



Department for
Business, Energy
& Industrial Strategy



Ministry of Housing,
Communities &
Local Government

Cities and Local Growth Unit
1st Floor, Fry Building, 2 Marsham Street,
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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.

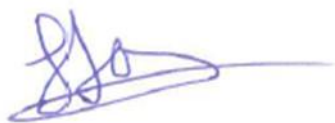
Next Steps

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