

Local Members Interest
Nil

Corporate Overview and Scrutiny Committee – Thursday 06 January 2022

Scrutiny Review of the Stoke-on-Trent and Staffordshire Local Enterprise Partnership 2020-21

Recommendation(s)

I recommend that:

- a. Members consider the information contained in the report to hold to account the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP) for the delivery of its objectives in 2021.
- b. Members note the wider uncertainty regarding the future of LEPs and the impact that this has had on SSLEP.
- c. Consider lessons learned for the delivery of economic growth in the SSLEP geographic region and how this might help shape this area of work, and in particular cooperation among partners, in the future.

Report of Alun Rogers, Chair - Stoke-on-Trent and Staffordshire Local Enterprise Partnership

Summary

1. What is the Overview and Scrutiny Committee being asked to do and why?

- 1.1 The primary purpose of the meeting is for Councillors to explore the work the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP) has undertaken over the last year. It is an opportunity to question the LEP Chair and hold them to account for the delivery of outcomes set out in the SSLEP Annual Delivery Plan, which is produced with reference to the various strategic documents that govern the LEP's work and is attached at Appendix 1 to this report.
- 1.2 The Committee may also wish to make recommendations as to how the work of the LEP is progressed in the future. As such it is important for Members to note that Government are currently conducting a national review of LEPs (initially announced in Spring

2020 and now likely to conclude and report early in 2022). More details regarding the review are contained within the report.

Report

2. Background

- 2.1 The Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP) was formed in 2011, with a remit to bring together local public sector authorities, businesses, and other bodies to work together to drive economic growth and prosperity within the region. The SSLEP was established as a company limited by guarantee (rather than an unincorporated partnership) in April 2019, as required by Government. The Company Board, which is the LEP's main decision-making authority, comprises 18 Directors, currently 10 from the private sector and 6 the public sector. Both Staffordshire County Council (SCC) and Stoke-on-Trent City Council (SOT) are represented on the Board, as well as representatives from the District and Borough Councils within Staffordshire.
- 2.2 All LEPs are required to agree and publish Assurance Frameworks setting out their governance arrangements, and which are in line with the National Local Growth Assurance Framework (NLGAF) published by Government. The national framework states that "the LEP should participate in relevant Local Authority scrutiny arrangements to guarantee the effective and appropriate democratic scrutiny of their investment decisions". The SSLEP's Assurance Framework sets out that this scrutiny will be carried out annually by a joint meeting of relevant Local Authorities (including representation from District and Borough Councils), which will be hosted on a rotating basis by Staffordshire County Council (SCC) and Stoke-on-Trent City Council (SOT). This is the third of these sessions, with the previous session being hosted by Stoke-on-Trent City Council in November 2020. Minutes of that meeting can be accessed here:

[City Renewal Overview and Scrutiny Committee Minutes](#)

3. Strategic Framework

- 3.1 Since 2011 the LEP has produced, as directed by Government, several strategic documents setting out its ambitions for the region and designed to drive its approach to economic development. The Strategic Economic Plan was initially agreed in 2014 and refreshed in 2018. The current SEP can be viewed here.

[SSLEP SEP](#)

- 3.2 The LEP's central ambition as outlined in the SEP is to grow the economy by 50% and generate 50,000 new jobs by 2024 (10 years on from first publication of the SEP).
- 3.3 As of October 2018, 50,000 new jobs had been created, however, the types of jobs created had not enabled the economy to grow by 50%. The revised SEP recognised that increasing productivity and supporting the creation of a greater proportion of high-value, high-wage job opportunities, while ensuring residents could take advantage of those opportunities, would be vital to the continued development of the economy.
- 3.4 In December 2018 Government required all LEPs to lead the development of a Local Industrial Strategy (LIS) for their area. These were long term plans, aligned to the National Industrial Strategy. The SSLEP LIS was developed with local business and local authority leaders, Keele and Staffordshire Universities, and local colleges and was agreed in March 2020. The full LIS and an Executive Summary can be accessed online.

[SSLEP LIS](#)

- 3.5 In March 2021 Government announced the replacement of the National Industrial Strategy with a renewed vision articulated in a Plan for Growth. This was followed, in June 2021, with an announcement that the role and function of LEPs would be reviewed at national level.
- 3.6 This review may impact the geographical boundaries of LEPs, their membership and / or their role and function. It may also result in the functions currently carried out by LEPs being undertaken by other new or existing bodies. It is likely the results of the review will be reported late 2021 / early 2022, alongside or close to the publication of the 'Levelling Up' White Paper. As such, the SSLEP is planning for scenarios in which it will be required to adapt and develop its overall strategic direction or wind down and handover delivery of ongoing programmes once these announcements are made. In the meantime, SSLEP remains fully committed to delivering against its current strategy and contractual commitments, whilst undertaking developmental work to prepare for future change.

4. Governance

- 4.1 The SSLEP Company Executive Board is the primary decision-making body for the LEP, comprised of 18 Directors from the public and private sectors. The SSLEP Board may delegate powers to various sub-groups. With the migration of LIS into Plan for Growth the work of the current thematic sub-groups, which were aligned to the LIS, is largely paused. A task and finish group has already been established to oversee strategic structural change following the LEP review.
- 4.2 Our Strategic Programme Management Group (SPMG) and Audit and Finance Committee continue to oversee delivery of the existing portfolio of projects and financial and risk management processes respectively.
- 4.3 SSLEP's overall performance, both in relation to delivery and governance is overseen at national level by the Department for Business, Energy and Industrial Strategy (BEIS). BEIS reviews LEP's annually, including their overall governance arrangements, and SSLEP is compliant with national standards. The outcomes of our most recent Mid-Year Performance Review (MYPR) were reported to our Executive Board and are available on the SSLEP website as part of that agenda.

[Mid-Year Performance Review \(November 18th Board Agenda\)](#)

- 4.4 The Scrutiny Committee may wish to note the following points from the MYPR.
 - Following the resignation of a Board Member in summer 2021, the SSLEP currently has vacancies for 3 private sector board members, which impacts compliance with private / public sector ratio guidance. One of these vacancies is being recruited to, however, the other vacancies will remain until the future of LEP and its function is confirmed by the Cities and Local Growth Unit (CLGU), this has been agreed with BEIS.
 - The LEP has commissioned external agency Hatch to undertake a review of all existing LEP accountabilities, demonstrating its commitment to continuous improvement.
 - The LEP has a reserve balance projected at c.£1m at year end demonstrating significant financial probity. The Board has recently worked on and agreed a reserves policy to ensure best use of reserves.
 - SSLEP has commissioned a new economic Situation Report (SITREP) to help further understand the dynamics of the local

economy and, more importantly the needs of local businesses. The LEP is working with two specialist companies to both speak directly with local businesses and to analyse that and other data to provide a granular level insight into the local economy. Developing this level of local insight is a top priority given the disruption to the economic landscape from the Covid-19 pandemic and Brexit.

- 4.5 The outcome of the national LEP review will undoubtedly impact governance arrangements, however, SSLEP is well placed, particularly with the external review of our existing accountabilities near completion, to adapt and develop our governance arrangements once the review is complete.

5. Operational Delivery

- 5.1 Following the appointment of new CEO Anne Boyd in April 2021, the Board agreed a new Delivery Plan in 2021/22, (Appendix 1) is reviewed at each Board meeting. The Delivery Plan sets out how the LEP intends to balance existing delivery whilst implementing change and improvement. The Delivery Plan directly informs the work programmes of staff and supports the prioritisation of financial resources. Progress against the Plan is shared monthly via the CEO's report to the Executive Board.
- 5.2 Within the context of the wider LEP review the CEO and Board agreed the following priority work:-

Governance:

- Board Recruitment (although paused subject to outcome of LEP review);
- Review of Sub-Group structures (commenced but paused subject to outcome of LEP review);
- Alignment of Growth Hub;
- Full review of Assurance Framework following LEP review.

Operations

- Ongoing programme management (see details of programmes below);
- Review of financial and human resources;
- Review of existing accountabilities (Hatch Review);
- Insight Commission (to develop a local SITREP, including an extensive business survey, increasing the voice of business and providing granular level insight into the local economy, with a

view to this becoming an ongoing commission managed by the LEP or alternative body in the future, providing valuable insight to all local partners concerned with economic growth.

Stakeholder Engagement

- A significant element of the LEP's current role is to build mutually beneficial relationships at a local/regional/national level whilst amplifying the voice of business and the brand of our place;
- Our Delivery Plan provides detail of the extensive stakeholder engagement undertaken throughout out the year and planned till March 2022.

6. Programme Delivery

6.1 Local Growth Deal and Getting Building Fund

6.1.1 The SSLEP is responsible for the delivery of a range of (primarily) capital projects. The two most significant programmes are the Local Growth Deal (LGD) and Getting Building Fund (GBF). The second of these being launched by Government after the initial COVID-19 outbreak specifically for 'shovel ready' schemes that could deliver outcomes swiftly to support economic recovery in the aftermath of the pandemic.

6.1.2 The Strategic Programme Management Group receives quarterly updates on LGD and GBF (these quarterly updates are also submitted to BEIS) so there is substantial oversight at both local and national level.

6.1.3 The quarter 2 summary reports for both programmes (as received by SPMG) are attached at Appendix 2 and Appendix 3. With further detailed information available on the SSLEP website as part of the SPMG agenda.

[SSLEP SPMG Agendas and Minutes](#)

6.2 The City Deal

6.2.1 The LEP also maintains oversight of two projects funded through 'City Deals' which were agreed at the time of LEP's creation, BEIS maintains direct oversight of both projects. And in the case of the District Heating Network funding goes directly to Stoke-on-Trent City Council. However, SPMG receives regular updates on both projects, given their links with the SSLEP. The latest position on

both these projects was most recently reported to the SPMG in November and is available on the website.

[City Deal Quarter 2 Update \(SPMG agenda 29th November 2021\)](#)

6.3 European Funding

6.3.1 An update report on the latest position in relation to European funding in the LEP area is attached at Appendix 4.

6.4 Growing Places Fund

6.4.1 The Growing Places Fund (GPF) is a revolving fund providing loans to businesses that can demonstrate that they will generate economic growth in a short space of time with the right infrastructure in place. It is managed by Sarah Simpson, External Funding Officer at Staffordshire County Council on behalf the LEP. Sarah provides updates to the SSLEP Executive Board. The most recent report is available below, within the agenda pack for the Executive Board meeting.

[SSLEP EB GPF Update](#)

6.4.2 Further to that report, a brief additional update is provided below to appraise Members of the most recent position.

6.4.3 The GPF is currently paused, pending the LEP review, so no further calls are being issued. As of Quarter 4 2021/22, there is a surplus of £59,761, so a call would not usually be issued with such a small balance in any event. This balance does take account of £1.4m currently ringfenced for Blythe Properties. This project is under review due to a re-design of the infrastructure scheme originally approved. The revised scheme is being considered by a LEP sub-group, with Mohammed Ahmed representing the GPF.

6.4.4 Two loans are due for repayment in Quarter 1 2022/23 being £370k Middleport Pottery and £483.101k Dunston Business Village, which would increase the GPF balance available to £912.862k at end of Quarter 1 2022/23, assuming timely repayments are made.

6.4.5 During the lifetime of GPF (ten years) only one project has defaulted on their repayment – that being London House with a loan value of £450k. The beneficiary has been paying default interest charges on the loan from March 2019, and has paid £56.5k in interest charges to date. A revised Funding Agreement has recently been issued to the beneficiary which incorporates a commercial

mortgage, with repayments of £15k per quarter committed in the Agreement. Interest charges will continue to be made and the balance will be settled in full in the event of a sale of the commercial asset or any other property in the group portfolio. To date we are awaiting sign off of the revised Funding Agreement on the part of the beneficiary.

6.4.6 The total fund available to GPF should all loans be repaid in full, and no further loans issued is £2,559,901. The revenue balance for delivery currently stands at circa £311k.

6.5 Ceramic Valley Enterprise Zone

6.5.1 Enterprise Zones are geographically defined areas, hosted by Local Enterprise Partnerships in which commercial and industrial businesses can receive incentives to set up or expand. Businesses locating to an Enterprise Zone before 31 March 2018 are entitled to a Business Rate discount of up to 100% over a five-year period (worth up to £275k per business) as well as Enhanced Capital Allowances for the purchase of machinery and equipment. All Business Rates growth generated within an enterprise zone will - for at least 25 years - be kept and used by the relevant Local Enterprise Partnership and Local Authorities to reinvest in local economic growth. The following website provide further information regarding Enterprise Zones.

[Enterprise Zones - House of Commons Library \(parliament.uk\)](https://www.parliament.uk/business/committees/committees-a-z/commons-only/economic-affairs/enterprise-zones/)

6.5.2 Since its launch in 2015, Ceramic Valley Enterprise Zone (CVEZ) has consistently contributed to Stoke-on-Trent and Staffordshire's continued economic growth, driving our move to high-value added sectors and raising productivity. By championing tirelessly the benefits of locating in the heart of the UK, CVEZ has become one of the most successful EZs in the country.

6.5.3 Comprising six key sites along the strategic A500 corridor totalling 140 hectares, five are in Stoke-on-Trent ie:- (i) Tunstall Arrow; (ii) Highgate Ravensdale; (iii) Cliffe Vale; (iv) Etruria Valley and; (v) Chatterley Valley East. In addition, a further site, Chatterley Valley West, in Newcastle-under-Lyme. CVEZ has enabled redundant and neglected brownfield sites to be developed. Economic outputs achieved to date so far include:-

- 77% in six years of 2025 target of 3.7m sqft industrial space completed, under construction and planning approved;
- 34 new businesses; and
- 4,500 jobs created and in pipeline (including construction jobs)

- £32.13m GVA increase.

6.6 Growth Hub

6.6.1 The SSLEP is accountable for the area's Local Growth Hub (GH) and has worked hard with partners in recent months to strengthen governance arrangements to ensure SSLEP's direct leadership is maintained, in line with contractual arrangements between the SSLEP and BEIS.

6.6.2 The Chair of the LEP is now the Chair of the GH Steering Group and he is working with the LEP CEO and the delivery team on updating and improving the use of data collected for insight management and reporting purposes. The GH provides regular financial and performance reports to the LEP to ensure appropriate high levels of scrutiny. Reports are provided to the LEP Board, Sub-Committees, and Accountable Body on progress towards Key Performance Indicators. A Job Description for the new Head of Growth Hub role has been approved by the Board and recruitment will take place once the LEP review is concluded. The most recent report is available here as part of the SSLEP EB agenda for the 16 December meeting.

[SSLEP Growth Hub Update 16th December Agenda](#)

6.6.3 The GH Steering Group constitutes a LEP board member, the LEP CEO and key partners including:- (i) Staffordshire County Council; (ii) Stoke on Trent City Council and; (iii) Staffordshire Chambers of Commerce. It is also supported by a wider group of business partners such as the Department for International Trade, Universities, Federation of Small Businesses and Skills Hub who attend to discuss current issues and future plans as they are closely involved in the operation of the Growth Hub and local business support system.

7. Link to Strategic Plan

7.1 The work of SSLEP directly impacts SCC's Strategic Priority that the people of Staffordshire be able to access more good jobs and feel the benefits of economic growth.

8. Link to Other Overview and Scrutiny Activity

8.1 As stated above, the LEP was last scrutinised by Stoke-on-Trent and SCC Scrutiny Committees in November 2020.

List of Background Documents/Appendices:

Appendix One – SSLEP Delivery Plan
Appendix Two – Getting Building Fund Q2 Report
Appendix Three – Local Growth Deal Q2 Report
Appendix Four – European Funding Update

Background Documents

Stoke-on-Trent City Renewal Overview and Scrutiny Committee Minutes
SSLEP Strategic Economic Plan
SSLEP Local Industrial Strategy
SSLEP Notes from Mid-Year Performance Review

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