

LLEP BOARD OF DIRECTORS

3.00pm, 22 APRIL 2021

MS Teams Call

AGENDA

TIME		ITEM	REPORT	DECISION / INFORMATION	LEAD
15:00	1.	Welcome and Apologies			Chair
	2.	Declarations of Interest			All
15.05	3.	Minutes and actions LLEP Board Meeting 11 February 2021	Paper A	Decision	Chair
15.10	4.	Results of Written Procedures	Paper B	Information	Mandip Rai
15.15	5.	CEO Report	Paper C	Information	Mandip Rai
15.25	6.	Company Accounts 2020/21	Paper D	Decision	Mandip Rai
15.30	7.	Operating Budget 2021/22	Paper E	Decision	Mandip Rai
15.45	8.	Investment Panel Recommendation NOT FOR PUBLICATION By virtue of paragraph 3 as defined at Annex 7 of the Local Assurance Framework	Paper F	Decision	Andy Reed Helen Miller
16.00	9.	LEP Review	Paper G	Discussion	Chair/ Mandip Rai
16.30	10.	Operating Model Review	Paper H Presentation	Discussion	Chair/ Mandip Rai
17.00	11.	AOB			

Paper A



LLEP BOARD OF DIRECTORS

Minutes of the Meeting – 11 February 2021

(Microsoft Teams)

Attendance and Apologies:

Directors		Representing	
Kevin Harris	KH	Private Sector	Chair
Emma Anderson	EA	Private Sector	
Sonia Baigent	SB	Private Sector	
Chas Bishop	CB	Private Sector	
Lorraine Boorman	LB	Private Sector	
Verity Hancock	VH	Further Education	
Anne-Marie Hunt	AH	Private Sector	
Clare James	CJ	Private Sector	
Dr Nik Kotecha OBE	NK	Private Sector	
Ajmer Kaur Mahal	AKM	Private Sector	
Anil Majithia	AM	Private Sector	
Neil McGhee	NM	Private Sector	
Jaspal Singh Minhas	JSM	Private Sector	
Cllr Jonathan Morgan	JM	Leicestershire District Councils	
Andy Reed OBE	AR	Private Sector	
Nick Rushton	NR	Leicestershire County Council	
In Attendance			
Fiona Baker	FB	LLEP	
Jo Dexter	JD	CLGU	
Alison Greenhill	AG	Leicester City Council	
Helen Miller	HM	LLEP	
Cllr Danny Myers	DM	Leicester City Council	
Mandip Rai	MR	LLEP	
Colin Sharpe	CS	Leicester City Council	
Apologies			
Prof Robert Allison	RA	Universities	
Cllr Terry Richardson	TR	Leicestershire District Councils	

Minute		Action
<p>1.</p> <p>1.1</p> <p>1.2</p> <p>1.3</p> <p>1.4</p>	<p><u>Welcome and Apologies</u></p> <p>KH welcomed all present to the meeting, making particular reference to the attendance of the two newly appointed Directors; Lorraine Boorman (Chairman and Chief Executive, Optima UK) and Clare James (Managing Director, East Midlands Airport).</p> <p>Jo Dexter was also welcomed and introduced as the LLEP's new Area Lead from CLGU.</p> <p>Congratulations were extended to AG who had recently been appointed to the role of Chief Operating Officer at Leicester City Council.</p> <p>Apologies for absence were noted as above.</p>	
<p>2.</p> <p>2.1</p> <p>2.2</p> <p>2.3</p>	<p><u>Declarations of Interest</u></p> <p>NK declared an interest as a member of the MAG. He clarified that he was not involved in investment decisions for East Midlands Airport as recorded at the previous meeting.</p> <p>EA declared an interest as Freeths had provided legal advice in relation to the Broadnook development.</p> <p>CJ's interest in the progression of the Freeport at East Midlands Airport was also noted.</p>	
<p>3.</p> <p>3.1</p> <p>3.2</p> <p>3.3</p> <p>3.4</p> <p>3.5</p> <p>3.6</p>	<p><u>Minutes and Actions – 1 December 2020</u></p> <p>The Minutes of the Meeting held on 1 December 2020 were agreed as a correct record.</p> <p>Updates on Actions which were not covered in the papers to be submitted as subsequent agenda items were noted as follows:</p> <p><u>Investment Decisions</u> (Minute 5.3 refers)</p> <p>It was reported that the issues concerning risk had been discussed offline as agreed at the previous meeting. The Investment Panel had also considered the issues and it was accepted that further work was required. A meeting would be convened in the near future to consider options, following which the Investment Panel would receive an updated report.</p> <p><u>Draft Delivery Plan 2020/21</u> (Minute 6.4 refers)</p> <p>It was confirmed that the amendments to the Draft Delivery Plan had been made before its submission.</p>	<p>HM</p>
<p>4.</p> <p>4.1</p> <p>4.2</p>	<p><u>Investment Panel Recommendations</u></p> <p><i>The paper for the item was marked NOT FOR PUBLICATION by virtue of paragraph 3 as defined at Annex 7 of the Local Assurance Framework.</i></p> <p>AR as Chair of the Investment Panel presented a paper, which outlined the key outcomes of the meetings on 21st January and 1st February 2021 and sought approval of the Panel's recommendations.</p> <p>In discussing the progress and actions relating to MIRA, Haywoods and Broadnook, an update was requested in respect of the current position at Norton Motorcycles.</p>	

Minute		Action
4.3	AG referred to the complexities of the negotiations and confirmed that discussions continued with the Administrators. It had been agreed to release the charge on the sale of land at best value, but that the full repayment of the GPF loan may not be reached. It was noted that there would be further sales of land relating to the wider site, and that a personal guarantee also existed which could increase the final sum received.	
4.4	In terms of the companies (Norton and DHE) it was reported that there would be a number of other creditors that would be claiming funds and that the grading and priorities would be discussed further with the Council's external legal advisors.	
4.5	To ensure that the Board were kept informed of the updated and confirmed position on Norton Motorcycles, the Chief Executive and S151 Officer agreed to provide an update to Directors on progress.	MR/AG
4.6	<p>AGREED to:</p> <ol style="list-style-type: none"> 1) Note the key outcomes of the meetings of the Investment Panel held on 21 January and 1 February 2021. 2) In respect of the Historical Business Rates Enterprise Zone Investment Hinckley and Bosworth Borough Council – MIRA EZ: <ol style="list-style-type: none"> a. Note the comments of the Investment Panel b. Note the responses to queries raised by the Investment Panel c. Recommend the approval of the Historical Business Rates Enterprise Zone Investment, with authority delegated to the LLEP Chief Executive to finalise due diligence, but subject to the Accountable Body being satisfied that there are no issues concerning subsidy rules. 3) In respect of the Economic Recovery Plan Investment - Repurposed Growing Places Fund proposals: <ol style="list-style-type: none"> a. Note the comments of the Investment Panel b. Approve the increase of the Growing Places Fund repurposed pot by £85k c. Approve the Place Marketing Proposal with authority delegated to the Chief Executive to finalise due diligence 4) In respect of the Growing Places Fund - Broadnook proposal, note the comments of the Investment Panel and proposed next steps. 	MR/AG
5.	<u>Governance / Board Director Representation</u>	
5.1	MR submitted a paper, which provided information on the draft Terms of Reference for the LLEP's Scrutiny Committee and sought agreement for Director membership of the sub-groups and committees.	
5.2	It was reported that the City Mayor, Sir Peter Soulsby, had formally resigned as a Director and agreement was sought for a recommendation to be made to the LLEP company Members to appoint Cllr Danny Myers, Assistant City Mayor (Jobs and Skills) as a Director of the LLEP nominated by Leicester City Council.	
5.3	In respect of the Terms of Reference of the Scrutiny Committee, it was considered that the definition of responsibilities and escalation of roles required further clarity. The Chief Executive confirmed that the Scrutiny Committee's principal role would be to	

<u>Minute</u>		<u>Action</u>
	<p>provide independent scrutiny on LLEP strategy, operation, and function in terms of governance, but it would not be the final arbitrator in terms of investment decisions. The Chief Executive agreed to add suitable wording to reflect this point in the final Terms of Reference.</p> <p>5.4 KH commented that he and MR had considered the appointments to Director membership of the sub-groups and committees as appended to the report. It was noted that greater emphasis would be given to Directors' wider memberships of partnership and stakeholder organisations including the Midlands Engine and Midlands Connect. The Chief Executive agreed to share details of those memberships with Directors separately.</p> <p>5.5 In conclusion, the ensuing departure of Bob Allison from Loughborough University was mentioned. The process outlined in the Local Assurance Framework for Vice-Chancellors nominating a replacement HE representative were noted.</p> <p>5.6 AGREED to:</p> <ol style="list-style-type: none"> 1) Note the Draft Terms of Reference for the Scrutiny Committee. 2) Approve the appointment of Board Directors to the LLEP Board sub-groups and committees. 3) Note the resignation of Sir Peter Soulsby as a director of the LLEP. 4) Recommend to the LLEP company Members to appoint Cllr Danny Myers, Assistant City Mayor, Leicester City Council, as a director of the LLEP. 	<p>MR</p> <p>MR</p>
<p>6.</p> <p>6.1</p> <p>6.2</p> <p>6.3</p> <p>6.4</p> <p>6.5</p>	<p><u>East Midlands Freeport Bid</u></p> <p>MR submitted a paper, which provided an update on the East Midlands Freeport bid.</p> <p>It was reported that a decision on the next steps in the competitive process was expected on or around the date for the budget - 3 March 2021.</p> <p>The positive progress and recent press attention and publicity was noted, and it was considered that the proposal offered an exciting opportunity to promote the Freeport bid. The recent enhanced engagement and collaboration with D2N2 LEP and MPs was recognised and welcomed.</p> <p>CB referred to the need to be proactive in consulting with local resident groups to achieve further positive outcomes.</p> <p>AGREED that the update be noted.</p>	
<p>7.</p> <p>7.1</p> <p>7.2</p>	<p><u>Operating Model Review Update</u></p> <p>MR submitted a paper, which provided an update on the review of the LLEP's operating model, including details of the scope of the review. It was noted that a sub-group had been established to oversee the review.</p> <p>It was reported that consultants (Changepoint Solutions Ltd) had been appointed and an inception meeting had been convened to discuss timescales. It was suggested that Directors undertake individual 1:1 meetings with the consultants to discuss their thoughts on the LLEP's future operation.</p>	

<u>Minute</u>		<u>Action</u>
7.3	Directors were asked to contact the Chief Executive to arrange consultation meetings. In response to a comment concerning resources, it was noted that some meetings could involve more than one Director where it was considered appropriate and suitable to do so.	ALL
7.4	It was noted that regular updates would be provided to the board directors and a final report would be submitted to the next meeting of the Board to be held on 22 April 2021.	
7.5	AGREED that the update be noted.	
8.	<u>Annual Performance Review 2020/21</u>	MR/KH
8.1	MR submitted a paper, which provided an update on the LLEP's Annual Performance Review 2020/21.	
8.2	It was reported that the meeting with the Cities and Local Growth Unit (CLGU) would take place on 12 February 2021 and was the formal way by which the government would discuss the contribution the LLEP had made towards driving local economic growth; to review governance and assurance processes; to look at progress on delivery of key local growth programmes; and to discuss the LLEP's strategic impact, priorities and priorities for the year ahead.	
8.3	The APR also acted as a key milestone in the process of confirming Getting Building Fund payments for the following financial year. It was noted that the process would focus on three themes of Governance, Delivery and Strategic Impact, and the meeting would be chaired by the Cities and Local Growth Deputy Director. The LLEP's representation would include the Chair, Chief Executive, senior officers and the S151 officer/representative of the accountable body.	
8.4	It was noted that the outcomes for the three themes for the APR in 2019/20 were; Governance: Good; Delivery: Exceptional and Strategic Impact: Requirements Met.	
8.5	NM commented that in respect of the document sent to Government in January 2021, which was appended to the report, details of ought to be shared with Directors prior to its submission. In response reassurance was given that much of the content related to the programme performance data, as regularly reported in the LGF and recent GPF updates to the Investment Panel.	
8.6	AM also commented on the need to undertake Board effectiveness reviews separately from the APR. This view was accepted, and the Chief Executive would discuss the options with the Chair in due course.	
8.7	AGREED that the update be noted.	
9.	<u>Economic Recovery Strategy</u>	
9.1	FB submitted a paper, which provided information on the development of an Economic Recovery Strategy for Leicester and Leicestershire.	
9.2	The likely impact of the work undertaken in relation to the Local Industrial Strategy (LIS) was raised and it was confirmed that although the LIS was now obsolete, the themes and ambitions previously identified would not be lost. The shift towards digitisation	

<u>Minute</u>		<u>Action</u>
9.3	<p>and automation, the focus on green recovery and decarbonisation, and capabilities in science, technology and innovation were recognised.</p> <p>MR reported that the ambitions of the LIS in terms of the 'golden thread' of health: healthy people, place and businesses would remain. The promotion of the area's science, technology and innovation capabilities and assets, job creation opportunities through the development of the EZs and the potential of the Freeport were all noted.</p>	
9.4	<p>In terms of timescales, it was confirmed that a report would be submitted to the Board meeting on 24 June 2021. FB confirmed that meetings would be arranged in order to both inform Board Members of progress on the development of the Strategy, and to provide an opportunity for Board consultation and challenge, in addition to consultation opportunities for wider stakeholders.</p>	
9.5	<p>AGREED that the update be noted.</p>	
10.	<p><u>Skills Advisory Panel Update</u></p> <p>10.1 VH, as Chair of the Skills Advisory Panel (SAP), submitted a paper which provided an update on the activity of the panel and a summary of the details contained within the government's Skills for Jobs white paper.</p> <p>10.2 It was noted that although the document had received a largely positive welcome from key stakeholders in education and training, there were some areas which have raised questions, including how the development of Local Skills Improvement Plans would interact with established SAPS and role of LEPs.</p> <p>10.3 An update on the meeting between the Chair of the LEP Network and the DfE Director on the role of LEPs in implementing the white paper was provided. It was noted that it had taken a considerable effort to achieve the current structure of SAPs and any changes needed to be considered carefully.</p> <p>10.4 AGREED that the update be noted.</p>	
11.	<p><u>Business Gateway Update</u></p> <p>11.1 NM, as Chair of the Business Gateway, submitted a paper which provided an update on the activities and support available through the Leicester and Leicestershire Growth Hub.</p> <p>11.2 It was reported that during the Covid-19 pandemic the Business Gateway had seen a 500% increase in the number of enquiries from businesses seeking support and the key services offered were outlined, together with details of the extensive webinar programme.</p> <p>11.3 It was noted that grant awards delivered through the Growth Hub for both the Business Growth and the Covid Kick Starter grants since April last year amount to £1.2m. It was also reported that the Gateway had received additional core funding and supplementary funding for the delivery of core services, EU transition support and Peer to Peer networks.</p> <p>11.4 In terms of the Peer to Peer Network, it was noted that this was a national initiative being delivered locally focused on reducing the UK productivity gap by helping business leaders find practical solutions to strategic and operational challenges and also formed part of the UK Government response to the Covid-19 pandemic.</p>	

<u>Minute</u>		<u>Action</u>
11.5	In discussing the paper, the increased activity was welcomed, and comment was made in terms of capacity, given the 500% increase in enquiries. In response it was reported that the support to businesses was complex, involving a range of providers, and internal and external resources were being re-directed to meet demand	
11.6	It was accepted that an increase in future resources may be required to ensure that effective high-quality support continues to be provided.	
11.7	AGREED that the update be noted.	
12.	<u>CLGU National Policy Update</u>	
12.1	JD commented on the CLGU's involvement in the items previously discussed including the APR, and the Education white paper. It was noted that details of the UK Shared Prosperity Fund was expected in the forthcoming Chancellor's Budget announcement.	
12.2	AGREED that the update be noted.	
13.	<u>Any Other Business</u>	
13.1	<u>a) Role of Board</u>	
13.2	It was considered that alongside the ongoing Operational Review, the role of the Board should be assessed to allow it to become more strategic. Directors expressed concern that they were not involved in the work undertaken between meetings, and that Board meetings were therefore often transactional.	
13.3	KH commented as Chair of the LLEP that these issues had been raised previously and would be evaluated, with a view to increased Director involvement. It was accepted that the year had been unusual, with no opportunity to meet physically and there being no opportunity to arrange away-day type events or discussions on this and other matters. KH would progress the issue with MR with the LLEP's Management Team.	KH/MR
13.4	<u>b) Textile Industry</u>	
13.5	The comments made recently at various platforms concerning the legality, ethics and function of the textile industry in Leicester and Leicestershire, and the effect on the supply chain was raised and debated. It was reported that significant work was being undertaken by the LLEP and partners, notably Leicester city council, to ensure that reputational damage was minimised, and positive developments supported, including the Boohoo Training Centre, which had helped to promote positive place marketing were noted.	
13.6	Cllr Danny Myers was invited to comment, and he advised of the work undertaken by the City Council to ensure the legality of practices across the textile industry.	

Paper B

PAPER B



LLEP BOARD OF DIRECTORS

22 APRIL 2021

Information Paper

RESULTS OF WRITTEN PROCEDURES - GPF LOAN HAYWOODS ESTATES

1. PURPOSE OF REPORT

- 1.1 To inform the Board of the results of written procedures to determine an item between meetings, in accordance with the Local Assurance Framework (LAF).

2. RECOMMENDATION

- 2.1 The Board is recommended to note the results of written procedures and the associated decision.

3. BACKGROUND INFORMATION

- 3.1 Following consultation with the Chair, Board members were requested to consider a report which recommended a reduced Growing Places Fund (GPF) loan repayment percentage generated by the sale receipts. The repayments would be reduced from 85% to 50% of the total capital receipt from sale.
- 3.2 The Democratic Support Officer, on behalf of the LLEP, contacted all Board Directors by email on 12 March 2021, attaching a decision paper, and asking for votes within an agreed timeframe.
- 3.3 A majority of Board Directors agreed to the recommendation. A table showing the distribution of votes is attached at Appendix 1.

For further information please contact:

Jason Tyler
Democratic Support Officer
Leicester City Council (Accountable Body to the LLEP)
Tel. 0116 454 6359

PAPER B - APPENDIX 1

RESULTS OF WRITTEN PROCEDURES

Haywoods Estates – GPF Loan Payments

Please see below a table summarising the votes received in respect of the recommendation:

“Board is recommended to approve that the GPF loan repayments generated by the sale receipts of the three plots poised to complete, as referenced in the report, are reduced from 85% to 50% of the total capital receipt from sale.”

Kevin Harris	FOR
Emma Anderson	FOR
Sonia Baigent	ABSTENTION
Chas Bishop	FOR
Lorraine Boorman	FOR
Verity Hancock	FOR
Anne-Marie Hunt	FOR
Clare James	FOR
Dr Nik Kotecha OBE	ABSTENTION
Ajmer Kaur Mahal	AGAINST
Anil Majithia	FOR
Neil McGhee	FOR
Jaspal Singh Minhas	ABSTENTION
Cllr Jonathan Morgan	AGAINST
Cllr Danny Myers	ABSTENTION
Andy Reed OBE	FOR
Nick Rushton	FOR
Prof Robert Allison	FOR
Cllr Terry Richardson	AGAINST
TOTAL:	FOR – 12 AGAINST – 3 ABSTENTIONS - 4
The recommendation is approved	

Paper C

PAPER C



LLEP BOARD OF DIRECTORS

22 APRIL 2021

Information Paper

CHIEF EXECUTIVE'S REPORT

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the board with an update on LLEP matters that are not included on the board meeting agenda.

2. RECOMMENDATION

- 2.1 The LLEP Board is recommended to note the report.

3. ANNUAL PERFORMANCE REVIEW (APR) 2021/22

- 3.1 The LLEP's Annual Performance Review (APR) meeting with the Cities and Local Growth Unit (CLGU) took place on 12 February 2021. The APR is the formal way by which the government and each LEP meet to discuss the contribution the LEP has made towards driving local economic growth; to review governance and assurance processes; to look at progress on delivery of key local growth programmes; and to discuss the LEP's strategic impact, priorities and challenges for the year ahead. The APR also acts as a key milestone in the process of confirming Getting Building Fund payments for the following financial year.
- 3.2 The APR process focussed on three themes of Governance, Delivery and Strategic Impact. The meeting was chaired by the Cities and Local Growth Deputy Director and LLEP representation included the Chair, Chief Executive, senior officers and the S151 officer of the accountable body. The outcome of the APR was that the LLEP had met the requirements. A formal note of the meeting is yet to be received.

4. NORTON MOTORCYCLES GPF LOAN

- 4.1 The City Council has received £225k in settlement of the first charge on the Lansdowne Building, following sale of the wider Donington Hall Estate (DHE). As explained at the last Board meeting, this sum was independently validated by a valuer engaged by the

council's legal adviser and was considered a reasonable settlement and higher than would be achieved if challenged in court.

- 4.2 However, the overall sale price reduced again shortly before exchange and completion, following further evidence of remediation and development costs presented by the purchaser. BDO as administrator agreed to a reduced price and provided answers to the council's questions which left little scope for a formal challenge. Whilst the £225k remained as agreed, the lower sale price means no funds are expected to remain in DHE to meet a claim from the council either as a possible second charge holder or otherwise as an unsecured creditor.
- 4.3 The balance of the debt therefore sits with Norton Motorcycles as was, now NMUL Realisations Limited. The Council is an unsecured creditor. The financial position of the company remains unclear, although it is understood that BDO is refuting claims from the pension scheme trustees, pushing them higher up the holding company structure. This being the case, the Council should receive at least some return, if not the full sum.
- 4.4 The bankruptcy petition based on the personal guarantee is still live and can be pursued in tandem with the above or potentially deferred until the outcome of the administrations is clearer. The hearing is listed for 26 May 2021. No evidence in response to the petition has yet been received.

5. EAST MIDLANDS FREEPORT

- 5.1 Since the announcement in the Budget on 3 March that the East Midlands Freeport bid had been successful, the Working Group has been engaged with officials to develop the programme against the government's indicative timelines for the next stage of delivery.
- 5.2 The Government has set an ambitious timeline and is keen to designate the first Freeports by the end of 2021, which will require working at pace. Ahead of this, prospective Freeports will need to submit an Outline Business Case (OBC) and Full Business Case (FBC), setting out how seed capital funding will be spent and connecting this investment to the wider Freeport proposal and the delivery of the policy objectives.
- 5.3 In parallel, prospective Freeports will also need to work with HMT and HMRC to confirm and authorise their tax and customs sites and with DIT to agree a package of practical trade and investment support for the Freeport. These processes can be started in tandem with the Business Case approval process, but a prospective Freeport's OBC must be approved before site authorisations can be formalised. Site authorisation will include confirming site boundaries, including making any necessary adjustments, and verifying that final proposals meet the criteria set out in the Bidding Prospectus.
- 5.4 The process and timeframe for formally designating Freeports is outlined in the table below:

Task	Target Completion Date
Freeports to complete Key Actions	30 April 2021
Governance plans and initial revenue funding released	April 2021
OBC development	Summer 2021
Tax sites confirmed	From Summer 2021
Customs sites confirmed	From Autumn 2021
Full Business Case development	Autumn 2021

5.5 The government will be shortly providing a more detailed delivery model, setting out the process for working on, assessing and approving OBS and FBCs, respective roles and responsibilities at each stage, and associated templates and guidance. Before we can begin working on the OBC, we need confirm that we have appropriate governance arrangements in place. This is to ensure that the government can be confident of capacity to deliver and appropriate measures of accountability and transparency are in place for the effective management of public funds.

5.6 In addition to confirming the governance arrangements the following key actions need to be completed before we can begin working with government on the OBC

- Submission of an updated and comprehensive project Risk and Issues Register.
- Submission of an updated Implementation Plan.
- Confirmation of the customs software intended to be use and plans for procuring it.

6. ECONOMIC RECOVERY STRATEGY

6.1 Cambridge Econometrics were commissioned by the LLEP in February 2021 to develop a long term Economic Recovery Strategy for Leicester and Leicestershire.

6.2 To date the following stages have been completed:

- Background research and the economic review
- An initial consultation with LLEP Board (the first in four planned Board consultation events)
- Stakeholder consultation workshops (117 stakeholders invited to 14 workshops conducted 23 March to 01 April)
- Identification of emergent themes

6.3 In April, a Review Document will be produced which synthesises the evidence base and review of existing strategy documents, together with a consultation report. In May, the sectors review will be drafted, with an initial draft strategy in June, to be finalised in July. The next Board Consultation will take place on 20 April 2021. The timeframe for developing the strategy is outlined in the table below:

Date	Activity / Milestone
24 March	LLEP Board Initial Strategy Workshop (1/4): Progress to date / thematic priorities for the strategy
23 March – 1 April	14 workshops engaging 117 stakeholders: <ul style="list-style-type: none"> • Economy challenges, opportunities and aspirations • Enterprise and innovation • Infrastructure and place • Climate change and sustainability • Skills, the labour market, inequality and inclusion
30 March	Summary note of feedback and emergent themes from LLEP Board Strategy Workshop circulated to Board Members.
9 April	Economic Recovery Cell Meeting
20 April	LLEP Board Strategy Workshop (2/4): reflection on Review Document synthesising the evidence base, review of existing strategy documents, and consultation report.
30 April	Economic Recovery Cell Meeting
20 May	Economic Recovery Strategy Review (3/4): Progress Review including Sector Research and forecasts
28 May	Economic Recovery Cell Meeting
11 June	Economic Recovery Strategy Review (4/4): Progress review: Draft Economic Recovery Strategy
24 June	Scheduled LLEP Board - Sign off of final Strategy
July 2021	Publication and launch of Economic Recovery Strategy

7. DELIVERY PLAN 2021/22

7.1 A requirement of the Strengthening LEPs Review is for the LLEP to publish an Annual Delivery Plan. The Delivery Plan for 2020/21 was delayed because of the CV-19 pandemic and was presented to the board on 1st December 2020. The plan is an internal document which outlines the LLEP’s key activities, projects, and programmes, for the for the forthcoming financial year. Performance against set targets is reviewed regularly by the Executive Team. The Delivery Plan for 2021/22 is published at <https://llep.org.uk/economic-growth-strategies/delivery-plan/>

8. ANNUAL REPORT 2020/21 / ANNUAL GENERAL MEETING

- 8.1 The LLEP Annual Report for 2020/21 will be presented at the Annual General Meeting on 29 June 2021. The report includes a review of the LLEP's key achievements over the past twelve months, outlines the financial position and sets out the priorities for the next financial year.
- 8.2 The LLEP AGM will take place on 29 June 2021 as a virtual event. The meeting be in a similar format to last year with a video presenting the annual report and key achievements over the past twelve months. The event will also include a focussed presentation on the East Midlands Freeport, the priorities for 2021/22 and there will be a longer Q&A session.

9. INNOVATION BOARD UPDATE

- 9.1 The inaugural meeting of the Innovation Board took place on the 17th March 2021. The key focus of the group over the coming weeks will be the development and delivery of Leicestershire Innovation week 2021 which is taking place week commencing 21st June. This will encompass the next Innovation Board meeting, which is due to take place on Wednesday 23rd June, 2pm to 4pm.

10. BUSINESS GATEWAY UPDATE

- 10.1 The Business Gateway has been advised that the core funding for this year will be £536k. At the meeting of the Business Gateway Board, members were provided with an update regarding recent delivery and provided with an outline on the plans regarding delivery in 2021/22. An update on the successful Peer to Peer programme was also provided alongside the news that the LLEP will be expanding this programme from 14 to 17 cohorts.
- 10.2 Sonia Baigent is also taking over as Chair of the Business Board from Neil McGhee. At the meeting in February, Sonia outlined her vision and pleasure at the prospect of working closely with the Business Board and in being able to be able to drive forward change and economic growth for businesses in the LLEP area.

11. SKILLS ADVISORY PANEL UPDATE

- 11.1 On 31 March 2021 the LLEP published its Local Skills Report in response to the directive from the DfE SAP Programme. The report provides a summary of the key issues and ambitions of the LLEP relating to skills in the area. The report considers the issues identified in the recent Covid-19 Economic Recovery Plan section on People, Employment and Skills and was endorsed by the Skills Advisory Panel. The report is available on the LLEP website <https://llep.org.uk/app/uploads/2021/04/LLEP-Local-Skills-Report-v2.pdf>

For further information please contact:

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Paper D

PAPER D



LLEP BOARD OF DIRECTORS

22 APRIL 2021

Decision Paper

**LEICESTER AND LEICESTERSHIRE ENTERPRISE PARTNERSHIP LTD
COMPANY ACCOUNTS**

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

- i. seek board approval of the Leicester and Leicestershire Enterprise Partnership Ltd. Company accounts 2020/21 for submission to Companies House.

2. RECOMMENDATION

2.1 The LLEP Board is recommended to:

- i. approve the Leicester and Leicestershire Enterprise Partnership Ltd. Company accounts 2020/21 for submission to Companies House and;
- ii. present to company members at the Annual General Meeting (AGM).

3. BACKGROUND INFORMATION

3.1 Following the Strengthening LEPs policy paper and the recommendation that all LEPs become incorporated, the members Leicester and Leicestershire Enterprise Partnership incorporated as a private company limited by guarantee without share capital on 8th of April 2019.

3.2 Last year's financial accounts were submitted to Companies House on 2nd December 2020, following the presentation to members at the AGM on 1st December.

4. COMPANY ACCOUNTS

- 4.1 Following completion of the company's second financial year, the board is required to approve the accounts for submission.
- 4.2 Despite being a dormant company, the LLEP is still required to file a simplified form of accounts with Companies House, to ensure compliance with the Companies Act 2006. The deadline for submission to Companies House is 31st December 2021.
- 4.3 Once approved by the Board, the accounts will be emailed to all of the company members no later than the date of submission to Companies House in line with the requirements of the Companies Act 2006.

Summary of appendices

1. Leicester and Leicestershire Enterprise Partnership Ltd Company Accounts

For further information please contact:

Mandip Rai
LLEP Chief Executive
Tel: 0116 4542911
E-mail: Mandip.rai@llep.org.uk

Company Registered Number 11932434 (England and Wales)

Leicester and Leicestershire Enterprise Partnership
Limited

Unaudited Dormant Accounts

For the period ended 31 March 2021

Balance Sheet as at 31 March 2021

	31.03.2021
	£
Fixed Assets	0
Current Assets	0
Current Liabilities	0
Total Assets less Liabilities	0
Capital and Reserves	0

For the financial period ending 31 March 2021 the company was entitled to exemption from audit under s480 of the Companies Act 2006 relating to dormant companies.

The members have not required the company to obtain an audit of its accounts for the period in question in accordance with s476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies' subject to the small companies' regime.

These accounts were approved by the Board of directors and authorised for issue on 22nd April 2021

And signed on their behalf by:

Kevin Harris Director

Leicester and Leicestershire Enterprise Partnership Limited

Notes to the accounts

For the period ended 31 March 2021

1. Accounting policies

Company information

Leicester and Leicestershire Enterprise Partnership Limited is a private company limited by guarantee without shares incorporated in England and Wales. The registered office is 23, Halford Street, Leicester, United Kingdom LE11JA.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 section 1A "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Small Companies (Accounts and Reports) Regulations 2008, and in pounds sterling and under the historical cost convention.

2. Income statement

The company has not traded during the period. During this time the company received no income and incurred no expenditure and therefore no income statement is presented in these financial statements

Paper E

PAPER E



LLEP BOARD OF DIRECTORS

22 APRIL 2021

Decision Paper

LLEP Operational Budget 2021/22

1. PURPOSE OF REPORT

1.1 The purpose of this report is to seek the Board's approval of the operational budget for the financial year 2021/22.

2. RECOMMENDATIONS

2.1 The Board is recommended to approve the operational budget for 2021/22.

3. OPERATING BUDGET OUTTURN 2020/21

3.1 The forecast outturn position for the 2020/21 operational budget is a £73k surplus.

4. OPERATING BUDGET 2021/22

4.1 The 2021/22 operational budget has been developed based on the best available information. As with any forecasts, the budget is subject to change and will be updated appropriately. A breakdown of the budget is attached as Appendix 1.

The headlines for the 2021/22 budget are as follows:

- Reduced programme management fee income due to the closure of the Local Growth Fund (LGF) programme in 2020/21
 - Reduced Growing Places Fund income forecast for 2021/22
 - Increased staff costs associated with filling vacant posts and increasing capacity
 - Additional delivery costs associated with the Business Gateway (Growth Hub)
- 4.2 There is a proposed deficit of £390k in the budget for 2021/22 which can be managed and funded from the LLEP reserves. It should be noted that the risks relating to income are not included in the proposed budget deficit.

5. OPERATIONAL BUDGET RISKS

5.1 There are risks associated with the Budget for 2021/22 as follows:

- Risk of the full Enterprise Zone £100k income not being realised. As part of the business rates retention agreements with the billing authorities, each of the four EZ sites will contribute £25k towards the LLEP's EZ programme management costs. This income is subject to the EZ sites generating sufficient business rates uplift and it is likely that at least three of the sites will generate the forecast uplift.
- Small risk related to the impact of the interest rate reduction on the forecast income from the capital funding held by the Accountable Body for the LLEP. This will need to be regularly monitored and any impact reported to the Board in future reports.
- Getting Building Funding income of £65k. Formal confirmation of this funding is yet to be received from government.
- CEC funding operates on an academic year basis whilst LLEP funding is for the financial year. This funding has yet to be formally confirmed.
- Costs are based on current operational arrangements.
- Accommodation costs at £20k. Discussions are on-going with the City Council regarding returning to the existing LLEP office and alternative options.

6. RESERVES

6.1 The reserves in 2020/21 opened with a balance of £2.029m and will increase by £73k based on the current outturn position for 2021/22 bringing the opening balance to £2.102m for 2021/22.

6.2 The current forecast for the end of year reserve in 2021/22 is £1.711m based on a deficit budget of £390k (due to factors outlined in paragraph 4.1). Whilst the deficit can be accommodated within the LLEP's reserves, this is a significant deficit, therefore it will be kept under review as further details emerge about the future funding model for LEPs following the national LEP review. The majority of the LLEP team are on fixed term contracts until end March 2022. This includes those members of staff that work on capital funding programmes, the Growth Hub and the Careers Hub/Enterprise Advisor Network (EAN). The remainder of the team are on permanent contracts. The staffing capacity will need to be reviewed following the outcomes of the national LEP review and the internal LLEP Operating Model review.

6.3 The Board will recall that the previous Finance Strategy and reports to the Board in 2020 stated that £1.4m of reserves could be accounted for by potential staff redundancy costs, pension liabilities, tax liabilities consequent upon incorporation and income received in advance. This calculation has not been revisited for 2021/22, although the fundamental principles remain.

7. FINANCIAL IMPLICATIONS

7.1 This report is concerned with financial implications throughout.

Summary of appendices:

1. LLEP Operating budget 2021/22

For further information please contact:

Mandip Rai
LLEP Chief Executive
Tel: 0116 4542911
E-mail: Mandip.rai@llep.org.uk

Operational Budget 2021/22

1. OPERATING BUDGET 2021/22

The budget has been developed based on the best available information. As with any forecasts these are subject to change and will be updated appropriately. A breakdown of the budget is shown below, and detailed project information is provided.

	2020/21 Budget (£)	2021/22 Proposed Budget (£)
Income		
Grants (core funding and capacity building)	575,000	575,000
Local Authority Contributions (Business Rates Pool)	250,000	250,000
National & Local Project Income	1,226,000	1,499,500
Fees, Interest & Other Income	512,000	364,500
Total Income	2,563,000	2,689,000
Expenditure		
Staffing	1,036,000	1,093,900
Running Costs	368,000	345,100
Leicester City Council – support services and Accountable Body	185,000	170,000
Project Delivery Costs	1,185,000	1,470,200
Total Expenditure	2,774,000	3,079,200
Net Surplus / (Deficit)	(211,000)	(390,200)
Actual Reserves at start of year	2,029,000	2,102,000
Estimated reserves at end of year	1,818,000	1,711,800

The main assumptions are as follows:

1.1 INCOME

National and Local Project Income has increased to include additional funding for the Peer to Peer network which will be operated through the Business Gateway. In relation

PAPER E – APPENDIX 1

to the Enterprise Advisor Network there has been an increase in funding from the CEC; we have been advised that there will be funding in place until August 2022.

Fees, Interest & Other Income includes the agreed 2.5% management fee to cover the cost of running the Business Rates Pool. These figures also include interest generated through the capital receipts held by the Accountable Body.

1.2 EXPENDITURE

The staffing costs cover a core team of 18.6 members, including on-costs and ancillary expenses. There are currently 14.3 team members funded through Project /delivery costs. The budget for staff costs has increased by £74k from 20/21 and is largely explained by the additional posts that have been or will be recruited to - these are the Governance Officer post which is due to start mid-April and additional Senior Project manager. We have deleted from the establishment list a project officer post which was budgeted for in 2020/21.

The budget for running costs has decreased by £50k from 20/21 which is largely explained by one off expenditure being incurred in 2020/21 for the new website for the LLEP and the consultancy costs of the operating model review.

The budget for Accountable body costs have reduced by £15.5k, mainly due to the termination of support from Democratic services.

The budget for Programme Delivery costs has increased by £285k, which is largely down to the additional funds allocated to the Business Gateway from BEIS for the peer to peer network, that must be spent in the year allocated.

1.3 CORE COSTS

	2021/22 (£)
National Grants	575,000
Contributions	250,000
Fees and other income	364,500
Total Income	1,189,500
Staffing	1,093,900
Marketing & Advertising	50,500
Running Costs	294,600
Leicester City Council – support services and Accountable Body	170,000
Total Expenditure	1,609,000
Net Core Expenditure	419,500

PAPER E – APPENDIX 1

1.4 PROJECT EXPENDITURE

Careers and Enterprise Company

The purpose of the local Enterprise Advisor Network (EAN) is to create powerful, lasting connections between local businesses, schools and colleges in the area. Enterprise Advisors are volunteers who work directly with the leadership of individual schools and colleges, helping these institutions to develop effective employer engagement plans. The network of Enterprise Advisors (EA) is supported by a team of Enterprise Coordinators who effectively bring the network of schools, colleges and EA's together recruiting, matching and facilitating the effective relationship between the partners to simplify and stimulate more employer engagement with education.

The programme is part-funded by the Careers and Enterprise Company (CEC). The CEC has provided the LLEP with a Funding Agreement up to August 2021 with a further commitment being provided for funding up to August 2022 (since the project works to academic years).

The next table provides an indicative project spend profile over the next year.

	2021/22 (£)
National Grants (CEC)	188,700
Total Income	188,700
Staffing	294,400
Marketing & Advertising	1,000
Running Costs	60,100
Total Expenditure	355,500
Net Project Expenditure	166,800

The figures are based on the existing team structure of a Careers Hub Manager and five Enterprise Coordinators providing 100% coverage of all eligible schools and colleges across Leicester and Leicestershire for the full year.

1.5 LLEP Business Gateway Growth Hub

The LLEP Business Gateway is the Growth Hub for Leicester and Leicestershire. Growth Hubs are Government initiatives which were set up to simplify access to business support, to inspire enterprise and drive economic growth. There are 38 Growth hubs covering the whole of the UK.

PAPER E – APPENDIX 1

The Growth Hub is a single point of access across Leicester and Leicestershire, to which businesses and support providers can turn when they have a business need that they do not know how to meet. It is the single point of access for all national and local schemes working with a broad network of providers from the public and private sector, to encourage the take-up of business support and help maximise the growth potential of our businesses.

The Business Gateway offers information, advice and guidance through a variety of platforms including website, telephone and intensive one to one support via a small team of specialist advisors. The Growth hub has been an important part of the infrastructure in gathering intelligence to feed direct to Government on the Brexit and COVID19 issues affecting the local economy and business community. In response to the pandemic the Growth hub has developed a number of new services and products.

The table below provides an indicative project spend profile over the next year:

	2021/22 (£)
National Grants (BEIS & ERDF)	983,800
Local Contributions (BRP)	50,000
Total Income	1,033,800
Staffing	322,200
Marketing & Advertising	32,700
Running Costs	684,200
Total Expenditure	1,039,100
Net Project Expenditure	5,300

Growth Hubs receive an annual allocation of funding from the Department for Business, Energy & Industrial Strategy (BEIS), supplemented by European Regional Development Fund (ERDF) Funding.

1.6 Enterprise Zones

Enterprise Zones are a 25-year designation for a specific site in which 100% of rates uplift above a baseline is kept by the local area to fund future economic growth. Zones are exempt from the normal Government rules that allow retention of business rates growth only until the next "reset" date. Given that rates growth retention is guaranteed for a period of 25 years, this provides a financing tool to support prudential borrowing to accelerate the development of the sites as well as supporting other economic priorities.

PAPER E – APPENDIX 1

Businesses within the zones can also benefit from up to five years of rates relief and simplified planning.

There are two EZs in the LLEP area, namely MIRA Technology Park Enterprise Zone and the newer Loughborough and Leicester Science and Innovation Enterprise Zone. Up to and including 2018/19, the investment supported by Business Rates uplift generated / expected to be generated from the EZ's totalled over £1m.

We will work with partners to strengthen the capture of performance data to monitor the impact of our interventions and highlight opportunities for further activities to facilitate continued development.

The table below provides an indicative project spend profile on EZ development over the next year, it does not include any infrastructure investment that may be agreed:

	2021/22 (£)
LLEP reserves / business rates uplift	100,000
Total Income	100,000
Staffing	54,700
Running Costs	20,900
Total Expenditure	75,600
Net Project Income	24,000

The identified revenue income is an annual £100,000 from the business rates uplift which is expected to be made available to the LLEP from the Billing Authorities to manage the programme with the sites and government. This funding has previously been underwritten from LLEP reserves and is yet to be realised. The staffing costs have reduced due to the addition of a governance post which is met from core budget which can assist with the Governance requirements for the steering Groups and the monitoring requirements which can be met by existing staff resources.

1.7 European Structural and Investment Funds (ESIF) Technical Assistance

European Structural and Investment Funds (ESIF) are the European Union's main source of funding for supporting growth and jobs across EU member states. ESIF is composed of three main programmes that combined provide around £6 billion of support over the 2014 to 2020 period.

PAPER E – APPENDIX 1

The table below provides an indicative project income profile over the next year , it also includes deferred income that was not received in 2020/21. Note that no direct expenditure is shown, as staffing and other costs are part of the LLEP operating budget:

2020/21 (£)	
ERDF	20,000
ESF	157,000
Total Income	177,000

Paper G

PAPER G



LLEP BOARD OF DIRECTORS

22 APRIL 2021

Discussion Paper

LLEP REVIEW

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Board with an update on the government led review of LEPs.

2. RECOMMENDATION

- 2.1 The Board is recommended to note and discuss the report.

3. BACKGROUND INFORMATION

- 3.1 The Board of Directors were made aware of the announcements in the Budget on 3 March 2021 about the Levelling Up Fund, Community Renewal Fund, and the text referencing LEPs, which stated:

'As we look towards the UK Shared Prosperity Fund next year, we are conscious of the need for an evolution of the way we support local economic growth so it can best support levelling up for the long term. The UK government will work with local partners throughout 2021 to develop an approach that delivers the infrastructure and regeneration priorities local leaders want to see in their area.'

'We will also be working with local businesses on the future role of Local Enterprise Partnerships. We want to ensure local businesses have clear representation and support in their area, in order to drive the recovery. We will work with Local Enterprise Partnerships over the coming months, with a view to announcing more detailed plans ahead of summer recess. This will also include consideration of Local Enterprise Partnership geographies.'

- 3.2 The LEP Network has been engaged in discussions with government officials over the past month in order to provide as much clarity as possible on the next steps for LEPs, including the drafting of the terms of reference for a government led review of LEPs.

- 3.3 The Terms of Reference (ToR) attached as Appendix 1, have now been cleared by Paul Scully, Minister for Small Business and the BEIS Secretary of State and these have now been passed to the MHCLG Secretary of State for review. Plans for the next stage of the review process have begun and the LEP Network, in collaboration with government officials, have identified key work areas flowing from the ToR, which will form the basis of wider engagement with LEPs over the coming months. These broadly comprise:
- Objectives and Functions
 - Geographies and Accountabilities
 - Representation and Interaction with Local Government
 - Implementation and Funding
- 3.4 The LLEP board directors have been invited to participate in the working groups for each theme/topic and a list of volunteers was submitted to the LEP Network on 9 April. Each working group will be chaired by a LEP Network Board member (LEP Chair) and comprise of no more than 6/7 members drawn from LEP boards and executives, therefore it is unlikely that the LLEP will be represented on every group.
- 3.5 In preparation for each of the engagement sessions, officials will prepare a first draft of a proposition paper, which the LEP Network will then work with officials on ahead of the sessions to ensure a productive and efficient process, with the paper identifying areas of agreement and areas for further discussion. The first working group discussion session is expected to take place later this month.

Summary of appendices

1. LEP Review - Draft Terms of Reference

For further information please contact

Mandip Rai
Chief Executive
Tel: 0116 454 2911
Email: mandip.rai@llep.org.uk

Terms of Reference – Evolving the form, functions and geographies of Local Enterprise Partnerships to respond to changes in Central Government policy.

Overview

1. The government set out a commitment at the March 2021 Budget to work with local businesses and Local Enterprise Partnerships (LEPs) on the evolution of LEPs:

“We will also be working with local businesses on the future role of Local Enterprise Partnerships. We want to ensure local businesses have clear representation and support in their area, in order to drive the recovery. We will work with Local Enterprise Partnerships over the coming months, with a view to announcing more detailed plans ahead of summer recess. This will also include consideration of Local Enterprise Partnerships' geographies.”

2. Government has determined its policy to entrust Local Authorities with the responsibility to bid directly for allocations from the Levelling Up Fund, the UK Community Renewal Fund and the Community Ownership Fund and for subsequent delivery.
3. This will be a government-led review into the role of LEPs going forward, supported by engagement with businesses, and in particular a programme of conversations with the LEP network. We will work with LEPs, local businesses and others between now and the Summer to consider the form, functions and geographies required for evolved LEPs to best support productivity and growth going forward.
4. The performance of LEPs and the LEP network since the Strengthened LEPs Review of 2018 has progressed significantly, formally assessed twice through the Annual Performance Process.
5. The contribution of LEPs during the pandemic, notably in business intelligence, Ministerial Roundtables, skills support leveraging the involvement of FE/HE, through the Growth Hub network, from delivery of Growth Deal 3 programmes and the rapid turnaround of bids for the Getting Building Fund has been acknowledged by Ministers. It is therefore policy change, not LEP performance, that is the key driver of the review.
6. These draft terms of reference set out the scope of the review, questions to resolve, governance of and planned engagement between government officials and stakeholders.

Aim

7. To come to a detailed resolution by the Summer, to inform advice to Ministers and the Spending Review, on how to evolve LEPs to best support and represent businesses in places.

Starting assumptions

8. Local Authorities will have decision-making and delivery responsibilities for local growth capital funding, taking this over from LEPs. This does not necessarily preclude a future role for LEPs in shaping and influencing local growth funding processes pending the outcome of this review.
9. LEPs will retain responsibility and accountability for current Local Growth Fund, Getting Building Fund projects and the funds allocated.

10. Government wants to build on the strategic influencing role LEPs have played, and have a strong role for business leaders driving the local growth agenda in their areas.
11. Government intends to build future institutions by evolving from existing LEPs rather than starting from scratch.
12. Evolved LEPs will be even more business-led whilst continuing to ensure strong engagement with local authorities in their area.

Questions to consider

First tranche:

13. **Objectives:** What is the purpose of evolved LEPs and how can they effectively support and represent local businesses? This will include consideration of how institutions could address the long-tail of low productivity, help SMEs to grow and to export and to attract high value inward investment to our regions.
14. **Functions:** What functions will the evolved LEPs need to provide to effectively fulfil the objectives? This will include consideration of how we better align business support services with skills, innovation, net zero, trade and export support in places, recent institutional effectiveness and overseas comparators. . It will also look at how best to harness LEPs' strategic influence across these themes and what influence they might have over future investment decisions. It will also look at how to make these functions even more business-led and shaped, and what role business should play in advising Local and National Government.
15. **Form:** What form do the evolved institutions need to take? This will include consideration of what the future accountability and governance framework will need to contain – perhaps within a national framework – that replaces the existing assurance frameworks. It will also consider how these institutions could work alongside MCAs – currently many LEPs are intertwined in MCAs where they exist. It will consider the balance between central and local ownership and constraints on reform given many LEPs' have company status. The role of the LEP Network in this new model will also be considered to ensure continuity of the relevant key elements of the MoU between the Network and CLGU.
16. **Departmental ownership:** LEPs are currently managed by the Cities and Local Growth Unit spanning MHCLG and BEIS. Given the change of emphasis brought about by policy change, consideration will be given to which government department should sponsor and support evolved LEPs.
17. **Geography:** At what spatial scale should these institutions operate? This will include consideration of the most effective size and number of institutions, drawing from the existing 38 LEPs and their regional groupings, with potentially more strategic institutions over wider geographies, and without overlaps, taking account of the importance of functional economic areas.

Second tranche (to address once the first tranche have been considered):

18. **Representation:** How can we make sure that the membership truly represents the full array of business interests, retaining and attracting the best talent? This will include consideration of the composition and breadth of business membership, including SMEs and sectoral diversity. It will look specifically at how we can attract more young, entrepreneurial and diverse business leaders, as well as the important role FE/HE and Social Enterprise play.

19. **Relationship with Local Government:** Both LEPs and Local Government value their current relationships and are keen for these to remain impactful and relevant. With the change of remit and intent to increase business focus, we will need to consider the future relationship with Local Government, including on boards and how accountability will work.
20. **People implications:** The review will ensure that proper and sensitive account is taken of the implications for those employed in LEPs. It will also consider implications for executive teams and how to retain the support from c1500 business leaders currently engaged in LEP Boards and Sub Boards.
21. **Funding:** What level of funding do the evolved LEPs require? This will include consideration of how institutions should be funded going forward. This will also look at how skills and business support funding will flow in future.
22. **Implementation:** How do we best transition from the current model to this future structure? This will include people, legal and operational considerations in implementing this new model, how to deal with in flight capital projects etc.

Proposed engagement

23. Officials will work with Local Enterprise Partnerships, other business representative organisations, Mayoral Combined Authorities and others to hear views on these questions.
24. This will include a series of themed discussions with the LEP Network Board Chairs and Chief Executives between March and June alongside regular informal discussion with the LEP Network and visits to selected LEPs. The LEP Network Chair will lead this series of meetings for the LEP community, supported by the LEP Network Board Chairs and CEOs who will also provide subject matter leads and expertise.

Governance

25. This will be a government-led review into the future role of LEPs.
26. As outlined above, advice to ministers will be informed by a joint project between Government officials and LEPs to consider the questions outlined in this Terms of Reference, as well as engagement with other business organisations.
27. The lead minister for the review will be [Minister Scully].

Output

28. Ministers expect to set out their future proposals by the Summer and we then expect a new operating model to be in place, at least in part, by financial year 2022/23.

Paper H

PAPER H



LLEP BOARD OF DIRECTORS

22 APRIL 2021

Discussion Paper

LLEP OPERATING MODEL REVIEW UPDATE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the Board with an update regarding the LLEP Operating Model Review.

2. RECOMMENDATION

- 2.1 The Board is recommended to note the initial actions proposed at this stage as a result of the LLEP Operating Model Review work so far. The report will be shared with Board members once complete. These actions both strengthen governance and accountability and will prepare LLEP Ltd for the consideration of future options once the final report is produced and the governments review is concluded.

3. BACKGROUND INFORMATION

- 3.1 At its meeting on 1 December 2020, the Board agreed to undertake a review of the organisation's operating model to consider how the LLEP can be best organised to deliver its responsibilities and execute its strategy efficiently and effectively. The review would consider all elements of the operating model including structure, accountabilities, governance, and processes. Changepoint Solutions were appointed to undertake the review which has been overseen and directed by the Operating Model Review (OMR) Group. The review was conducted in two stages.

STAGE ONE

- 3.2 In Stage One, Changepoint Solutions conducted a strategic review which included the following:
- a) Review of the LLEP's objectives and responsibilities to determine if they are aligned to government policies and legislation;

- b) Review of the organisational functions and operations of the LLEP to identify functions that support or do not support the LLEP's vision and strategic objectives;
- c) Review of the existing structure and business processes including dormant company status, governance, and accountability;
- d) Review of human and financial capacity in order to provide effective performance based service delivery within the allocated operating;
- e) Analyse the LLEP's Strengths, Weaknesses, Opportunities and Threats (SWOT) in relation to its current operations.

3.3 The conclusions from Stage One of the review are outlined in the SWOT analysis below.



STAGE TWO

3.4 In Stage Two, Changepoint Solutions proposed operating model(s) options by considering the following:

- a) Benchmarking - Research other high-performing LEPs operating models.
- b) Accountable Body - S151 Officer role and responsibilities, transparency, finance, and legal assurance.
- c) Support Services - Effectiveness and efficiency of IT/systems, office accommodation, staff/employment, HR support, administrative support, procurement, grant contracts, legal, finance and audit.
- d) Future Services - options for future services to be delivered by the LLEP.
- e) Funding - Consider historic budgets (operational and programme) and identify different funding capacity and opportunities – core funding, programme management charges and commercial income generation.

- f) LLEP Structure - Consider different delivery models – dormant versus trading company (advantages/disadvantages/impacts), inhouse; outsourced; shared services.
- g) Staffing Structure - roles and responsibilities, senior management structure, team structures, reporting lines and capacity.

3.5 Any conclusions and recommendations arising from the LLEP Operating Model Review will need to be considered within the context of the government led review of LEPs which was announced after the board agreed to undertake the internal review. The national review will focus on LEP Objectives and Functions; Geographies and Accountabilities; Representation and Interaction with Local Government and; Implementation and Funding. In light of this, the initial observations from Stage Two of the review are presented as short/medium term actions and post LEP Review actions as outlined below:

Short/Medium Term – April to September

1. Compile a SMART action plan to take forward aspects of this review
2. Obtain opinion on employment issues if transferring to a trading company
3. Review the organisational structure to ensure fit for purpose
4. Agree process for performance management of the CEO
5. Agree service levels with LCC for support services and put in place regular meetings
6. CEO and S151/COO to agree support services and AB SLA KPI's
7. Produce detailed operational level RACIs and a scheme of delegation
8. Regular financial management and reporting to the LLEP Board
9. Review options of 'new ways of working' including office accommodation
10. Review LLEP policies including separating whistleblowing from complaints policy
11. Review metrics to provide rationale and visibility for investment decisions
12. Introduce management of company risk
13. Update induction process for Board members
14. Develop a regular Board report on business related/strategic information

Post Government LEP Review

1. Undertake strategic planning with the Board to include the purpose of LLEP, the preferred operating model, future company activities
2. Undertake scenario planning with the Board to model outcomes of LEP review and agree best position to take to achieve vision for future
3. Decide on operating structure and develop a detailed transition plan

5. NEXT STEPS

5.1 The consultants have produced a first draft however considerable further clarification and work is required to ensure all views are accurately reflected before the final report is completed after which it will be sent to all board directors.

5.2 A SMART action plan to take forward the aspects of the review outlined above will be developed by the LLEP Chief Executive and Senior Management Team. It is recommended to the board that the Operating Model Review Group is maintained to oversee the development and implementation of the Action Plan and to regularly report progress to the board of directors.

For further information please contact

Mandip Rai
Chief Executive
Tel: 0116 454 2911
Email: mandip.rai@llep.org.uk