

Herts LEP Board

Meeting details

Date	9 December 2021	Time	13.30 – 17.00
Location	Zoom	Recorded by	Sally Stanley

Present

Directors	Tina Barnard	Watford Community Housing
	Mark Bretton	Chair
	David Conway	ITN
	Sally Ann Forsyth	Stevenage Bioscience Catalyst
	Cllr Linda Haysey	East Herts District Council
	Chris Hulatt	Octopus Group
	Ceri Humphrey	SPIE UK
	Dianne Lee	DLRC Ltd
	Tony Medhurst	Hertford Regional College
	Cllr Richard Roberts	Hertfordshire County Council
	Neil Rutledge	Amberside Advisors
	Cllr Sharon Taylor	Stevenage Borough Council
	Mayor Peter Taylor	Watford Borough Council
Section 151 Officer	Scott Crudginton	Hertfordshire County Council
	Steven Pilsworth	Hertfordshire County Council
Executive Team	Neil Hayes	Chief Executive
	Norman Jennings	Operations Director
	Andrew Lee	Head of Assurance and Performance
	Sally Stanley	Office Manager
Invited Guests	Mark Kemp	Hertfordshire County Council
	Patsy Dell	Hertfordshire County Council
	Karen Hillen	BEIS

Agenda item 1: Welcome and Apologies

Welcome and Apologies

- Mark Bretton welcomed everyone to the meeting.
- Apologies were received from:
 - Nitin Dahad - Aspencore
 - Julie Newlan – University of Hertfordshire
 - Richard Whitehead - AECOM

Conflict of Interest

- Board members were reminded to declare any conflict of interest for the relevant agenda item.

Minutes of the last meeting

- The minutes of the meeting held on 9 September 2021 were approved and there were no matters arising.

Action Log

- BRE have offered to host a Board meeting in 2022.
- The LEP Review and Levelling Up White Paper is now expected in January. An extraordinary Board meeting may be required to discuss its implementation.
- The Risk Register has been updated in accordance with the recommendations made by PMC and the Board.
- The Executive Team were thanked for all of their work on the Community Renewal Fund.
- The Herts Growth Board Scrutiny Panel is still to meet.

Agenda item 2: Chair's Update

- The LEP Review is still to be concluded and the Levelling Up White Paper has been delayed until January 2022. These delays are impacting on staff retention in some LEPs and their relationships with Local Authorities, but fortunately the relationship in Herts between the LEP and HCC remains strong. There has been some media coverage of the review process. The LEP Network continue to meet with and write to relevant MPs to promote the work of LEPs.
- Herts LEP has been impacted by the delay in receiving the second tranche of core funding, but remains in a good financial position. Clarity from Government on core and capacity funding is needed to provide certainty, however work is continuing on planning the Herts LEP future direction.
- Mark attended the opening of Co-Space in Stevenage and the new Cell & Gene therapy facility at GSK. He welcomed the further investment at the GSK site and the positive impact of inward investment across the county over the summer. The annual conference held in September, hosted by Warner Bros Studios was a great success and builds on the draft Film and TV sector action plan.
- Chris Brodie from SELEP has stood down as Chair of Catalyst South and will hand over to Julie Kapsalis from Coast to Capital LEP.

Agenda item 3: Delivery – Norman Jennings

A. Programme Overview

- The Local Growth Fund target of £159.7m has been achieved using Freedoms and Flexibilities. All projects funded through the Freedom and Flexibilities are on track to deliver as anticipated.
- The Gunnelswood Road roundabout was approved at the September Board meeting. Herts LEP has met with Stevenage Borough Council (SBC) and HCC and discussions are underway with GSK to allow for the design phase of the project.
- Circa £1.4m remains unallocated. There is funding request for £1m from Rothamsted to be considered by the Board and the remaining £400K underspend will need to be reported to



DLUHC (formerly MHCLG) if it remains unallocated, however there is a possible broadband project in the pipeline for the remaining funds.

- The five Getting Building Fund projects remain on track to defray all funds by end March 2022 and all freedom and flexibility funds carried over from the last financial year have now been evidenced. The Borough of Broxbourne led Maxwell Farm project is rated as red due to the majority of funds being spent in Q4, but the Borough of Broxbourne are confident the GBF element of the funding will be drawn down by end of March. The Exec Team meet monthly with all projects to monitor progress.
- Five projects have been awarded £3,262,869 through the Community Renewal Fund. Herts LEP managed the application process on behalf of and in partnership with HCC, using the existing LEP project appraisal process. HCC have also asked the LEP to lead on the monitoring of the performance and outputs for each project. It was noted that Herts was not in a priority area, so it was a great outcome that all five projects submitted were awarded funded and DLUHC noted the high quality of the bids submitted. The delivery period has been extended from March 2022 to June 2022. Grant Funding Agreements should be in place by end of December and the Exec Team will have monthly meetings with all projects to ensure they are delivering at anticipated. PMC will monitor the projects on behalf of the LEP and HCC and provide additional input if required.

B. Q2 Operational Budget Review

- It was originally anticipated that to deliver a balanced budget, £303K would be required from the operational reserves for FY2021/22, however the position at the end of Q2 now indicates that circa £100K will be required. This is due to expenditure being reduced by £52K, whilst income has increased by £152K – a breakdown was included in the paper. It is hoped that the call on operational reserves will reduce further by the end of the financial year

C. New Projects for Approval

Rothamsted Research

Applicant: Rothamsted Research

Funding request: £1,000,000 Capital via Herts IQ

- The request is for £1,000,000 capital funding to update the old stores building at Rothamsted Research to create start up and flexible lab space for entrepreneurs. There has been increased demand on site as a result of the Daniel Hall and more recent Russell Building refurbishment, also part funded by Herts LEP, so more space is required.
- Herts IQ have set aside £3m for Rothamsted, but to date have only allocated £868K. Although the budget has been set aside there is a need to ask the LEP to cash flow the funding, which will be repaid back to the LEP by Herts IQ over a period up to FY 2024/25. Richard Whitehead, Chair of the Herts IQ has sent a letter to Neil Rutledge, Chair of Chairs Panel confirming that Herts IQ will repay the money back to Herts LEP.
- The funding is a grant rather than a loan due to the charitable status of Rothamsted. HCC/LEP will be required to record on the government ledger that subsidy control requirements are being met.
- The project has been assessed using the project pathway requirements and whilst the Value for Money (VfM) for jobs metric scored lower than normally required, the commercial floor



space VfM scored highly and therefore on balance the overall project VfM was at an acceptable level.

- When discussed at Chairs Panel, they recommended the LEP included inflation linkage calculations into the future repayment to the LEP. Norman Jennings is working with Lisa Blaney, HCC Finance to establish an inflation rate and will report back to HIQ Board.

The Board Approved

- The funding of £1,000,000 capital grant via HIQ for Rothamsted Research for repayment back to Herts LEP subject to the agreement of an inflation linkage agreement and payment.
- The Board noted the Project Change Request for the Cell and Gene Integration Lab to expand the available training floor space at no additional costs but resulting in additional project outputs and re-profile the spend as approved by Chairs Panel on 18 November 2022.

D. Visit Herts Contract

- The five year contract (3+2) with Go to Places to deliver the Visit Herts Destination Management Service (DMS) is due to finish end of July 2022. Under the current contract, Herts LEP provide £50K pa Growing Places Fund, which is match funded on the same basis by HCC. Go To Places secure further revenue through funding partners and are able to bid into national funding pots such as CRF.
- The CEO of Go To Places presented at the recent PMC meeting on their achievements over the course of the contract and outlined the increase to the value and volume of the visitor economy across the county. Whilst it was recognized, that the Visit Herts brand has had a positive impact, any future contract should be more aligned with the future direction of the LEP and the LEP should have greater control in the management of the contract to control outputs in line with the priorities of both the LEP and the county.
- The proposed new contract starting in August 2022 would be for two years, with the option to extend for a further year. Herts LEP would continue to contribute £50K pa, HCC have confirmed they will match fund this, however the successful bidder will need to focus on securing external funding, such as the new UK Shared Prosperity fund, so that the LEP and HCC contribution can be reduced over the course of the new contract.

The Board Approved

- The procurement of a new DMS contract, funded at £50K pa, match funded by HCC for two years with the option to extend by one further year.

Agenda item 4: Governance – Andrew Lee

- The funding application form has been submitted to DLUHC for the second half of the 2021/22 core funding.
- The Annual Performance Review will take place in late January/ early February 2022. The paperwork has been received and must be returned by early January.
- It was noted that due to changes at HCC, Steven Pilsworth will replace Scott Crudginton as Section 151 Officer and will attend future Board, PMC and Chairs Panel meetings on behalf of the Accountable Body.



- Mark Bretton and Tina Barnard are due to complete their second three year term of office in January 2022. Due to continuing uncertainty around the future of LEPs, BEIS have confirmed that by exception, terms can be extended by one year. The Board agreed it would be wise to extend both terms to allow for continuity during the LEP review and implementation of an evolved LEP model.
- It is proposed to fold the Strategic Infrastructure Board (SIB) and merge elements with the newly formed Hertfordshire Infrastructure and Development Board which will work alongside the Herts Growth Board to oversee infrastructure and growth across the county. Tina Barnard was formally thanked for her time chairing SIB.
- Due to the changes to SIB, it is further proposed to change the name of Chairs Panel to the Assessment Panel and allow the current board members to remain on the Panel. The Assurance Framework would be updated to show these changes.
- The Board noted that the external auditors BDO will look at the Assurance Framework and that PMC will monitor the Terms of Reference and scope of the audit.

The Board Agreed

- To extend the Board membership of Mark Bretton and Tina Barnard to 31 December 2022.
- To disband SIB and maintain a presence on the Hertfordshire Infrastructure and Development Board.
- To change the name of Chairs Panel to Assessment Panel.
- To reflect all agreed changes in the Assurance Framework.

Agenda item 5: Strategy – Neil Hayes

Future LEP Model

- It was hoped there would be more clarity on the future role of LEPs, however the Levelling Up White Paper has been delayed until early 2022, so work has continued on work streams that can be progressed.
- Following the September Board meeting, it was agreed to explore the option of moving to an evolved Herts based model, to clarify the key functions, capacity and core funding model and determining the governance, funding and ownership. It is recognised that staff retention is becoming an issue and whilst some new roles have been identified, they are independent on the overall future of the LEP. In addition, the relationship with HCC needs clarifying in light of continuing Government uncertainty around LEPs.
- The Senior Management Team has worked with PMC, the Strategy Group and the HR & Remuneration Committee to look at the future functions, the current capacity and capability within the Exec Team, current funding options, the governance in place and how any changes are communicated with partners and stakeholders whilst maintaining the core principles of the LEP.
- The core capabilities have been broken down into three main areas, namely strategy/ intelligence; communications, advocacy & stakeholder engagement and fund/ programme management. In addition there are three strategic programmes; business growth (inc Herts Growth Hub), skills leadership & delivery and sector growth & inward investment. Outline resource requirements have been identified and the resourcing structure revised to reflect the proposed changes in the organisation.



- The proposed draft budget was broken down to show the funding required for the core and strategic elements, current reserves held by the LEP both capital and revenue. Whilst the LEP does have some operational reserves, they will only sustain the running of the LEP for a limited period and it is still unknown whether there will be any government funding beyond the current financial year, so an alternative source of core funding is required.
- The LEP holds several contracts with external organisations i.e. BEIS re the HGH, CEC re the Careers Hubs. The current HGH and Visit Herts contracts are due to finish in the first half of 2022 and the procurement of new contracts will need to start despite lack of clarity on funding and the future of Herts LEP.
- Following discussions between Neil Hayes and HCC, it has been proposed that should core funding not be provided by government, that HCC will provide sufficient core funding to cover the key functions and allow the LEP to continue operating. In addition it is proposed that HCC will continue to provide S151/ accountable body functions, remain as the employer for the Exec Team members and maintain the current governance structures with a business based board. The remaining capital and revenue reserves will be determined by the LEP Board. The LEP will work with the HCC Growth leadership team on a joint agenda where relevant, whilst ensuring there is no overlap or duplication of HCC or LEP work. A high level MOU will agree these principles.
- Other considerations include the “non-direct” Levelling Up White Paper issues such as County Deals; that the branding of Herts LEP may need to be changed; the need to engage with stakeholders on the changes and evolved model and the governance model may need revising to reflect changes. In addition, contracted out delivery models such as HGH, HOP, CEC, may need reviewing with a revised Economic Growth Strategy to be developed, based on recent studies.
- Next steps are to work with PMC, the Strategy Group and the HR & Remuneration Committee to finalise proposed changes and at the appropriate time inform the LEP team of the future LEP model. The Board will be asked to approve a 2022 -24 in Q1 2022, possibly via an extraordinary Board meeting.
- The Board agreed that the LEP needs to remain flexible and agile, be politically neutral, to remain business led and maintain relationships with business, ensuring it maintains the same level of independence from local authority structures and processes. Business needs must remain at the centre of any support and the LEP is central to driving economic growth across the county. The LEP will need the mandate and resources to continue its work and decisions will be made at a local rather than national level.
- HCC have confirmed their strong commitment to maintaining the core functions that the LEP has successfully delivered over the past 10 years and whilst they have not included any funding in their 2022/23 budget, they do have contingency funding to cover core costs should the government stop funding LEPs.

Action

- Board to write a letter to Exec Team members providing reassurance on the LEP future
- To hold an extraordinary board meeting to discuss the Levelling Up White Paper once published.

Sector Action Plans



- The Life Sciences Sector (with Cell and Gene Therapy Cluster) Growth Plan shows how the sector has developed across the county in recent years, outlines the ambitions for the sector and how it can be embedded and grow further in the county. The plan identified actions in terms of securing talent, providing business support, raising the profile, providing networking opportunities and securing appropriate accommodation for the sector/cluster. Key actions and activities have been identified but requires some additional work re resources and timelines for delivery. It is proposed to establish an industry panel of key contacts from the industry, with a links to the Skills Advisory Panel, Enterprise and Innovation Board and Herts Growth Board to ensure the growth plans can be delivered. A sector lead post will be created in the Exec Team to lead on the work with associated budget to be funded through various sources including UKSPF, possible County Deal and LEP Revenue reserves.
- The Film and TV Sector Growth Plan has been developed as a response to the exponential growth in the sector across the county with new studios in development placing Herts at the centre of the industry. The plan has identified key outcomes from the evidence base in terms of securing the right skills and talent required; introducing novel business models across the wider ecosystems; promoting net zero outcomes in production; securing the right commercial property solutions with the digital infrastructure required by production companies as well as promoting Herts as a location for both film and TV productions. Key actions and activities have been identified but requires some additional work re resources and timelines for delivery. As with the above it is hoped that key personnel from the sector will form the industry panel. They will also work alongside the Skills Advisory Panel, Enterprise and Innovation Board and Herts Growth Board to ensure the growth plans can be delivered. A sector lead post will be created in the Exec Team to lead on the work with associated budget to be funded through various sources including UKSPF, possible County Deal and LEP Revenue reserves.
- The Board stressed that whilst the plans should be industry lead, the Herts Growth Board and local authorities need to be fully included in the work as they would need to be involved when planning is a requirement and to ensure that there is no duplicity of workstreams. It was clarified that the panels would link directly to the structures such as LEP Board and Herts Growth Board and that actions would be assigned to the appropriate bodies. The private sector would see the outcomes of the actions, but not necessarily the process on how they are achieved.
- The next steps will be to approve sector plans and the resource required within the Exec Team. Following the publication of the plans in January 2022, the industry panels will be established in February 2022. Relevant governance structures will be required for the panels and both sectors will hold annual conferences to monitor progress. It was further proposed that sector action plans for both the Advanced Manufacturing and ICT/Data/ AI sector action plans will be developed in 2022.

Action

- To circulate the sector action plans to the Board in early January 2022.
- Neil Hayes to present the action plans to the Herts Growth Board.

Agenda item 6: CEO Update - Neil Hayes

- There were no matters arising from the CEO update



Agenda item 7: Risk Register - Andrew Lee

- The risk register was circulated to the Board.
- The CRF projects have been added to the register and will be monitored monthly due to the short delivery time frame.
- PMC will continue to monitor the risk register on behalf of the Board.

Agenda item 8: AOB - All

- Stevenage Bioscience Catalyst has issued an independent economic impact assessment of the businesses located within the SBC. They currently contribute £87m GVA to the UK and there is potential to increase this over the next 20 years creating 4,500 jobs and a cumulative net GVA of £740m.
- Mark formally thanked the Board for all of their hard work over the past year.

Date of Next Meeting

Thursday 24 March 2022, 14.00 – 18.00, Venue TBC

