

Annex A: Annual Conversation Preparation

LEP Name: Worcestershire Local Enterprise Partnership

Please answer each question by providing appropriate detail and using examples where possible to demonstrate where things have gone well and where they could have been better. Unless otherwise stated keep answers to **300 words**.

GOVERNANCE

1. How effectively have the accountability and decision making arrangements in your LEP's Local Assurance Framework operated over the last 12 months, including engagement with the Section 151/73 officer? Set out here:
 - Whether the arrangements in the Local Assurance Framework remain current?
 - How effectively have they worked and how were any issues dealt with (give examples)?
 - What steps were taken to ensure changes made at the start of the year were communicated and understood by staff and board members?
 - Arrangements for publication of Minutes and Board Papers.
 - Arrangements for publication of conflicts of interest policies and updating arrangements.
 - The nature of engagement of the S151/73 officer in LEP processes.
 - Plans to review or improve LEP assurance processes.

The accountability and decision making arrangements have worked well over the past 12 months and adhere to the current Assurance Framework.

The adoption of a new Scheme of Delegation has further clarified the respective roles in decision making and offers a far more transparent approach.

The Assurance Framework will be reviewed in the context of the Ney Review and revised guidance to be issued by Government with a revised document presented to the LEP Board for adoption in due course. It is likely that this will further clarify the LEPs approach to Scrutiny and an independent audit of adherence to the new Framework. The role of the Finance, Audit and Risk (FAR) Committee will also be reviewed.

No specific issues have arisen from the implementation of the current document which was endorsed by the FAR Committee prior to adoption by the Board. Minutes and Board Papers are uploaded to the website although it is acknowledged that the navigation to these could be improved. This will be part of the review mentioned above. In addition, the minutes of non-decision making groups which whilst not covered by the Assurance Framework requirement to publish, will also be published under the new arrangements.

The Declaration of Interest forms of the Board members are published on the website with a specific item included on each Board agenda. All declarations made at the Board meeting are included within the minutes.

We feel that the relationship between the LEP and our Accountable Body is a model of best practice and is codified in the Memorandum of Understanding included in the Assurance Framework. Regular discussions are held with the Deputy S151 officer who is also a member of the FAR Committee. Delegations have been formally given by the s151 to their deputy to act for and on their behalf relating to all aspects of accountability in this area.

2. What are the strengths and weaknesses of the LEP's governance structure? Set out here:

- What are the strengths and opportunities for development of the current LEP governance structure?
- What roles and responsibilities do private sector members undertake within the Board and Sub Board structure? How effective is this and how might it be strengthened?
- What if any changes to the governance arrangements are currently being considered and over what period?
- How well is the succession planning process working in practice and what changes in board membership are anticipated within the next 12 months?
- How appropriate is the level of representation on the Board (i.e. in terms of diversity, knowledge and skills) – how might this be improved?

The real strength of the LEP Governance Structure is the commitment that each and every Board and sub-committee member makes to the delivery of the SEP and the LEP Business Plan. This is not restricted to the confines of the Board Room but in the ongoing commitment to the development and implementation of projects and programmes.

The sub groups of the Board i.e. Employment and Skills Board, Inward investment board, etc., have a direct line of sight to the Board with each chaired by a Board member.

The LEP has had an open recruitment process in recent months to add value to both the Board and Business Board through new, representative membership. However, this process did not identify individuals of the quality hoped for and no appointments were made. The LEP Board will reflect on the challenges of the Industrial Strategy and other relevant initiatives before deciding on the skills it wishes to recruit. This will be undertaken over the next 6 months. The Board recognises that the current membership does not adequately reflect the diversity of the Worcestershire business community and this will inform future recruitment.

From a succession point of view, the Chair has agreed to remain in post until September 2019 and all other Board members are on rotation of 3 year terms, which are staggered to ensure corporate memory and expertise is not lost all in one go. We therefore recognise that any recruitment exercise will also need to foster future Board members through sub groups and task and finish bodies.

3. What can Government do to better support your governance?

The Cities and Local Growth Unit wants to support your LEP to improve its governance and transparency arrangements. Please use this section to explain whether there is more we or wider Government can be doing to help facilitate this.

Our relationship with the Cities and Local Growth Unit has been excellent throughout with regular discussions held with Andrea Whitworth, Linda Beauchamp and when appropriate, Tony Bray. This has resulted in a number of benefits including the ability to proactively identify, and support, a number of Government initiatives.

From a governance and transparency point of view, our ask would be that the Unit continues to engage positively with the LEP Network to ensure that any emerging policy is adequately tested with LEPs prior to induction. Revised Assurance Framework guidance has been an example of recent good practice.

DELIVERY

1. What in your investment programme has gone well? Set out here:
 - What have been some of the main achievements in your local growth programmes in the period 17/18? Please also provide a view of overall investment programme delivery to date.
 - For Local Growth Fund, to what extent are you meeting/exceeding planned outputs and spending against the 2017/18 LGF award? Are you on track to deliver overall programme spend/outcomes? If so, please demonstrate. If not, set out the action you are taking to get back on track.
 - for other programmes (EZs, City Deal, Growing Places Fund, Devolution Deals **as appropriate**) set out the extent to which you are meeting planned spending/output targets. Set out any good practice or issues in delivery and what you are doing to tackle them.

Significant progress has been made in the implementation of the funded programme (Growth Deal, Growing Places and ESIF) during 2017/2018 and these are discussed in some detail in our recently published [Annual Report](#). The Final Accounts for the 2016/2017 are also contained within the Report.

Headline achievements include:

- Completion of the £16m Hoobrook Link Road
- Commencing construction of Worcestershire Parkway Station and Phase 5 of the Malvern Hills Science Park
- Opening of the new retail development at Cathedral Square
- Securing £54.5m for the completion of the dualling of the Southern Link Road
- Opening of both the North Worcestershire Engineering Centre of Excellence and the Centre of Vocational Excellence in Worcester

In terms of Growth Deal spend, we are confident that, as in all previous years, the outcome target will be achieved. A significant factor here is once again the strength of relationship with our Accountable Body, Worcestershire County Council.

In terms of the Growing Places Fund (GPF), no new loans were agreed during 2017 with the Board agreeing a £1m Project Development Fund which was created using the balance of GPF and all revenue returning to the LEP is used for the delivery of the SEP.

2. What has not gone well and what problems have arisen in the last 12 months? Set out here:

- Where issues have been encountered, what has not gone as well as expected in the previous year (e.g. projects not coming to fruition or major programmes hit by delays etc.) and what has created the problems?

The implementation of several major capital projects has slipped during the course of the year due to a number of factors including planning delays, delays in appointing contractors, etc. However, these variations are inevitable in managing a large programme of projects and, once again, the relationship with the Accountable Body has allowed these to be managed by varying the public sector contribution between the County and LEP as appropriate.

It should be noted that the contract management arrangement between the LEP/Accountable Body and the investment/grant recipient is robust and is led by a County Council officer in all cases with the LEP engaged in contract start and review meetings.

3. How effective have the LEP's performance management processes, as set out in the Local Assurance Framework, been? Set out here:

- How have you worked with projects to ensure that spend and output performance remained on track?
- What risks/problems have been identified in the last 12 months and might arise in the future?
- Whether you foresaw the problems that you experienced? How have you managed risks and what remedial/mitigating actions have you taken?
- Have there been situations where the performance management processes have been particularly successful? Please give examples.

The LEP Research Manager, David Irish, is responsible for all monitoring and evaluation relationships for all Growth Deal projects funded by the LEP. Periodic reports are received by David and these are used to populate, formerly, LogasNet and more recently the newly devised system. The same approach will be used once Delta is introduced next year.

The WLEP has key metrics agreed with each project lead and maintains on-going relationships with funding recipients as key partners. This has allowed the WLEP to provide additional intelligence where necessary, giving the WLEP agility to respond to short-term information requirements where necessary. In addition, these same relationships have been used to establish a partnership approach towards developing and procuring project evaluation, under a common understanding that demonstrating economic impact is a mutually beneficial exercise.

Previously, the LOGASnet system presented a manageable challenge to team capacity. The new LGF reporting system is simpler and has provided a valuable, proportional, system that we have adopted as our own internal monitoring system. Going forward, the WLEP intends to publish key information from the new system to ensure minimal demand on capacity and a joined up internal monitoring, LGF return, and transparent and publishable, monitoring system.

Outside of the LGF monitoring process, the WLEP has closely monitored key indicators associated with the Worcestershire Strategic Economic Plan (e.g. Jobs, via various ONS measurements, GVA, productivity and housing delivery), and has recently procured an external objective assessment of the ambitions of the SEP, the change in the local economy to date, the key sectors originally outlined (and whether they remain relevant), and any strategic economic issues that would need to be addressed going forward (this report can be found in our website's document library [here](#)).

The WLEP in general has sought to proactively develop and procure research and intelligence where possible to inform policy formation and delivery. For example, the Growth Hub has been established locally as a provider of business intelligence to the partnership, particularly to report on the current business trends within the key sectors locally. In addition, the WLEP has recently made contact with the What Works Centre for Local Economic Growth to build relationships with best practice experts and run an evaluation workshop focused on two of the WLEP's upcoming initiatives – the Centre for Entrepreneurship, and the 5G Test Bed in Malvern.

4. How effective has the LEP been in assessing value for money and strategic fit in business cases and in developing a high quality project pipeline? Set out here:

- Any issues that have arisen in assessing value for money or ensuring that projects supported are of the greatest strategic value to your place.
- to what extent has the pipeline been used to address any gaps in the programme or slippage by projects?
- have you developed any good practice in relation to assessing vfm and developing project pipelines (please give examples)?

The assessment of strategic fit for Growth Deal has been relatively straight forward given that the application form requires scheme proposers to clearly link any project to the LEP Business Plan as well as the SEP.

From a VfM point of view, all Growth Deal projects proposed in the context of the Local Transport Body, ie major capital infrastructure schemes are assessed in respect of industry standards such as GRIP in the case of rail schemes and WebTag for road schemes.

Grant schemes such as the Worcestershire Growth Fund have been assessed in the context of VfM per new jobs created and/or preserved as well as potential impact on productivity.

The most challenging schemes to assess has been the Skills Capital projects where VfM benchmarks have been harder to identify, particular following the SFAs' (now ESFA) withdrawal of support to the process.

The development of a robust project pipeline has largely been in preparation for future funding opportunities rather than the need to replace failed or failing schemes. One example where this wasn't the case was the Kiln project which was introduced to the programme following the withdrawal of a University of Worcester project to develop an entrepreneurial scheme at the Jenny Lind site.

5. What can Government do to better support your delivery?

The Cities and Local Growth Unit wants to support your local growth programmes to deliver. Please use this section to explain whether there is more we or wider Government can be doing to help facilitate this.

One of the biggest challenges faced by LEPs is the inability to provide some sense of continuity to partners and employees alike on more than a 12 month basis. This is entirely due to the fact that core funding support for LEPs is provided on a 12 month basis only and is usually only confirmed a matter of weeks before the financial year end. This results in uncertainty amongst the staff and the requirement on employers to issue redundancy notices in many cases. This approach also makes it difficult to attract new talent as we are only in a position to offer a 12 month contract.

Our ask of Government is to provide at least a 3 year core budget to help address these issues.

STRATEGY

We recognise that significant strategic work and information was provided as part of your Growth Deal 3 submission in July 2016. This section provides an opportunity to comment on progress since then.

1. What is the vision for your place to 2030? How is the LEP going to get there? What are your key short term objectives and priorities? Set out here:
 - how effective is your Strategic Economic Plan?
 - when was it last refreshed and in what ways has it been kept it under active review during the last 12 months?

Our vision remains:

“To build a connected, creative, dynamic economy that delivers increased prosperity for all those who chose to live, work, visit and invest in Worcestershire”

The original SEP adopted in 2014 has proved to be an effective context for the economic development activity of not only the LEP but also our key partners.

Reviewed in 2017, the challenges and competitive strengths remain relevant with perhaps a greater emphasis now on the interventions that are required to make the greatest impact to the economy of the County. We are looking forward to 2025 to prioritising long list potential interventions in order to change the culture and opportunities within the county. For example WLEPs bid to host a 5G Test bed through DCMS and the Centre of Entrepreneurship, which will give rise to a new model of business support creation.

We see the SEP as evolving as we go through this process with the introduction of Local Industrial Strategies. The evaluation work conducted by Amion in reviewing progress against the SEP has highlighted areas where more focus needs to be given.

We have also instigated a conversation with District Councils about the housing ambition in the County, we will work through Local Plans to cement our aims of increasing the availability of housing through the local market.

2. How successful has the LEP been at engaging local partners and the wider community in delivering local growth? How successfully have you worked with different political entities in your area? Set out here:
 - How have you engaged local stakeholders about your strategy and ambitions for the LEP?
 - How do you work with different political entities (such as MPs, Mayoral Combined Authority, Local Authorities), and do you actively work together on projects or strategies? Are there any examples of good practice?
 - How have you implemented the guidance on branding in relation to Growth Deal projects?

It is our view that the engagement of partners in the development and execution of our plans and programmes is a particular strength. We go to great lengths to communicate, liaise and challenge local partners to play their part in delivering the Strategic Economic Plan. This goes across all sectors from local government, further and higher education,

private sector and 3rd sector. We have continued to build on the consultation that was undertaken in preparing the SEP to continue to build a database of key local stakeholders and this has continued to grow and evolve. Our e-newsletter goes to 1600 contacts, we have 1100 LinkedIn group members and 6700 followers on twitter. We work closely with partners to ensure positive media coverage across newspaper, TV and business magazines.

Our Business Board acts as a conduit for the business community to feed in ideas and utilise local business networks to communicate the work of the WLEP. The Business Board comprises 18 businesses from a range of companies by size, sector and geography. This also includes the 3 leading business representative organisations in the region, the Chamber of Commerce, Federation of Small Businesses and Institute of Directors.

We have also recently completed our 7th Annual Conference on the 1st December 2017. This attracted an audience of nearly 400, which was predominately a business audience and provides an excellent commentary of the 12 months progress of the LEP and its partners. We produced an Annual Report (<http://www.wlep.co.uk/assets/Worcestershire-LEP-Annual-Report-2017.pdf>) that is a celebration of the years activity and includes a statement of our Annual Accounts.

We continue to work with all our MPs (6 Conservative) as well as our 7 Local Government leaders (5 Conservative and 2 Labour). We regularly ask them for feedback, bring issues to their attention and meet on a regular basis. We rely on our Local Government colleagues to brief all Councillors of our work. This is all part of our communications strategy.

We have fully implemented the brand guidelines on Growth Deal and make full reference in our PR and communications to the funding partner to ensure a high profile and recognition of the programme.

3. How successful have you been in working across borders and project types? Set out here:

- Where you have worked across different functional geographies and whether you actively work together with other areas or bodies on different themes or projects?
- Any examples of good practice. Please state any involvement you have had in engaging with the development and implementation of initiatives such as the Northern Powerhouse and Midlands Engine.

WLEP has worked with several other LEPs on a series of initiatives over the past 12 months. Examples include:

- Cyber Maryland – WLEP has taken the lead cyber role for the Midlands Engine and will continue to promote the development of trade relations between the Midlands, US and elsewhere.
- WLEP is fully engaged in the Midlands Engine with our Chair represented on the Governance structure. We are fully supportive of the Midlands Engine and the potential added value this can bring to Worcestershire. We participate in the MIPIM Midlands UK stand and see other opportunities to work across region.
- Agri-tech West – WLEP has been working with the Marches and Stoke and Staffordshire LEP to develop a robust approach to the exploitation of agri-tech and agri-food strengths across the region.

- Cyber Reliance Science and Innovation Audit. Working with Marches LEP, Gfirst LEP and Swindon/Wiltshire LEP, we have been successful in our proposal to develop a Science and Innovation Audit across this geography.
- We have successfully worked with GBSLEP on several occasions to develop a joint investment approach to a number of projects in North Worcestershire.

4. How can Government support you in the next 12 months?

The Cities and Local Growth Unit wants to support you to realise the potential of your place. Please use this section to explain whether there is more we or wider Government can be doing to help facilitate this.

We value the support that the Cities and Local Growth team provide us, in terms of the guidance and honest conversations that we can have about our approach and challenges that we are facing.

Moving forward in the evolution of the LEPs we would ask that areas that do not have a Mayor or Devolution Deals are not forgotten by Government. Although much focus is on the big Core Cities, as Worcestershire has proved over the last 5 years, we have the potential to grow quicker, improve productivity and be an exemplar or test bed for many initiatives. We often find that if we are swept into larger regional contracts ie DWP, Worcestershire does not benefit from these approaches. The WLEP has enabled the case to be made for government investment in areas such as Worcestershire, as the gains in terms of economic growth and innovation are significant.

We appreciate Government's commitment to the development of Local Industrial Strategies and believe that we have a leading role in the local area to challenge local partners to do more to contribute to local economic growth. However government must ensure that it does not create a 'two speed' approach to economic growth by giving Combined Authorities preferential treatment.

We have worked hard to collaborate with other LEPs around us, such as the Midlands Engine, West Midlands LEPs and Gloucestershire and further south. However Government could also help us by identifying possible partners outside the LEP Network to further our aims. Eg National Cyber Security Centre, Tech UK or others that have a mandate to bring resources to Worcestershire or the region to impact positively upon and grow our business community.

Annex B: Section 151/73 Assurance Statement

The Section 151/73 Officer should here provide a report to the Annual Conversation on their work for the LEP over the last twelve months and their opinion with a specific requirement to identify any issues of concern on governance and transparency. In particular, you should focus on any particular issues raised in Annex A. **(max 500 words)**

The s151 Officer has formally allocated to me, as Deputy s151 Officer, the responsibility for strategic oversight of the financial management of WLEP. The County Council feel the relationship with the WLEP is of vital importance hence creating a finance role at a Head of Service level with the responsibility to act for and on behalf of the s151 officer.

As part of this responsibility I matrix manage finance professionals who provide monthly monitoring, forecasting and reporting information to the WLEP. All financial information, revenue and capital, is provided monthly by finance officers from the council's general ledger, discussed with the relevant project managers and summarised into a report which is discussed between me and the WLEP. This forecasts a "best case" and "most likely" case so potential variations can be identified and mitigation strategies put in place as soon as possible. This information then forms part of the budget report to the LEP board. This allows there to be a clear golden thread from the Accountable Body's general ledger into the WLEP Board.

WLEP data is included within the council's overall annual audit cycle for financial management. The council also uses its internal audit service to undertake regular reviews of procurement, systems of governance and control and financial management of WLEP.

I attend the FAR committee as the Accountable Body representative and also report annually to the QUAD on the forecast outturn and recommend any changes to funding sources which may be needed in order to maximise the use of external grant. I agree that the role of the Finance, Audit and Risk (FAR) Committee should be reviewed and I will take an active involvement in this process. At its first meeting of the calendar year, I report to the WLEP board on the draft budget for the whole council in order to ascertain any comments or issues that the WLEP or businesses may have on the budget as part of the statutory consultation requirement for the council.

All grant agreements completed are signed off by me and I ensure that the information contained within them have had a value for money and financial evaluation check prior to being approved.

All WLEP reports which have a financial implication are reviewed by me prior to being received by the Board.

There are obviously areas for development and improvement which I would like to implement for 2018. These include having a formal sign off for the final reports to WLEP Board which have financial implications and a chance to review all reports to ensure that any unintended financial consequences are articulated.

Based on the strengthening of the role of the s151 officer as part of the Ney Review, I would also welcome attending all WLEP Board meetings on behalf of the Accountable Body.

I believe that I have an excellent working relationship with the WLEP and they are open and transparent regarding financial issues and the advice I provide is taken on board and acted upon.

Section 151/73 Sign-off:

Signed:



Name: Stephanie Simcox

Position: Head of Finance / Deputy s151 Officer

Date: 6 December 2017

Annex C: Governance Assurance Statement

The LEP Chair and Chief Executive should here provide a brief formal assurance statement on the status of governance and transparency. In particular, you should focus on any issues raised in Annex A. This statement should also be published on the LEP’s website following conclusion of the Annual Conversation process (in April 2018). You should cover any Overview and Scrutiny function undertaken by the Accountable Body. **(max 500 words)**

Worcestershire Local Enterprise Partnership welcomed the Review of Local Enterprise Partnership Governance and Transparency by Mary Ney and engaged in the process throughout.

By and large the structure of our LEP Board has remained consistent since its formation with a strong private sector Chair supported by a balance of public and private sector partners. However, the organisational structure of the LEP as a whole has evolved to suit the thematic priorities of the organisation. For example, task and finish groups have been established, and dissolved, to deliver discrete time bound aspects of our programme whereas sub groups such as the Employment and Skills Board have been strengthened to reflect the increasing importance of the topic. Throughout, the Business Board has provided a forum for businesses to exchange knowledge and provide a challenge to the main Board.

The effectiveness of the LEP has also been maintained and enhanced through the excellent relationship with our Accountable Body which has been codified in a Memorandum of Understanding.

We have always taken a proactive approach to Governance and Transparency as evidenced by the publication of our Annual Report and the holding of an Annual Conference attended most recently by over 400 individuals from the public, private and third sectors.

However, we are not complacent and fully recognise that our approach needs to be constantly challenged, tested and revised to ensure that we continue to exceed the expectations placed on us in our use of public sector resources.

This statement seeks to address each and every recommendation of the Review and will identify areas where further input from the LEP is required.

Culture and Accountability	
Each LEPs code of conduct should be based on the principles of: selflessness, integrity, objectivity, accountability, openness , honesty, leadership.	Current Code of Conduct meets this test.
All members and staff of LEPs should sign up to this code of conduct.	Implied by Board adoption of the Assurance Framework but will be re-enforced by signed statement.

Structure and Decision Making	
<p>LEPs will need to ensure they are clear on:</p> <ul style="list-style-type: none"> the LEP's decision making process, how they ensure the consistent application of the conflict of interest policy how they record and publish decisions 	<p>The current Assurance Framework provides clarity on the decision making process and we can confirm that the Conflicts of Interest Policy is consistently applied.</p> <p>Decisions are currently published within the minutes of the relevant meeting but this can and will be improved with formal decision notices published. However, we are aware that beyond the main Board, the publication of minutes and papers isn't as consistent and this will be addressed.</p> <p>For the 2018/2019 financial year, we will work with the S151 Officer to include an assessment of the adequacy of the Assurance Framework in the Internal Audit Plan as well as attend the Accountable Body's Scrutiny Committee as and when requested.</p>
Conflicts of Interest	
<p>All board members must take personal responsibility for declaring their interests and avoiding perceptions of bias. This should be evidenced by producing and signing their register of interests and by publication on the website.</p>	<p>Declarations of interest are a standard item at the start of each and every Board meeting and all interests expressed are recorded in the minutes for that meeting.</p> <p>All current Declaration of Interests Forms are accessible on the WLEP website but the navigation to them needs to be improved. This will be achieved by 31st January 2018.</p> <p>In addition, all Forms will be refreshed on the same timeline in accordance with the current Assurance Framework</p>
<p>Actions in response to any declared interests must be recorded by the LEP for any area of the LEP's work.</p>	<p>Such actions are recorded in the minutes of the LEP Board.</p>
Complaints	
<p>LEPs will need to update their complaints procedures (following receipt of good practice examples from Government) and publish a whistleblowing policy on their website.</p>	<p>WLEP has adopted the Complaints and Whistleblowing of the Accountable Body, Worcestershire County Council. The relevance of these will be reviewed on receipt of the good practice examples.</p> <p>However, navigation to these policies need to be improved and this will be achieved by</p>

	31 st January 2018.
Section 151 Officers	
During the 2017 Annual Conversation, Section 151 Officers will be required to make a statement on their work for the LEP and their opinion, with a specific requirement to identify any issues of concern on governance and transparency	This has been included elsewhere within this document.
Transparency	
LEPs will be required to publish accounts and publish a rolling schedule of projects on its website.	WLEP publishes its accounts within its Annual Reports and as part of the Accountable Body accounts for the year in question. We will publish a list of all investments made including details of grant recipients by 31 st January 2018.

Chair & Chief Executive Sign-off:

Signed: 

Name: Mark Stansfeld

Position: Chairman

Date: 22/12/17

Signed: 

Name: Gary Woodman

Position: Chief Executive

Date: 22/12/17