy

The LEP's approach to strategic planning is considered to be good. You have a good awareness of your vision, ambition and available levers.

I note that whilst the LEP has not yet refreshed its SEP, it has recently completed a review of the first three years, undertaken by external consultants, which found that the main priorities remain appropriate. LGF investments made to date have been focused on the place theme, particularly transport with accessibility to the area seen as a major opportunity to boost the economy.

I am pleased that the LEP has worked in partnership on a number of initiatives that supports wider ambitions. These include taking a lead Cyber Security role for the Midlands Engine, promoting trade and investment opportunities between the Midlands and the United States. The LEP Chair leads on this theme on the Midlands Engine Executive board. The LEP was also successful in securing funding for a Science & Innovation Audit with a consortium of neighbouring partners on cyber resilience.

Future focus will be on enhancing the strengths and assets of the region; with 5G, Cyber and entrepreneurship the strongest elements to focus on. A digital board will be set up with the University of Worcester to ensure the skills required to support the capability of facilities such as the 5G Testbed and Innovation spaces are built into learning institutions' future plans.

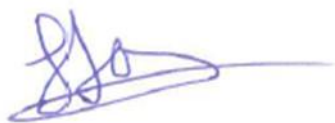
Next Steps

Key actions that require attention are set out above and your Area Lead will be in touch to follow-up on this letter. If you have not already done so you should now upload the joint assurance statement to the LEP website. **Please ensure this is complete by the 28 February.**

As I am sure you are fully aware, your Accountable Body's Section 151 Officer is required to write to the Ministry of Housing, Communities and Local Government Permanent Secretary by this date, confirming compliance of your Local Assurance Framework with the LEP National Assurance Framework (updated November 2016) and that the Local Enterprise Partnership Governance and Transparency best practice guidance has been implemented. This is to ensure that the recommendations contained in the Mary Ney Review best practice guidance **have been implemented by the 28 February.**

I also wanted to take this opportunity to thank you, and your team, together with the LEP Chair and Accountable Body for participating positively in the process. As part of the Annual Conversation preparation we asked you to provide us with information on where Government could better support you to fulfil the ambitions of your place. We will continue to work with you to explore these issues over the coming months.

I am aware that LEPs are already doing good work to ensure they have the highest standards in place. As this letter sets out, we are committed to working with you to support this work over the coming months.



STEPHEN JONES
DIRECTOR, CITIES AND LOCAL GROWTH UNIT

OVERVIEW AND SCRUTINY PERFORMANCE BOARD 23 MAY 2018

MEMBER UPDATE AND CABINET FORWARD PLAN

Summary

1. The Overview and Scrutiny Performance Board (OSPB) is asked to:
 - (a) Receive an update on emerging issues and developments within the particular remit of each member of the OSPB, including an update on each Overview and Scrutiny Panel and Task Group;
 - (b) Consider the Council's latest Forward Plan in order to identify:
 - any items it would wish to consider further at a future meeting; and
 - any items it would wish to refer to the relevant Overview and Scrutiny Panel for further consideration.

Member Updates

2. In order to ensure that Members of the OSPB are fully informed about issues relating to scrutiny in Worcestershire, communication between Members is essential. To assist in this, it has been agreed that an item will be placed periodically on the OSPB agenda to enable each member to feed back on emerging issues and developments within their remit. This will also provide an opportunity to highlight possible future agenda items. Regard for the Council's statutory requirements in relation to access to information will be critical.

3. Board Members' areas of responsibility are as follows:

- Adult Care and Well-Being Overview and Scrutiny Panel – Juliet Brunner
- Children and Families Overview and Scrutiny Panel – Fran Oborski
- Economy and Environment Overview and Scrutiny Panel – Alistair Adams
- Corporate and Communities Overview and Scrutiny Panel – Kit Taylor
- Health Overview and Scrutiny Committee (HOSC) – Paul Tuthill
- Crime and Disorder – Paul Middlebrough
- Quality Assurance – Liz Eyre

4. As part of their role, it was agreed by the Strategic Leadership Team (SLT) that scrutiny lead members should receive regular briefings from the Directorates they are shadowing. These briefings, alongside the Forward Plan (see below), can be used to help identify any emerging issues that may be appropriate for future scrutiny. Recognising that work across the County Council is of interest and value to all OSPB members, the notes from these briefings (where produced) are available to all members electronically.

5. Members may also be leading scrutiny task groups. It will be important for Members of OSPB to be aware of how each scrutiny is developing so that they can fully consider the final report.

6. Overview and Scrutiny Panel Chairmen are asked to feedback on:

- progress on the work of their Panels and any scrutiny task groups they are leading;
- key issues from the Directorate that may be appropriate for future scrutiny;
- performance information they have queries or concerns about;
- items in the Forward Plan which they consider may be possible issues to scrutinise; and
- any other issue which they feel is relevant/of interest to the OSPB.

Cabinet Forward Plan

7. The Board will wish to take into account any issues arising from the Council's Forward Plan which is attached at Appendix 1.

8. The latest version of the Plan (available at the time of Agenda despatch) is routinely considered at each meeting of OSPB.

9. The Board is asked to consider the Council's latest Forward Plan in order to identify:

- Any items that it would wish to consider further at a future meeting;
- Any items that it would wish to refer to the relevant overview and scrutiny panel for further consideration.

10. The OSPB agreed to use a set of criteria (listed below) to help determine its scrutiny programme. A topic does not need to meet all of these criteria in order to be scrutinised, but they are intended as a guide for prioritisation.

- Is the issue a priority area for the Council?
- Is it a key issue for local people?
- Will it be practicable to implement the outcomes of the scrutiny?
- Are improvements for local people likely?
- Does it examine a poor performing service?
- Will it result in improvements to the way the Council operates?
- Is it related to new Government guidance or legislation?

Supporting Information

Appendix 1: Forward Plan (as at 15 May 2018)

Contact Point for the Report

Alyson Grice/Samantha Morris, Overview and Scrutiny Officers

Tel: 01905 844962/844963

Email: scrutiny@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) there are no background papers relating to the subject matter of this report:

[All agendas and minutes are available on the Council's website here.](#)

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FORWARD PLAN

FORMAL NOTICE OF KEY DECISIONS TO BE TAKEN BY, AND PRIVATE MEETINGS OF, CABINET (OR OTHER EXECUTIVE DECISION-MAKING BODY OR PERSON)

Forward Plan	Expected Date of Decision	Page No.
Specialised Housing – Capital Funding for a Supported Living Scheme for 12 people with Profound and Multiple Learning Disabilities at Ledwych Road, Droitwich New Entry – <i>Cabinet Member Decision</i>	22 May 2018	5
Future Provision of Overnight Unit-based Short Breaks for Children with Disabilities Key Decision – <i>Cabinet Member Decision</i>	Not before 4 June 2018	6
Council-Provided Day Services for Adults with a Learning Disability and Connect Short-term Service New Entry – Potentially Key Decision	14 June 2018	7
Future Provision for Replacement Care (Overnight Respite) Services for Adults with a Learning Disability Potentially Key Decision	14 June 2018	8
Highways Streetscape Design Guide Key Decision	14 June 2018	9
Plastics and Non-Recyclable Cups – Notices of Motion from Council 15 February 2018	14 June 2018	10-11
Resources Report Potentially Key Decision	14 June 2018	12
A38 Bromsgrove Key Decision	12 July 2018	13
Alternative Delivery Model – Company Name etc New Entry	12 July 2018	14
Balanced Scorecard and Corporate Risk Update – Quarter 4 2017/18 Performance Report	12 July 2018	15
Libraries Re-modelling New Entry – Potentially Key Decision	12 July 2018	16
Minerals and Waste Local Development Scheme (2018) Key Decision	12 July 2018	17
Peer Review Outcomes and Forward Look at Adult Services	12 July 2018	18
Streetworks Permit Scheme Progress	12 July 2018	19

Midlands Connect: Sub-National Transport Body Key Decision	27 September 2018	20
'Called In' Decisions or Scrutiny Reports Potentially Key Decision	Within the plan period	21
Notices of Motion Potentially Key Decision	Within the plan period	22
Withdrawn Items	-	23

All entries will be for decision by Cabinet unless otherwise indicated