

MINUTES of the meeting of the LOCAL ENTERPRISE PARTNERSHIP TOPIC GROUP held on WEDNESDAY, 16 MAY 2018 at COUNTY HALL, HERTFORD

ATTENDANCE

Members of the Topic Group:

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

Officers present:

Neil Hayes – Executive Director, LEP
Andrew Lee – Herts LEP Delivery Manager
Natalie Rotherham – Head of Scrutiny
Stephanie Tarrant, – Democratic Services Officer

Witnesses:

Mark Bretton – Herts LEP Chairman (Accenture)
Scott Crudginton – Chief Executive, Stevenage Borough Council
Owen Mapley – Director of Resources, Hertfordshire County Council and LEP PMC Board Member
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
Gill Worgan – Principal – West Herts College

1. APPOINTMENT OF CHAIRMAN

1.1 The Topic Group noted the appointment of F Button as Chairman of the Topic Group for the duration of its work.

2. TOPIC GROUP INFORMATION

2.1 The generic topic group information was noted.

3. REMIT OF THE TOPIC GROUP

3.1 The Group noted its remit and scope.

4. SCRUTINY OF LOCAL ENTERPRISE PARTNERSHIP

4.1 The Group received a series of presentations and took evidence from a number of witnesses during the course of the one day scrutiny. The main points arising from witnesses are summarised below. Background information provided to Members may be viewed at; [Local Enterprise Partnership Topic Group](#).

ACTION

- 4.2 **Neil Hayes, Executive Director, Herts LEP**, gave an introductory presentation and provided Members with the background to Local Enterprise Partnerships (LEP). The presentation can be viewed here: [LEP Presentation](#).
- 4.3 It was noted that there were currently 38 LEPs operating across England, all running with different structures and of different sizes. Hertfordshire LEP was one of the first announced at the end of 2010. To date Hertfordshire LEP had secured around £265 million funding for Hertfordshire which was a big increase from the £40-50 million funding secured for Hertfordshire prior to the LEP. The LEP received capital from Growth Deal bids and revenue from EU funding which was managed by the Ministry of Housing, Communities and Local Government (MHCLG).
- 4.4 Members heard that as well as the LEP Board, there were a number of business ambassadors working in connection with the LEP as part of the Envoy Programme. Ambassadors brought their expertise to help identify and solve key issues for the county and act as external advocates. It was noted that the funding to run the LEP itself was relatively modest with additional funding spent on external appraisals e.g. Lambert Smith Hampton were commissioned to look at the issue of employment space in Hertfordshire for the LEP.
- 4.5 In response to a Member question on how the LEP bid for Growth Deal funding, it was advised that the LEP bid for a set of defined projects and priorities e.g. the LEP bid under £100 million for a set of projects and received £44 million to use on projects which then went through a governance process to ensure the projects had the right sustainable outcomes. It was noted that if a successful project did not progress, funding could be retained and used for a different project.
- 4.6 Members noted that the majority of the LEP funding was capital funding and queried if a lack of revenue funding affected the service. Members heard that the EU funding came with tight rules and regulations and that moving towards a shared prosperity fund would allow for a mix of capital and revenue funding which would provide the LEP with increased flexibility.
- 4.7 The group discussed the LEP's role in addressing land supply for business needs and what influence the LEP had in the formation of Local Plans. Whilst the LEP had no statutory role, the LEP made comment and participated in the formation of most of the Districts' Local Plans. It was noted that the LEP had a good relationship with Local District Councils. It was noted that Hertfordshire did not have the calibre of employment space as neighbours such as Milton Keynes and Cambridge and that this needed to be addressed urgently.
- 4.8 **Mark Bretton, Herts LEP Chairman (Accenture)**, gave an overview and provided background to the Local Enterprise Partnership (LEP).

- 4.9 Members noted that the LEP considered how to support businesses to improve the outcomes for people who lived and worked in Hertfordshire and how the move from the Local Industrial Strategy to the Strategic Economic Plan linked into this. The importance of having the right land and facilities available to attract and retain businesses in the area was emphasised.
- 4.10 In response to a Member question around whether Hertfordshire LEP had enough staff, Members heard that an issue the government had with LEPs was that they were differently constituted. It was noted that the Norfolk and Suffolk LEP had around 40 staff whereas Hertfordshire only had 17. It was noted that Hertfordshire LEP did not have a direct delivery growth and infrastructure team and that more could be achieved with more resources.
- 4.11 Commitment from businesses was discussed with disappointment being registered that, other than the Chairman, there was a lack of business representation on the Topic Group's Agenda. Members heard that Hertfordshire LEP had a strong business/commercial board with significant senior members from corporations within Hertfordshire e.g. Warner Bros and Airbus, who were a testament to the work of the LEP. In addition it was noted that there were a series of sub-boards that were made up from staff from smaller local businesses. It was highlighted that representatives of smaller business find it difficult to find the time to attend meetings and to manage their companies.
- 4.12 In response to a Member question around the LEP's role in ensuring that Hertfordshire did not become a commuter county, it was noted that such issues had been considered as part of the Strategic Economic Plan. It was noted that creating and growing more businesses in the area would generate more income and retain staff, however it was noted that Hertfordshire was competing with nearby areas, for instance Cambridgeshire, which was very appealing to the high tech and drug companies that Hertfordshire had traditionally attracted.
- 4.13 Members heard that the LEP had begun working alongside counterparts in the East of England to consider wider, national economy implications. It was noted that a lot of LEPs were relatively new but a move to working further in partnership was positive.
- 4.14 In response to a Member question in relation to help for SMEs, it was noted that every LEP had a growth hub which received £280,000 and this was the only route to support SMEs. Members heard that if more administrative resources were available the LEP would create a business development team to help SME's but noted that there was currently little the LEP could offer. It was noted that Visit Herts was jointly funded by the County Council and the LEP and could work in partnership to support small businesses.
- 4.15 Members discussed the increasing needs for housing and whether

this inhibited the required space for employment land. It was noted that housing was still an important area for consideration and that residential housing and schools needed to be factored into regeneration projects to ensure that areas remained sustainable. It was impressed on members of the topic group that infrastructure requirements were vital to ensure employment and housing needs were developed in the round.

- 4.16 **David Williams, Leader of the County Council and Herts LEP Board Member** provided an overview of what needed to be in place to enhance the LEP and Hertfordshire County Council's role in articulating to central government the rationale for further funding and recognition. Members were shown a short video, drawing on the recent LEP conference.
- 4.17 Members heard that the Leader of the County Council was also a LEP Board Member and worked closely with partners in addition to chairing a public sector leaders' group.
- 4.18 Members noted from the report that growth within Hertfordshire had slowed; whilst there had been some recent growth this had been slower than the County's neighbours. It was acknowledged that despite this Hertfordshire was still in the top 6/7 performing local authority areas. Using Gross Value Added (GVA) to measure growth was discussed and it was noted that a key component was Pay As You Earn (PAYE) data and therefore it was noted that many Hertfordshire residents were receiving GVA in London.
- 4.19 It was suggested that Hertfordshire risked being overlooked in a challenging environment and that a more joined up approach was required with other areas such as the Department for Transport in terms of transport planning. It was noted that the Northern Powerhouse strategy, which had secured funding from government, was a useful model to consider and that arrangements to secure Hertfordshire's best interests need to be explored further. Members noted that if Hertfordshire could not compete with neighbouring areas then the economy may begin to erode.
- 4.20 The group discussed how the LEP and County Council could increase skill levels and the use of the apprentice scheme. It was noted that LEP funding had been used to redesign vocational training to address key skill shortages. Members noted that the traditional university route could be replaced with an apprenticeship and that influencing teachers and parents to explore alternative options was required.
- 4.21 Members queried whether a lack of funding and resources was holding the LEP back from doing more in supporting different options for school leavers and it was noted that it was hard to reverse the trend of attending a 6th form offering traditional academic subjects. It was noted that a lot of dialogue was required and that relationships needed to continue to be built.

- 4.22 **Owen Mapley, Director of Resources and LEP PMC Board Member**, provided an overview of the current policy environment and agenda with regards to scrutiny and audit.
- 4.23 Members noted that Hertfordshire County Council was the responsible body for Hertfordshire LEP. It was noted that Mary Ney undertook a review of LEPs and came up with a series of recommendations to improve LEPs' accountability. This included the S.151 officer operating as the Chief Financial Officer of the LEP. It was noted that as the S.151 officer, Owen Mapley, routinely met with the Chair of the LEP Board and was in a position to comment and discuss any proposals. In addition, a Chairs' Panel had been created to scrutinise how and where LEP funding was being spent. Involvement of Hertfordshire County Council Finance and Legal Teams had also been stepped up to support the LEP.
- 4.24 In response to a Member question around the internal audit process for the LEP, Members heard that many of the actions recommended for the LEP had already been undertaken as they had been drawn from the Ney review.
- 4.25 Members heard that the overreaching vision for Hertfordshire was to work more in partnership and move towards the approach taken in areas such as Manchester where all partners (private, public and academic) work together to achieve results locally. In terms of the end game, it was noted that the three key areas for focus in Hertfordshire were skills and productivity, planning and housing and connectivity, however the LEP was only the lead in one area, namely skills and productivity. This requires other partners to take responsibility for leading the other areas.
- 4.26 In response to a Member question on the LEP's role in the formation of Local Plans, it was noted that whilst the LEP was not a statutory consultee, it informally fed into the development stages of most districts plans. It was noted that this input could be more uniformed across the county.
- 4.27 Members noted that the LEP regularly featured in the Integrated Plan scrutiny. This was the opportunity for Members to review the LEP progress annually. In addition, it was noted that a regular update was provided to the Resources, Property and the Economy Cabinet Panel from the LEP.
- 4.27 **Scott Crudginton, Chief Executive, Stevenage Borough Council and Gill Worgan, Principal of West Herts College**, each gave examples of the effectiveness of current partnerships and mechanisms in place to enable the LEP to deliver its stated remit and strategy.
- 4.28 Scott Crudginton informed Members of the regeneration project in Stevenage Town Centre and noted that without the assistance of the LEP it was unlikely that the project would have moved forward.

- 4.29 In response to a Member question regarding what lessons had been learnt from Stevenage Borough Council working in conjunction with the LEP it was noted that funding rules were very unclear and that it was difficult to initially navigate the system. It was noted that the learnings of which elements of the Stevenage regeneration were approved for funding could be used for other parts of the county.
- 4.30 The way the LEP created collective support from MPs was praised and it was noted that consideration should be given to how the combined power was used to drive investment. Members heard that it would be useful for the LEP to have more project link officers to provide continuity and advice.
- 4.31 In terms of advice for increasing the effectiveness of working alongside the LEP, Members heard that future partners should think about a readiness assessment in order to meet its end of the agreement and at pace as officers at Stevenage Borough Council noted that they were not initially ready.
- 4.32 Members challenged that whilst Stevenage received a large amount of funding from the LEP other areas had received little or no funding. It was advised that the funding was used to address priorities detailed within the Strategic Economic Plan and that any local borough or district councils could approach the LEP with projects that were in line with the priorities in the plan for consideration.
- 4.33 Gill Wogan highlighted the emphasis that the LEP provides on employer needs to local education providers. Members heard that there was now a lot more understanding of how the LEP, alongside partners, could bring more investment into the area. It was noted that there was a shared understanding that by preparing a ready workforce, new employers were more likely to be attracted to the area.
- 4.34 Members heard that local employers provide details of skills needs and that the LEP managed relationships effectively in order to get skill providers to rise to the challenges being highlighted. It was noted that public/private skills providers had been brought together by the LEP and worked hand in hand to ensure employer needs were being met.
- 4.35 Members queried whether curricula had been changed based on advice taken from the LEP. It was advised that there were countless examples of where the LEP had helped support colleges to meet the needs of employers e.g. the LEP supported two colleges map out a curriculum for welders as there was a local demand for skilled welders.
- 4.36 In response to a Member question around whether employment rates had risen, Members heard that 90% of students gain work on leaving West Herts College and that this was being sustained. It was noted that figures were provided to the LEP

4.37 In discussing lessons learnt from working in partnership with the LEP, Members heard that it was believed that the LEP was under resourced in terms of administrative capacity, and could extend its focus beyond mainstream education to help meet the needs of the labour market with additional funding.

4.38 A challenge to working effectively was acknowledged as the way in which EU funding was managed nationally. It was noted that it would be easier if the LEP had greater local control on how funding was spent as EU funding was predominantly revenue and therefore not controlled by the LEP. Revenue funding was necessary for activity such as skills and business support and therefore important.

5. FINDINGS AND RECOMMENDATIONS

5.1 To outline how the LEP will ensure that future mechanisms enable continued success in funding bids to central government.

5.2 To identify how the LEP Industrial Strategy will address Hertfordshire's economic sustainability.

5.3 Clarify how all partners work together to promote Hertfordshire's future economic vibrancy.

Stephanie Tarrant
Democratic Services Officer