

Minutes: LEP Board

Meeting details			
Date	19 September 2019	Time	14.00 – 18.00
Location	White Lion House, Hatfield	Recorded by	Sally Stanley

Present		
Board	Tina Barnard	Watford Community Housing
	John Beswick	BT
	Mark Bretton	Chair
	David Conway	BBC Studioworks Ltd
	Kit Davis	North Herts College
	Adrian Hawkins	Weldability Sif (Deputy Chair)
	CLlr Linda Haysey	East Herts District Council
	Quintin McKellar	University of Hertfordshire
	Neil Rutledge	Amberside Advisors Ltd
	CLlr Sharon Taylor	Stevenage Borough Council
	Richard Whitehead	AECOM
Section 151 Officer	Scott Crudgington	Hertfordshire County Council
Executive Team	Neil Hayes	Executive Director
	Norman Jennings	Operations Director
	Sally Stanley	Office Manager
Invited Guests	Karen Hillen	BEIS
	Patsy Dell	Hertfordshire County Council



Agenda item 1: Welcome and Apologies, Conflicts of Interest – Mark Bretton

- Prior to the meeting, Welwyn Hatfield Borough Council provided a tour of Hatfield Town Centre including White Lion Square, which has recently been refurbished with support from Growth Deal funding.
- Mark welcomed everyone to the meeting.
- Board Members were reminded to declare any conflict of interest for agenda items and that they would be allowed to remain in the room, however would not be eligible to vote on conflicted items. Board Members were also requested to send revised Declaration of Interest forms to Sally Stanley should there be any changes.
- Following recent Local Authority representative elections, Mayor Peter Taylor from Watford Borough Council has been appointed to the Board and replaces Cllr Morris Bright. Mayor Taylor was unable to attend due to the short notice. Cllr Bright will become the LA substitute. It was also confirmed that following agreement at the Herts Leaders Group that Cllr Linda Haysey term as a LEP Board member has been extended by another two years

Apologies:

SallyAnn Forsyth - Stevenage BioScience Catalyst

Nitin Dahad – TechSpark Limited

Cllr David Williams - Hertfordshire County Council

Ian Poree - Her Majesty's Prison and Probation Service (LEP Lead Sponsor)

Andy Lee – Herts LEP

Agenda item 2: Strategy – Neil Hayes

- The Local Industrial Strategy (LIS) is progressing well and is currently out for consultation. The co-design process will take place in October and November, with the final version to be produced in December.
- Herts LEP continues to work with the other Southern LEPs i.e. those surrounding London as well as the Local Government Association (LGA) and across various transport bodies.
- The LEP is also focusing on its readiness for Brexit support offer and how to deploy any funding should it be available. Following discussions it was agreed that as well as a focus on Brexit readiness support for business the LEP should give consideration to a post Brexit resilience support package for Hertfordshire businesses. It was further suggested that as there is an increase in potential support and advice coming from many Government Departments that the LEP should adopt a lead coordination role within the county
- Stevenage is one of the 100 places named in the new £1b Towns Fund. The role of the LEP is currently unclear. Cllr Taylor confirmed that the funding will be used for other projects and not those identified for Growth Deal 3 funding. The latest position with regards meeting the funding agreement requirements for Growth Deal 3 monies relating to Stevenage, is that the JD for the Chair of the new Stevenage Regeneration Board is still awaiting sign off by Government.
- There has been no consultation yet for the UK Shared Prosperity Fund and there is limited information on devolution and further Growth Deals. There is concern that LEPs are not involved in conversations around future funding, so therefore cannot influence how the money is spent.



- All Herts Local Authorities (LAs) are working together at the Herts Growth Board on an ambitious growth plan for the county. The LIS complements rather than competes against the work of the Growth Board. It was agreed that the LEP should offer appropriate executive level support to the Growth Board work packages
- There is concern that LEP core funding has not been confirmed beyond 20/21. Some Growth Deal and Growing Places Fund, along with profit shares and Enterprise Zone income is due back to the LEP. The Executive are currently looking at funding options post March 2021 and will report to the December Board.

Action:

- LEP Executive to provide a report on post March 2021 funding at December Board meeting.
- LEP Executive to provide an update on Brexit readiness and resilience offers at December Board

Agenda item 3: Delivery – Norman Jennings

CONFLICTS OF INTEREST DECLARED:

Cllr Linda Haysey in regards to Old River Lane

Scott Crudgington in regards to Old River Lane, Essex Road, A602

Sharon Taylor in regards to all Stevenage Projects

John Beswick in regards to Stevenage Land Assembly

Kit Davis in regards to North Herts College

Quintin McKellar in regards to Exemplas

PROGRAMME UPDATE

- The project dashboard was circulated to PMC before being submitted to BEIS. Prior to decisions being made at the Board meeting, of the total Hertfordshire LGF allocation of £159m, £149,362,946 has been allocated to projects. This includes £56m already defrayed, £81m to be defrayed, £11m awaiting Board approval. In addition there remains £9.4m for Stevenage GD3, which leaves just under £1m unallocated.
- Norman provided details of the projects that are ‘at risk’ of not spending the allocated amount by March 2021. The Executive are working on a pipeline of projects which could be brought forward should current projects not deliver. Quarterly meetings are held with project sponsors to ensure they hit both spend and output targets.
- *Old River Lane EHDC*– A Judicial Review is due in November. If it rules in favour of EHDC, they are confident they can complete the LGF grant elements of the scheme by March 2021. Discussion continue between EHDC and HCC with regards to the HCC owned land required for the scheme development stage.
- *Stevenage Land Assembly SBC* – the Old Police Station site has now been acquired, however there are still issues with obtaining vacant possession of the Swingate House site. Should there be a delay, other scheme related activities have been identified.
- *Essex Road HCC* - there is an anticipated underspend of £1.6m as there has been a delay around minor covenants on the land being acquired from Borough of Broxbourne. HCC Highways expect to start work in January 20.



- *A602 HCC* – there has been issues with side road orders and a public enquiry is anticipated which may require additional discussions re land ownership and planning permission may be required. Both Highways projects are part of the annual funding package agreed with HCC and there is some flexibility on defrayal on individual projects so they are expected to spend this years allocated funding. Norman Jennings will work with HCC on virement of funds between projects.
- *Watford Business Park WBC* - there has been a delay in the purchase of two remaining buildings resulting in an application for a CPO being served, whilst WBC believe they should meet the spend deadline, the Executive have requested an alternative spend plan and an agreed deadline for its execution.
- *North Herts College, Hitchin Campus* – if planning permission cannot be secured by March 20, the remaining funds will be reallocated.
- PMC will consider legacy funding, i.e. repayments of loans etc and will as part of this activity identify projects at risk of spending beyond 31 March and will report back to the Board.
- The Executive are collating data on outputs for all projects and are completing a sample compliance audit to ensure they have evidence to substantiate the outputs. The Executive is also commissioning a project to evaluate the impact of the outputs to the local economy and productivity.
- The BEIS Mid-Year review will be on 30 September and will focus on the LEP's progress on the delivery plan and how we are implementing the improvement plan. Concerns remain over the governance for Stevenage. Karen Hillen commented that in reviewing spend BEIS will hopefully look at the latest spend data and not necessarily Q2 at the Annual Performance Review.

Actions:

- LEP Executive to provide a report on spend risk beyond 31 March at December Board.
- LEP Executive to commission an evaluation on the wider impact of LGF on the local economy

PROJECT APPROVALS

- Four projects were due for consideration by the Board.

LEP 0094 Stevenage Bus Interchange Relocation (Stevenage Borough Council)

- The request is for £9.6m of Capital funding for the relocation of the Stevenage Bus station, which will release the current site for the Town Square redevelopment. Planning approval is expected in November 19. The project has been appraised in line with the Assurance Framework and SBC have responded to questions raised. As this project has highways implications, HCC have given their support to the project. Due to the terms of the LEP's GD3 Funding Agreement, the funds cannot be released until a new Stevenage regeneration board is in place. They will then be informed on the LEP approval at the first meeting and the funding will be released. SBC have confirmed they are pre funding the project until the GD3 funding is released and therefore take on the risk.

The Board approved:

- £9,600,000 of LGF funding for the Bus Station Interchange Project subject to
 - meeting BEIS requirements for the Stevenage related GD3 allocation, ie. Proposed funding request shared at the first meeting of the new Regeneration Board being held
 - the scheme obtaining planning permission.



LEP0196 – Rothamsted Russell Building (Lawes Agricultural Trust)

- The request is for £1,732,635 of capital funding to upgrade the Russell Building for business incubation and to provide scale up space.
- As a key component of the Hertfordshire Enterprise Zone (Herts IQ), Rothamsted are in a position to request funding support from the Enterprise Zone. Initial agreement has been secured for the Enterprise Zone to contribute £866k towards the overall costs of this project. Agreed that the LEP will provide this amount until the Enterprise Zone is in a position to repay this amount to the LEP
- The project has been appraised in line with the Assurance Framework and all issues raised were addressed before the Chairs Panel. The project is due for approval by the Enterprise Zone Board in November.
- More information was sought more broadly on the LEPs relationship with the Enterprise Zone and in particular the rationale for future income and funding streams.

The Board Approved:

- £1,732,635 of funding to the Russell Building scheme subject to:
 - The Enterprise Zone confirming a contribution of £866,00 towards the project costs and the subsequent repayment of this amount to the LEP in 2020/21
 - Any surplus profit from the centre either being repaid to the LEP or agreed proportion of; or recycled into further projects at the Rothamsted Campus.
 - That procurement of all funded activities is in line with public procurement regulations

Action:

- LEP Executive to present on the Enterprise Zone finances at the next Board meeting

LEP0165 South Oxhey Phase 4 (Three Rivers District Council)

- The request is for £4,082,000 of Capital Funding for the site/lease acquisition and development of three sites in South Oxhey to make way for new retail and residential units.
 - The project has been appraised in line with the Assurance Framework and TRDC have responded to questions raised. In particular, a request was made for TRDC to consider the application for funding to be part grant and part loan as other site acquisition projects have considered this approach. Following a request made at the Chairs Panel, the LEP Executive supported by the Chair of the Chairs' Panel met with TRDC to discuss this further, with TRDC indicating that they would be willing to pay an agreed overage on any revenue from the resale of the residential units.
 - Further clarification was also sought from TRDC with regards to the acquisition of a site from HCC and in particular timelines for the completion of the acquisition. TRDC confirmed that they have recently held discussions with HCC re the acquisition, sharing outline plans which have been received with interest by HCC
- It was discussed that should the Board agree to support this project, there is currently insufficient allocated LGF to fund this project, however loans and other funding is due back from projects in 20/21 which would offset the funding required for this project.

The Board Agreed:

- To approve the project subject to:



- Funding becoming available to the LEP
- LEP Executive agreeing an acceptable overage scheme on the same basis as previous phases
- LEP Executive confirming likely acquisition timelines with HCC and TRDC

LEP0110 The Game Fair (TMRG)

- The request is for £180,000 of Capital funding for the purchase of key equipment for future Game Fair events held in Hatfield Park
- Following the appraisal process several concerns were raised including rationale for market failure, state aid, procurement and inappropriate outputs.
- The Chairs Panel recommended that the project be rejected, however that the applicant should be informed of other funding, which if eligible may be more suitable.

The Board agreed:

- To reject the Game Fair request for funding.

FINANCE UPDATE

- LEP Executive and HCC finance colleagues provided a paper giving an overview on the LEP finances including the operational budget and the various funding streams, both income and expenditure.
- The draft budget for 20/21 will be presented to the December Board meeting.

Action:

- LEP Executive to present 20/21 budget at December Board
- LEP Executive to inform all applicants of Board decisions

Agenda item 4: Governance – Norman Jennings

INCORPORATION UPDATE

- The LEP Executive and HCC colleagues have looked at other LEP models of incorporation and recommended that in light of the current funding uncertainties, the LEP should adopt its current 'lite' approach to incorporation as it meets the current BEIS requirements. It was agreed that once PMC have completed their consideration of legacy funding, i.e. repayments of loans etc further consideration will be given to the most appropriate approach to incorporation.
- Both HCC and the section 151 officer confirmed that the 'lite' approach to incorporation means that currently staff do not need to TUPE and that this and VAT payments are not seen as being 'high' risk. It was agreed however that due consideration should be given to ring fencing an agreed amount from LEP reserves to allow for staffing liabilities and possible VAT implications. The need for such a ring fenced amount to be will be reviewed by PMC

Action:

- Executive to provide an update on likely value of liabilities.

GOVERNANCE REVIEW

- The Executive are currently reviewing the role of PMC and then the remaining Programme Boards to see where the LEP can add value or possibly plug into other structures across the county. It was



agreed that in light of earlier discussions the review should also include other LEP related governance such as the Enterprise Zone and the Growth Hub

Action:

- LEP Executive to provide an update on progress of the review at the next Board meeting.

Agenda item 5: Chairman's Update – Mark Bretton

- Mark and Adrian are attending a Growth Board information event on 10 October and other Board members are welcome to attend. (Sally to share details to all Board members)
- Richard Whitehead has taken over as Chair of the Enterprise Zone Board.
- Events include delegations from China and India, a presentation to the Lord Lieutenants meeting and meeting the new CEO at BRE.
- Mark has been elected Chair of the LEP Network and will be looking to increase the visibility of LEPs within government and ensure the LEPs are more involved with influencing policy.

Agenda item 6: Chief Executive's Update – Neil Hayes

- Neil had no additional items to add to the update paper.

Agenda item 7: Minutes of last meeting & matters arising/Actions Log - Neil Hayes

- The minutes of the last meeting were approved and there were no matters arising
- All the action items were covered in the agenda

Agenda item 8: AOB

- The Herts Opportunity Portal will be formally launched on 28th November at a skills event.
- Board members were reminded to register for the Annual Conference and AGM
- Sally requested venues for the 2020 meetings.

Next meeting

Date	Thursday 12 December 2019	Time	Meeting 14.00 – 18.00
Location	LEP Office, One Garden City, Letchworth Garden City		

