

# Agenda



**AGENDA for the meeting of the LOCAL ENTERPRISE PARTNERSHIP TOPIC GROUP in the MIMRAM ROOM, COUNTY HALL, HERTFORD on WEDNESDAY, 16 MAY 2018 at 10:00AM**

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## **MEMBERS OF THE TOPIC GROUP (5) - QUORUM (3)**

F Button (Chairman), R C Deering, E M Gordon, J F Wyllie, Vacancy

## **AGENDA**

The meeting of the Topic Group is open to the public (this includes the press) and attendance is welcomed. However, there may be occasions when the public are excluded from the meeting for particular items of business. Any such items would be taken at the end of the public part of the meeting and listed under "Part Two ('closed') agenda".

The meeting room is fitted with an audio system to assist those with hearing impairment. Anyone who wishes to use this should contact main (front) reception.

### **Members are reminded that:**

- (1) if they consider that they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting they must declare that interest and must not participate in or vote on that matter unless a dispensation has been granted by the Standards Committee;**
- (2) if they consider that they have a Declarable Interest (as defined in paragraph 5.3 of the Code of Conduct for Members) in any matter to be considered at the meeting they must declare the existence and nature of that interest. If a member has a Declarable Interest they should consider whether they should participate in consideration of the matter and vote on it.**

## **PART I (PUBLIC) AGENDA**

- 1. APPOINTMENT OF THE CHAIRMAN**
- 2. WORK OF A TOPIC GROUP**  
Report of the Head of Scrutiny
- 3. REMIT OF THE TOPIC GROUP**  
Report of the Head of Scrutiny

**4. LOCAL ENTERPRISE PARTNERSHIP**  
Report of the Head of Scrutiny

This report includes:-

- (a) Programme for the scrutiny
- (b) Background Report

**5. CONCLUSIONS AND RECOMMENDATIONS**

To agree the conclusions and recommendations of the Topic Group and note the process for taking these forward.

If you require further information about this agenda please contact Stephanie Tarrant, Democratic Services Officer on telephone no. 01992 555481 or email [stephanie.tarrant@hertfordshire.gov.uk](mailto:stephanie.tarrant@hertfordshire.gov.uk)

Agenda documents are also available on the internet at <https://cmis.hertfordshire.gov.uk/hertfordshire/Calendarofcouncilmeetings.aspx>.

The Scrutiny Lead Officer for this Topic Group is Natalie Rotherham, Head of Scrutiny on telephone no. 01992 588485 or email [Natalie.rotherham@hertfordshire.gov.uk](mailto:Natalie.rotherham@hertfordshire.gov.uk)

**KATHRYN PETTITT**  
**CHIEF LEGAL OFFICER**

## Work of a Topic Group

1. All scrutiny meetings in Hertfordshire are 'meetings held in public' (not 'Public Meetings')
2. Topic groups in Hertfordshire normally run for one, or occasionally, two days
3. All topic groups work to a pre-prepared scoping document. The scoping document sets out what the topic group is going to do i.e. questions to be answered, any constraints on its work and who will be attending as witnesses. The scope will have been reviewed and agreed by the commissioning committee prior to issuance.
4. There should normally be no more than 4 questions for the scrutiny to address
5. Constraints identify areas that will not be covered by the scrutiny and it is the responsibility of the chairman to ensure that the scrutiny does not digress into areas that are not covered by the scoping document.
6. It is vital to keep the scrutiny focused on the questions (see 4 above). Should members believe a constraint warrants further consideration the topic group report should draw this to the attention of the commissioning committee.
7. The scoping document is drafted by the service lead officer in consultation with the assigned scrutiny officer. The commissioning committee consider the scope and amend, if necessary, and agree the questions (see 3 above).
8. Witnesses can be internal and external to the County Council.
9. Topic group members are appointed by the commissioning committee. Membership can be drawn from the entire council; however, executive members and deputy executive members are excluded from undertaking scrutiny
10. Topic groups usually have 5 members with the exception of Education related items where a schools representative may be included (i.e. parent governor representatives (PGRs) or diocesan representatives) when the topic group will have 7 members. Both Scrutiny Committees have waived political proportionality.
11. Each scrutiny has a designated chairman. The role of the chairman is to ensure that all the questions on the scope are covered. The chairman will ensure that all members are engaged and have the opportunity to raise questions. The chairman will encourage the discussion to move on if he or she believes a point has been addressed or is not relevant to this scrutiny.
12. A pre scrutiny briefing is held for the topic group members in advance of the meeting.

13. Topic group members are expected to have read all the papers in advance of the meeting.
14. Topic group members are expected to attend for the duration of the scrutiny.
15. The scrutinies run to the agenda programme and it is the responsibility of the chairman to ensure that the scrutiny keep to the agreed timetable.
16. At the end of the scrutiny the scrutiny officer summarises the conclusions and recommendations in order to obtain broad agreement as to what they should be.
17. A draft report, concentrating on the evidence and recommendations is prepared by the scrutiny officer. The details of the discussion and papers received at the scrutiny are available via [Hertfordshire.gov.uk](http://Hertfordshire.gov.uk)
18. Reports follow a set structure of
  - Introduction
  - Recommendations
  - Evidence
  - Conclusions
  - Members & Witnesses
  - Appendix 1: Scoping Document
  - Appendix 2: Glossary
19. The draft report is produced within 10 working days of the meeting ending. The draft is sent to the lead officer for factual checking; then onto all topic group members for comment. Deadlines are set by the scrutiny officer for receipt of comments from the lead officer and topic group members.
20. The final report is published within 15 working days of the scrutiny.
21. The final report is sent to the executive member and chief officer and copied to all participants in the scrutiny and the commissioning committee chairman and vice chairman/men.
22. It is a statutory requirement that the executive member responds to the report and its recommendations within two calendar months. A template for the executive response is provided to the executive member and lead officer on publication of the final report.
23. The response is returned to the scrutiny officer and then circulated to members of the topic group and the chairman and vice chairmen of the commissioning committee for their information. It is also placed on the next commissioning committee's agenda so all members of the committee are informed of the response.
24. At the point at which the two month executive response form is returned, the lead officer and the chairman of the topic group are given a date, approximately

six months after the scrutiny, to attend the relevant Impact of Scrutiny Sub Committee.

25. The executive member has responsibility for ensuring the template is completed for the relevant Impact of Scrutiny Sub Committee explaining what steps have been taken regarding each and every recommendation.
26. The Impact of Scrutiny Sub Committees have the responsibility for 'signing off' the recommendations as complete and/or agreeing further actions.
27. The lead officer and executive member attend the Impact of Scrutiny Sub Committee to explain what progress has been made in implementing the recommendations.
28. The chairman of the topic group will be invited to the Impact of Scrutiny Sub Committee.
29. The chairman of each Impact of Scrutiny Sub Committee will be invited to attend the next meeting of its parent committee to give comment on its findings

**DATE DUE AT OSC / HSC:**

**COMMITTEE APPROVED: HSC / OSC: 21/06/2017**

**WORK PROGRAMME: Q1 2018/2019**

**OBJECTIVE:**

To establish the progress made by the LEP (Local Enterprise Partnership) since its inception in 2011 and to clarify its capacity to advance further economic growth.

**BACKGROUND:**

Local Enterprise partnerships (LEPs) are voluntary partnerships between businesses and local authorities set up in 2011 by the Department for Business, Energy and Industrial Strategy (BEIS) to help determine local economic priorities and lead economic growth and job creation within a local area.

Hertfordshire is one of 38 LEPs in England. The LEP's boundary is coterminous with the Hertfordshire county boundary. Since its inception it has secured over £300 million to support the Hertfordshire economy.

Since their formation in 2011 the role of LEPs has expanded with each LEP now responsible for producing a strategic economic plan and a local industrial strategy for its area, identifying barriers and solutions to growth and working with local partners to improve the local business environment.

LEPs are non-statutory bodies. This means they can look and operate very differently from each other, in terms of size, capacity and governance. All LEPs must be chaired by a business person and at least half of the members must come from the private sector.

LEPs have responsibility for bidding for central government funding and influencing local funding streams and ensuring that these deliver against the locally agreed priorities. There have been three competitive rounds of Growth Deals through which Hertfordshire LEP has won a total package to date of £265.45m for the county.

Funding from Europe brings further resources to LEP areas. The European Structural and Investments Funds Growth Programme runs until 2020 and is split across a number of different funds. Organisations from all sectors are able to bid for the funding. LEPs do not deliver projects themselves. The allocation for Hertfordshire covering the European Regional Development Fund (ERDF) and European Social Fund (ESF) is €69m in total.

**QUESTIONS TO BE ADDRESSED:**

1. How effectively do the current partnerships and mechanisms enable the LEP to deliver its stated remit and strategy?
2. What is the current policy environment and agenda context?
3. What needs to be in place to enhance the LEP's and HCC's role in articulating to central government the rationale for further funding and recognition?

**OUTCOME/S:**

1. Members have a fuller understanding of the opportunities and challenges



**LOCAL ENTERPRISE PARTNERSHIP TOPIC GROUP****WEDNESDAY, 16 MAY 2018 AT 10:00AM**Programme

<b>Time*</b>	<b>Item</b>	<b>Officers</b>
10.00	Welcome and introductions  Scrutiny objective, questions and constraints.	Chairman: Francis Button  Natalie Rotherham
10.10	Background information and outline of programme	Neil Hayes. Executive Director, Herts LEP
10:30	Overview and background to the Local Enterprise Partnership (LEP)	Mark Bretton Herts LEP Chairman (Accenture)
11:10	<b>Break</b>	
11.30	What needs to be in place to enhance the LEP's and Hertfordshire County Council's role in articulating to central government the rationale for further funding and recognition?	David Williams, Leader of the County Council, councillor for Harpenden North East, Executive Member for Resources, Property and the Economy and Herts LEP Board Member
12.00	An overview of the current policy environment and agenda in respect of scrutiny and audit	Owen Mapley, Director of Resources, Hertfordshire County Council and LEP PMC Board Member
12.30	<b>Lunch</b>	
1.30	Summary of the morning's scrutiny	Natalie Rotherham
1.45	How effectively do the current partnerships and mechanisms enable the LEP to deliver its stated remit and strategy?	Scott Crudgington – Chief Executive, Stevenage Borough Council / Gill Worgan Principal – West Herts College
2.45 pm	Summary and Recommendations	Members & Natalie Rotherham
3.15pm	Conclusion	



**HERTFORDSHIRE COUNTY COUNCIL**

**WEDNESDAY, 16 MAY 2018 AT 10:00AM**

**BACKGROUND PAPER FOR LOCAL ENTERPRISE PARTNERSHIP TOPIC GROUP**

Author: Neil Hayes, Executive Director, Hertfordshire LEP (Telephone number: 01707 358744)

**1. Purpose Of The Report**

1.1. To respond to the questions posed as part of Hertfordshire County Council's Overview & Scrutiny Committee examination of the progress made by the Local Enterprise Partnership (LEP) since its inception in 2011 and to clarify its capacity to advance further economic growth.

1.2. The response here is from the perspective of the Hertfordshire LEP

**2. How effectively do the current partnerships and mechanisms enable the LEP to deliver its stated remit and strategy?**

**2.1. Background**

2.1.1. Local Enterprise Partnerships (LEPs) are non-statutory partnerships between local authorities and businesses which promote economic growth in their local area. Prior to LEPs, public sector led Regional Development Agencies (RDAs) were responsible for regeneration, regional competitiveness, and the development of skills. The government's intention was for LEPs to promote a business led and more locally responsive agenda. Hertfordshire was successful in securing a county wide LEP in 2010.

**2.2. Strategic role**

2.2.1. At first, the LEPs were given a broad remit but limited resources. Its role and funding has evolved considerably, in large part due to Michael Heseltine's, "No stone unturned in the pursuit of public growth" report<sup>1</sup>, published in October 2012. LEPs produce a Strategic Economic Plan (SEP) for their area, which identifies barriers and solutions to growth and work with local partners to improve the local economy.

2.2.2. The Hertfordshire SEP articulated the need to address underlying poor economic performance, work across administrative boundaries, capture the opportunities that the county's corporate and academic assets provide and work together to regenerate towns and plan more effectively for new growth

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/34648/12-1213-no-stone-unturned-in-pursuit-of-growth.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/34648/12-1213-no-stone-unturned-in-pursuit-of-growth.pdf)

2.2.3. The SEP challenged many preconceptions of the Hertfordshire economy and prioritised locations and sectors that could deliver high value growth. At the time of submission of the initial SEP, the LEP drew criticism from some parties for calling for major new settlements and prioritising places, however this did resonate with Government and the business community who felt that the county lacked ambition in comparison to neighbouring areas

## 2.3. Funding and Delivery

2.3.1. The SEP also framed the process for bidding for central government funding primarily the Local Growth Fund (LGF – sometimes referred to as Growth Deals) and influencing local funding streams and ensuring that these deliver against the locally agreed priorities. The Hertfordshire SEP<sup>2</sup> was first published in 2014 and refreshed in 2017.

2.3.2. On the back of a well regarded SEP, Hertfordshire LEP has secured £265m via three rounds of LGF to deliver a number of schemes related to regeneration, transport, skills, business support and innovation. In addition, Hertfordshire was allocated circa £50m via EU funding sources. The funding for this was retained nationally but allocated against LEP priorities.

2.3.3. The LEP also secured Enterprise Zone designation for sites in Dacorum and St Albans focused on enviro-tech industry, which if successful will retain over £100m of business rates within the county to support enabling infrastructure and wider LEP priorities.

2.3.4. Via this competitive process the LEP has managed to secure a higher level of funding that would be the case if allocated centrally. The LEP does not deliver directly. It is a commissioning body working with public and private sector bodies. All LEP funds are held by HCC as Accountable Body for the LEP and the LEP adheres to HCC financial regulations.

## 2.4. Governance and engagement

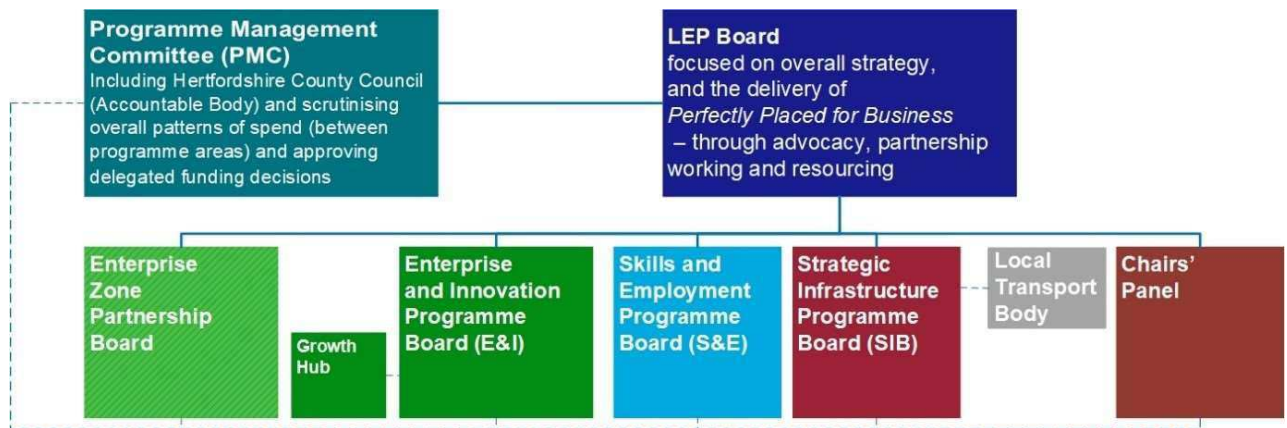
2.4.1. LEPs are non-statutory bodies. This means they can look and operate very differently from each other, in terms of size, capacity and governance. Hertfordshire LEP is currently an unincorporated partnership. Its executive is employed by HCC.

2.4.2. LEPs must be chaired by a business person and at least half of the members must come from the private sector beyond that LEPs can choose their members. Hertfordshire LEP includes members of Local authorities, further and higher education and the not for profit sector.

2.4.3. The LEP also has a number of sub-boards to address specific themes or responsibilities and these broadly mirror the membership principles of the main Board. See below

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<sup>2</sup> <https://www.hertfordshirelep.com/media/5417/hertfordshire-lep-sep-report-interactive.pdf>



2.4.4. In terms of engaging local stakeholders, the LEP plays a key role in established mechanisms - Herts Leaders group, public sector chief executives and the business forum (comprising business representative bodies). Being a county based LEP, the ability to work with existing structures and groups is more straightforward than in other areas.

2.4.5. In order to have better engagement with the business community the LEP established a new business leaders' Envoy Programme<sup>3</sup> in 2017 to road-test its priorities including feeding into the Industrial Strategy response. This will form a core part of the LEP's engagement programme over the year.

2.4.6. The LEP holds an annual conference<sup>4</sup> and series of themed events during the course of each year. For example, 2017 included a Skills Summit<sup>5</sup>, a Building Solutions conference<sup>6</sup> to help build a growth model for Hertfordshire, and a Value of Experience conference<sup>7</sup> in November 2017 on how to retain, retrain and recruit older workers.

2.4.7. The LEP regularly engages with MPs who are kept informed of constituency and county wide issues via the LEP newsletter and separate briefings with the LEP Chair/Executive Director. The LEP has played a key role in establishing regeneration partnerships with Stevenage and Hatfield are examples of good practice working with local authorities.

2.4.8. The LEP has recently refreshed its website<sup>8</sup> with clear signage to core documents<sup>9</sup> and governance and to ensure that LEP papers are as transparent and accessible as possible.

<sup>3</sup> <https://www.hertfordshirelep.com/news-events/news/envoy-programme/>

<sup>4</sup> [https://www.hertfordshirelep.com/news-events/news/annual\\_conference/](https://www.hertfordshirelep.com/news-events/news/annual_conference/)

<sup>5</sup> <https://www.hertfordshirelep.com/skills-summit-2017/>

<sup>6</sup> <https://www.hertfordshirelep.com/news-events/news/building-solutions/>

<sup>7</sup> <https://www.hertfordshirelep.com/news-events/events/the-value-of-experience-retain-retrain-recruit-older-workers/>

<sup>8</sup> <https://www.hertfordshirelep.com/>

<sup>9</sup> <https://www.hertfordshirelep.com/key-documents/>

### **3. What is the current policy environment and agenda context?**

3.1. The current policy environment is focused on two key issues, increased scrutiny and establishment of Local Industrial Strategies.

#### **3.2. Scrutiny**

3.2.1. LEPs have been the subject of increasing scrutiny in recent years. Following a 2016 National Audit Office (NAO) report, as well as general concerns raised about the governance and transparency arrangements of LEPs <sup>10</sup> (and some specific examples e.g. Greater Cambridge Greater Peterborough<sup>11</sup>) the Public Affairs Committee looked at the roles of LEPs and reported that the Department of Communities and Local Government (DCLG): “should enforce the existing standards of transparency, governance and scrutiny before allocating funding. LEPs themselves also need to be more transparent to the public”

3.2.2. DCLG commissioned a review into LEP Governance and Transparency in April 2017. The Review was led by Mary Ney, a Non-Executive Director of the DCLG Board.

3.2.3. The report findings were published in October 2017 <sup>12</sup> Most findings have already been implemented by DCLG (now MHCLG) who issued Best Practice Guideline in January 2018 and Hertfordshire LEP is now fully compliant with the revised standards. The primary mechanism for this the LEP Assurance Framework (AF)

3.2.4. The National LEP Assurance Framework sets out the arrangements the government expects to see in place within the LEP and for the accountable body role. It sets out what is expected in the LEP’s own local assurance framework and also what is required by the Section 151 officers. An audit of the application of the LEP Assurance Framework was conducted by Hertfordshire Shared Internal Audit Service and recommendations have broadly been implemented.

3.2.5. The S151 officer works proactively with the LEP to identify and develop improvements, acting as a valued critical friend. The S151 sits on the LEPs Programme Management Committee (PMC) and also contributed to a recently launched Finance Panel. We hold a pre-meet ahead of PMC to brief and seek input into draft papers. It is proposed the S151 has a future role on assessing bids and the LEP Chair has recently extended an invite to attend the LEP Board.

3.2.6. The LEP is committed to reviewing the Assurance Framework (AF) to ensure compliance with the national guidance and are already starting to implement

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<sup>10</sup> <https://www.nao.org.uk/wp-content/uploads/2016/03/Local-Enterprise-Partnerships.pdf>

<sup>11</sup> <https://www.nao.org.uk/wp-content/uploads/2017/11/Investigation-into-the-governance-of-Greater-Cambridge-Greater-Peterborough-Local-Enterprise-Partnership.pdf>

<sup>12</sup> <https://www.gov.uk/government/publications/review-of-local-enterprise-partnership-governance-and-transparency>

the recommendations from the Mary Ney Review with the new Chairs Panel acting as a 'sub-committee or panel with the task of assessing bids/decisions.

- 3.2.7. Arrangements for publication of minutes and board papers are that minutes<sup>13</sup> and associated papers from board and sub-boards meetings should be published on website within three weeks. The revised conflict of interest policy<sup>14</sup> (July 2017) and a register of interests<sup>15</sup> of all board and sub-board members are also published.
- 3.2.8. Annually, government conducts a performance review (known as an Annual Conversation) with each LEP to review individual progress on Growth Deal delivery over the past 12 months. This meeting considers a range of issues, including governance and transparency and results in an agreed set of actions.
- 3.2.9. Going forward a LEP review (announced at the end of 2017) is being undertaken, with the outcomes expected in June/July. Government has stressed that the focus of the review is to further support and enhance LEPs in order that they fulfil their role in establishing Local Industrial Strategies (LIS).

### 3.3. Industrial Strategy

- 3.3.1. As part of the Industrial Strategy White Paper, the Government set out expectations that LEPs (or combined authorities) in each area of England will produce a Local Industrial Strategy and state that it will work in partnership with places to develop them. These strategies will be “developed locally and agreed with the Government.
- 3.3.2. The LIS will help identify priorities to improve skills, increase innovation and enhance infrastructure and business growth. This will guide the use of local funding streams and any spending from national schemes.”
- 3.3.3. The white paper sketches out a phased approach, with the first set of LISs to be agreed by March 2019. The Hertfordshire LEP set out its plans for developing a Hertfordshire LIS<sup>16</sup> at the recent Annual Conference.
- 3.3.4. The LIS will initially focus on the Grand Challenges which were defined in the white paper:
- Artificial Intelligence and Data Economy – putting the UK at the forefront of the artificial intelligence and data revolution;
  - Clean Growth – maximising the advantages for UK industry from the global shift to clean growth;
  - Future of Mobility – becoming a world leader in the way people, goods and services move;

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<sup>13</sup> <https://www.hertfordshirelep.com/media/5789/lep-board-210917-minutes-draftdocx.pdf>

<sup>14</sup> <https://www.hertfordshirelep.com/media/6103/conflict-of-interest-policy.pdf>

<sup>15</sup> <https://www.hertfordshirelep.com/about-the-lep/register-of-interests/>

<sup>16</sup> <https://www.hertfordshirelep.com/industrial-strategy/>

- Ageing Society – harnessing the power of innovation to help meet the needs of an ageing society

3.3.5. A Hertfordshire LIS Commission has been established and leading lights from business and academia will address the challenges from the perspective of Hertfordshire. This process is likely to conclude over the latter half of 2019.

#### **4. What needs to be in place to enhance the LEP's and Hertfordshire County Council's role in articulating to Central Government the rationale for further funding and recognition?**

##### **4.1. Capacity**

4.1.1. One of the issues all LEPs have struggled with is having sufficient capacity to undertake their expanding roles. Often cited as capital 'rich' but revenue 'poor', LEPs are core funded £500k annually from Government with £250k required locally to act as match funding.

4.1.2. Put simply, the funding to operate the LEP has not increased proportionately alongside the widening in remit, increased project funding and Government requirements on governance etc. to manage and monitor those funds. The LEP has been working with HCC to identify ways of legitimately accounting for programme management costs but it remains a challenge to effectively resource the executive function which incorporates 16 staff.

4.1.3. There is also an issue of capacity within partner organisations to effectively deliver programmes within budgets and timescales. This has provided the LEP with significant challenges in delivering a multi-million pound capital programme. In many cases, the LEP has needed to divert its own capacity and resources to work directly with partners to get schemes off the ground.

##### **4.2. Government Policy**

4.2.1. The emergence of devolution deals and new governance structures (e.g. combined authorities) have enabled some areas to secure more funding and establish more ambitious growth plans.

4.2.2. Government policy is currently focused on 'economic rebalancing' i.e. investing in areas with greater economic need. This has manifested itself in initiatives such as the Northern Powerhouse and Midlands Engine which have been able to attract significant media attention and secure funding from government.

4.2.3. Closer to Hertfordshire, spatial initiatives such as the Oxford-Milton Keynes-Cambridge Corridor and to a lesser degree the Innovation Corridor (formerly London-Stansfeld-Cambridge Corridor (LSCC) include areas of Hertfordshire in their scope which could lead to parts of the county being overlooked.

4.2.4. As a large economy (1.1m population, 50,000 businesses, £30bn GVA) that makes a net contribution to the Exchequer, Hertfordshire should be more

visibility within Government. The LEP has made strides in making the case for investment in Hertfordshire's economy, with significant success in attracting both public and private investment.

4.2.5. However the Local Industrial Strategy is likely to have a narrower remit than the SEP that precedes it. It will focus on productivity (predominantly, skills, enterprise and innovation) and less so on infrastructure (housing, transport, employment land). This requires Herefordshire to have a more 'joined up' approach to growth, particularly relating to strategic infrastructure.

## **5. Background Information**

### **Strategic Economic Plan**

<https://www.hertfordshirelep.com/media/5417/hertfordshire-lep-sep-report-interactive.pdf>

### **Assurance Framework**

<https://www.hertfordshirelep.com/media/6254/current-assurance-framework-document-march-2018.pdf>

### **Annual report**

[https://www.hertfordshirelep.com/media/5821/hlep\\_annualaccountsno2017web\\_financial.pdf](https://www.hertfordshirelep.com/media/5821/hlep_annualaccountsno2017web_financial.pdf)