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# NOTICE OF MEETING

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SOLENT  
LOCAL  
ENTERPRISE  
PARTNERSHIP

## SOLENT GROWTH FORUM

FRIDAY, 26 NOVEMBER 2021 AT 12.00 PM

### VIRTUAL REMOTE MEETING

Telephone enquiries to Nicola Twiddy  
Email: nicola.twiddy@solentlep.org.uk

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### Membership

Councillor Susan Bayford (Fareham BC)	Councillor Karen Lucioni (Isle of Wight Council)
Councillor Pamela Bryant (Hampshire CC)	Councillor Alexis McEvoy (New Forest DC)
Councillor Tony Denton (Havant BC)	Councillor Derek Pretty (Eastleigh BC)
Jayson Grygiel (Gosport BC)	Tristan Samuels (Portsmouth CC)
Councillor Satvir Kaur (Fareham BC)	Councillor Ken Moon (East Hampshire DC, Associate Member)

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(NB This Agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: [www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)

### AGENDA

- 1 **Welcome Attendees and Apologies / Agreement of Solent Growth Forum Chair (12:00-12:10)**
- 2 **Mid-year Review of the Solent LEP 2021/22 Delivery Plan (12:10-12:25)**  
(Pages 3 - 6)
- 3 **Mid-year Review of Solent Growth Hub (12:25-12:40)** (Pages 7 - 8)

- 4 Update on Local Growth Programme (12:40-13:10) (Pages 9 - 34)**
- 5 Overview of Solent LEP Assurance Process (13:10-13:25) (Pages 35 - 40)**
- 6 AOB (13:25-13:30)**

# Agenda Item 2



## Item 2

**Title:** Mid-Year Review of Delivery Plan 2021/22  
**Date:** 26<sup>th</sup> November 2021

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### **Background**

As part of the assurance monitoring process, the National Local Growth Assurance Framework requires all LEPs to publish an annual report and delivery plan. The delivery plan and annual report should set out a well-developed understanding of the local economic evidence base to identify opportunities and obstacles to inclusive growth, prosperity, and improved productivity. Government will work with LEPs to develop measures to report against in the plan and report. These will be considered as part of the annual assurance process. Delivery plans and annual reports should be published at the beginning of each financial year.

The LEP Board agreed a Delivery Plan for 2021/22 at their meeting on 22<sup>nd</sup> April 2021 and this was published on 12<sup>th</sup> May 2021. A copy of this is available at:  
<https://solentlep.org.uk/media/3665/solent-lep-delivery-plan-april-2021-v7.pdf>

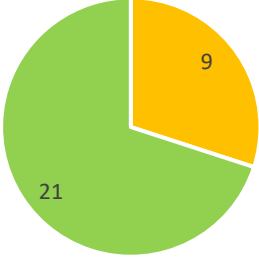
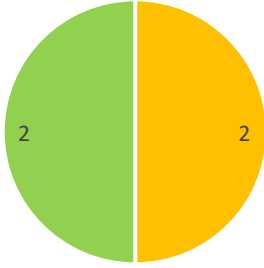
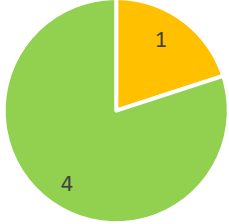
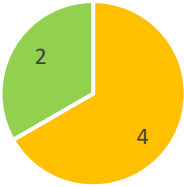
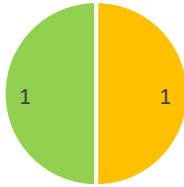
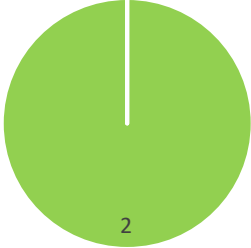
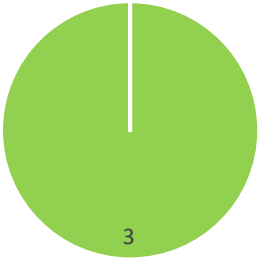
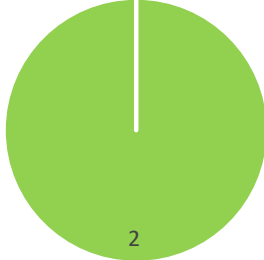
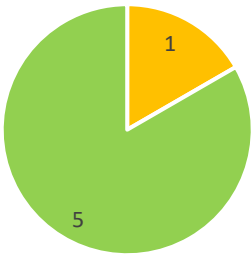
The LEPs next Annual Report will need to provide an update on progress against the delivery plan and it is good practice to undertake a mid-year review of activity against the delivery plan.

### **Mid-Year Review**

The Solent LEP Delivery Plan includes a range of strategic objectives, supporting activities and associated outputs/milestones under each of the strategic priorities agreed by the LEP Board and included within the Solent Economic Recovery Plan. The LEP has undertaken a review of all activities in the Delivery Plan to include a mid-year status update (as of September 2021) and associated RAG rating.

A dashboard summary of performance against delivery plan activities, demonstrating the total number of red, amber, and green activities within the plan as a whole and in relation to each specific section is set out below.

**Mid-Year Review Dashboard**

<p>2021-22 Delivery Plan: Overall Performance</p>  <table border="1"> <tr><td>Green</td><td>21</td></tr> <tr><td>Orange</td><td>9</td></tr> </table>	Green	21	Orange	9	<p>Support our world-leading marine and maritime economy</p>  <table border="1"> <tr><td>Green</td><td>2</td></tr> <tr><td>Orange</td><td>2</td></tr> </table>	Green	2	Orange	2	<p>Pioneer approaches to climate change adaptation and decarbonisation</p>  <table border="1"> <tr><td>Green</td><td>4</td></tr> <tr><td>Orange</td><td>1</td></tr> </table>	Green	4	Orange	1
Green	21													
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Green	4													
Orange	1													
<p>Cement our position as the UK's capital of coastal renaissance, harnessing new...</p>  <table border="1"> <tr><td>Green</td><td>2</td></tr> <tr><td>Orange</td><td>4</td></tr> </table>	Green	2	Orange	4	<p>Develop a thriving visitor, creative and cultural economy, capitalising on the Solent's superb...</p>  <table border="1"> <tr><td>Green</td><td>1</td></tr> <tr><td>Orange</td><td>1</td></tr> </table>	Green	1	Orange	1	<p>Develop a world-class talent base</p>  <table border="1"> <tr><td>Green</td><td>2</td></tr> </table>	Green	2		
Green	2													
Orange	4													
Green	1													
Orange	1													
Green	2													
<p>Supporting an outstanding business Environment</p>  <table border="1"> <tr><td>Green</td><td>3</td></tr> </table>	Green	3	<p>Put health and wellbeing at the heart of economic success</p>  <table border="1"> <tr><td>Green</td><td>2</td></tr> </table>	Green	2	<p>Strategic Priorities</p>  <table border="1"> <tr><td>Green</td><td>5</td></tr> <tr><td>Orange</td><td>1</td></tr> </table>	Green	5	Orange	1				
Green	3													
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Orange	1													

## **Dashboard Commentary**

The review indicates a strong performance from the Solent LEP within the first half of 2021/22 with 21 green, 9 amber, and no red rated activities.

The LEPs performance has been particularly strong in relation to supporting a world leading marine and maritime economy, pioneering approaches to climate change adaptation and decarbonisation, developing a world-class talent base, supporting an outstanding business environment and strategic priorities. This is positive considering the emerging narrative in relation to the role of LEPs coming forward as part of the LEP review which references strategy, key local sectors, net zero and business support.

In relation to amber rated areas, these include a few schemes where there are delays to the delivery of initial infrastructure / construction activity. In all these areas, the economic outputs continue to be brought forward by the LEP investment, and the primary concern is in relation to delays to originally forecast timescales. The LEP Board should note that this does have an impact in relation to progress towards our strategic priority to cement the Solent's position as the UK's capital of coastal renaissance, harnessing new technologies and approaches to revitalise coastal communities. However, it should also be recognised that the nature of risks impacting these investments, such as the ongoing economic uncertainty following Covid-19 / transition from the Governments Roadmap out of Lockdown to Build Back Better: Plan for Growth, are general risks and have the potential to impact across the LEPs portfolio of activity during the remainder of 2021/22.

In addition to the review of the delivery plan, it should be noted that the LEP has undertaken significant additional activity during the period which was not known during April 2021. This work should also be considered when reviewing the LEPs performance during 2021/22. Key examples of additional activity not included within the work programme when the delivery plan was considered include extensive use of convening powers to support key sectors such as maritime and aviation, and management of significant change at Board and Panel level to maintain governance position (including significant change in public sector board and panel representation following local elections).

### **Resolution:**

SGF Members are asked to:

- **Note** the mid-year delivery plan performance review.

### **Financial comments from the S151 Officer of the Accountable Body**

There are no specific financial implications arising from this report.

The LEP Board and FFPMG receive finance update reports at each meeting where any particular financial issues or risks are highlighted by exception with appropriate advice for mitigation. Where applicable all of the projects, programmes and activities within the delivery plan are subject to approval through the Board and the associated funding is contained within the three-year rolling budget.

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# Agenda Item 3



## Item 3

**Title:** Mid Year review Solent LEP Growth Hub  
**Date:** Friday 26 November 2021  
**Purpose:** April 1<sup>st</sup> 2021 - September 31<sup>st</sup> Growth Hub mid-year review

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Solent LEP Growth Hub (GH) provides a service that is open to all businesses and entrepreneurs from all sectors and sizes across the Solent. The GH is the first point of contact for individuals and businesses needing free and impartial business support with an aim to make the route to an answer as simple and straightforward as possible. The GH provides a one to one signposting service, connecting businesses to local and national programmes of support, with the option of online self-service if required <https://www.solentgrowthhub.co.uk/>

In addition to this, the GH provides more intensive support for businesses responding to local demand and current economic conditions engaging with local partners such as Local Authorities (LA's) and Business representative organisations (BRO's) to identify and address gaps in provision.

In the period between 1 April 2021 and 30 September 2021 the GH has adapted its local services to meet the changing needs of businesses. During continued periods of uncertainty for businesses the GH has remained flexible and responsive. In response to the changing trends of enquiry type across the past 6 months and feedback from the LEP's business taskforce and working groups, the GH have introduced new packages of support that included:

- Brexit advisory support
- Digital Accelerator programme
- Recover and Rebuild programme
- Potential exporters programme
- Funding and finance support
- Solent Business Wellbeing service
- Peer Networks
- Opening the door to public procurement
- Maritime UK Solent network briefings
- Sustainable business support programme

These programmes have been very well received resulting in the GH exceeding all KPI's for the 6-month period. GH KPI's for 2021/22 increased by 100% from 2020/21 and performance to date is summarised below showing continued growth and reach:

	<b>Local Annual KPI</b>	<b>6-month KPI</b>	<b>Actual to date (1 Apr - 30 Sep 2021)</b>
<b>Light touch support</b>	<b>10,000</b>	<b>5000</b>	<b>5620</b>
<b>Medium intensity interventions</b>	<b>900</b>	<b>450</b>	<b>643</b>
<b>High Intensity Interventions</b>	<b>175</b>	<b>87</b>	<b>91</b>

In addition to this, the GH are attending face to face events and workshops where it is safe to do so. Recent events with a large reach and international audience include London International Shipping week and several private sector business Expo`s. The GH is exploring new, creative, and innovative ways to provide business support. Most recent is the addition of a Solent LEP business support podcast that is available for download <https://www.buzzsprout.com/1861601/9288209>

Staff continue to work from home and will continue to do until at least January 2022. Hybrid working arrangement have been established and continue to be developed to meet ongoing demands from business (but subject to any national advice in relation to the ongoing response to C-19).

A presentation will be provided at the meeting.

#### **Financial comments from the S151 Officer of the Accountable Body**

The Solent LEP receives an annual allocation from Government in order to fund the activities of the Growth Hub which has risen in recent years to £536,500 in 2021/22.

All of the GH's core activities are funded from this grant and this is sometimes supplemented by additional funding such as a recent allocation to provide additional support leading up to and during the UK's exit from the EU.



**Item Number:** 4  
**Item Title:** Local Growth Deal Programme and Getting Building Fund Update  
**Meeting Date:** 26 November 2021  
**Purpose:** For Information, Advice and Decision

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## 1. Introduction

- 1.1 This report provides the Solent Growth Forum (SGF) with an update on the position of the Local Growth Deal (LGD) and the Getting Building Fund (GBF) at the mid-point of the 2021/22 financial year.
- 1.2 The report sets out the progress, key risks and mitigation actions as appropriate across the LGD and GBF for the SGF to consider that ensures that projects are delivered successfully, that all of the LEP's funds are managed proactively and to mitigate the potential to have to return any funding to Government.

## 2. Recommendations

- 2.1 It is recommended that SGF:
- **Note** latest position of the Local Growth Deal and Getting Building Funds as set out in appendices A and B respectively.
  - **Note** the update in relation to the LGD tail and the ongoing GBF projects as set out in paragraphs 4.1 and 5.
  - **Note** the updates provided in relation to progress on the Local Growth Deal and Getting Building Fund programmes, including the Annual Progress Reviews.
  - **Note** the updates provided in relation to the Rural SME and Crowdfunder programmes.

## 3. Local Growth Deal and Getting Building Fund Reporting

The positions of the LGD and GBF are reported formally to each meeting of the LEP Board and the finance sub-group, the Finance, Funding and Performance Management Group (FFPMG). At each of these meetings the LEP executive and the Accountable Body provide an update on each of the programmes from a financial and delivery aspect, highlighting any risks by exception for the Board and FFPMG to consider. As well as the formal monitoring of the programmes the LEP Executive and Accountable body discuss project progress on a regular basis and liaise with schemes leads as appropriate.

## 4. Local Growth Deal (LGD)

### 4.1 Local Growth Deal Tail

As reported to previous meetings there is an agreed LGD funding tail of £33m in 2021/22 to manage and including the claims accrued for 17 claims have been received totalling £23m which are either paid or at different stages of processing prior to payment.

The approval process is robust due to the significant sums involved especially where many of the claims represent the final payments to projects. The result of this is that it does take time to satisfy the due diligence on each claim however it is expected that a significant number of payments will be made by the end of quarter 3 which will be reflected in the actual expenditure in the financial forecasts accordingly.

In line with previous updates, variations have been agreed with some of the larger complex schemes that mean that a funding tail has now been re-profiled into 2022/23. As a capital switch has previously been actioned this does not pose any financial risk to the LEP and delivery is still progressing well.

Ultimately there is no expectation that there will be any remaining LGD funding after all of the projects are complete and there is no risk of having to return any of the LGD back to government.

Progress on the defrayal of all of the tail funding will continue to be reported at each FPPMG and Board meeting in order to enable all members to track progress against each of the remaining projects.

The financial status of the entire LGD programme can be found at appendix A.

## **5. Getting Building Fund (GBF)**

Similar to the LGD programme the GBF is time limited with the full allocation of £15.9m needing to be defrayed by the end of the 2021/22 financial year. The year one defrayal target (50%) was achieved with a small tail running into 2021/22 leaving a remaining balance of £8.6m that needs to be fully defrayed by 31 March 2022.

The financial status of the GBF programme is attached at appendix B.

Following Board approvals of seven projects, all now have executed funding agreements in place and are in the delivery phase. Following approval by the LEP Board at their meeting in October of the principles around the use of freedoms and flexibilities afforded to the LEP by HM Government in their management of the funds associated with the GBF, work has progressed to agree variations with two of the projects.

## **6. LGD and GBF Annual Progress Reviews for Projects.**

As has been the case for the last two years, the Delivery Team within the LEP have been undertaking a series of Annual Progress Reviews (APRs) for all projects within the LGD portfolio. These APRs take the form of a face-to-face meeting, albeit convened virtually given the current circumstances, between the project leads, the LEP Executive and Accountable Body finance team. The meeting purpose is dictated by a pre-meeting report which is completed by all project leads ahead of the meeting and provides a valuable opportunity to review progress over the preceding 12 months, highlight any good news stories, and focus in on any key issues faced by the individual projects.

This APR process has now been extended to take in the seven contracted GBF projects, thereby ensuring APRs are completed for all large capital projects within the LEP portfolio.

The APR guidance document and associated pre-meeting report templates are attached at Appendix C for the information of SGF members.

At the time of writing, 36 of the total 37 APRs have taken place since 13 September, and all will be completed by 16 November. Some common themes have emerged, and an update will be provided at the meeting.

The feedback provided has informed the LEP's gathering of business intelligence and has been fed into our regular reports to HM Government.

## **7. Other Programme Fund Updates**

### Isle of Wight and New Forest Rural SME Funds - Natural Enterprise

Natural Enterprise, an organisation based on the Isle of Wight, has been successfully delivering a programme of small-scale grants to rural SMEs on the Island since 2015/16, and in the New Forest since 2020/21, on behalf of and under contract to the LEP.

At their meeting on 10 November 2021. FPPMG considered and approved a request from Natural Enterprise to vary their current funding agreement to extend the deadline for fund defrayal from 30 September 2021 to 31 March 2022. This will enable retention payments to be made to completed projects, and also enable another funding round to be held for a small amount of returned funding be recycled to new SME applicants.

The ultimate funding source for the Rural SME Fund is the LEP LGD, and the programme closure activity detailed in section 6 of this report will provide independent verification of both the financial and economic outputs associated with the Rural SME Fund.

### Crowdfunder SME Support Programme

Since its launch in March 2020 as part of the coordinated response to COVID-19, the Crowdfunder SME support scheme has exceeded the Board's expectations, providing a total of 107 projects with £221,993 of LEP funding, unlocking a further £807,458 of funding contributions and providing crucial support to the Solent SME community at the height of the pandemic.

The use by the LEP of the Crowdfunder digital platform to manage the end-to-end process for each successful project enabled small, but significant, amounts of funding to be distributed in a very efficient, fast and cost-effective manner which enabled micro and small business to keep running during the initial lockdowns, or prepare for reopening in the post-lockdown phases.

The last two quarters have seen new funding applications much reduced, and it appears that, as the economy continues to open up, the LEP funding offered via the Crowdfunder platform is no longer as vital as it was in the earlier lockdown phases and the LEP is working to manage the closedown of the Crowdfunder platform in a sensitive manner, ensuring that any eligible projects who are currently campaigning to raise funds are not impacted by the decision and to ensure the LEP is in a position to relaunch SME support programmes via the platform in the future, if deemed appropriate.

## 8. **New Funding Call**

The LEP has launched a new funding call; the Solent LEP Building Back Greener Loan Fund, which aims to support businesses, educational establishments and social enterprises to build back greener and support the delivery of the Government's Net Zero Strategy and the Solent's Ten Point Plan for a Green Industrial Revolution of the Solent.

The funding call was launched on 18 November 2021, and further information can be found on the Solent LEP website at <https://solentlep.org.uk/funding-hub/solent-building-back-greener-loan-fund/>.

## 9. **Summary**

Appendix A shows the overall position of the Local Growth Deal programme including the tail funding that is being managed across the 2021/22 and 2022/23 financial years.

Similarly, Appendix B sets out the latest position of the Getting Building fund Programme which has to be defrayed in full by 31 March 2022.

A significant amount of work is being undertaken to try to ensure that the funding for the remaining projects within the LGD tail and the GBF is defrayed by 31 March 2022 however due to the complex nature of some of these projects and some of the implications of the Covid-19 pandemic coupled with the national supply chain issue may mean that the Accountable Body has to use some of the freedoms and flexibilities made available by HMG to profile a funding tail into the 2022/23 financial year. A similar process may also be used for any retention payments held until projects reach practical completion to ensure that the LEP and AB have enough leverage should any residual issues arise.

The FPPMG and the LEP Board will continue to receive an update at each meeting regarding the progress against the LGD tail as well as the year two progress of the GBF.

The risks of both programmes continue to be reported and monitored in the funding risk register as reported to FPPMG and the LEP Board where all projects are regularly reviewed and have the latest RAG rating attached to them. By providing this information, the LEP Board and FPPMG will continue to be able to understand the key risks and the actions required to ensure that no funding is lost to the area.

The Accountable Body will continue to provide up to date and accurate advice to ensure that all LEP funds are spent with regularity and propriety, that they secure value for money for the public purse and maximise investment opportunities for the area.

## 10. **Equality impact assessment**

An EIA is not required at this stage. EIA's are not required for note items and, in relation to decisions, these relate to agreement of programme-wide budgets (as opposed to any new investment decisions) and internal risk registers.

## 11. **Legal implications**

PCC's (acting as accountable body for the LEP) s.151 officer acts as the Chief Finance officer (by the relevant delegation powers) for the LEP and is in receipt of a general delegation from the Council in order to manage such matters.

12. **Financial comments from the S151 Officer of the Accountable Body**

All of the financial information and associated implications are reflected in the body of the report and the Appendices.

SOLENT LOCAL ENTERPRISE PARTNERSHIP - LOCAL GROWTH DEAL FUNDING BY SCHEME (INCLUDING DfT RETAINED SCHEME FUNDING)										
SCHEME NAME	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Accrual 2020/21	Capital Switch 2021/22	Capital Switch 2022/23	Total Budget
Solent Growth Fund (Growth deal - 2015/16 to 2021) / - SME Support from Solent	355,932	1,405,872	380,283	984,025	1,119,607	166,210	11,250	-	-	4,423,179
SME Support (COVID-19 priorities)	-	-	-	-	-	-	-	425,000	267,000	692,000
Crowdfunder - Pay It Forward	-	-	-	-	-	-	-	-	440,000	440,000
Solent Growth Fund (Growth deal - 2015/16 to 2021) - Programme Management	150,500	149,500	179,150	141,198	141,014	143,852	-	-	-	905,214
The Hard Interchange (PCC)	4,832,000	-	-	-	-	-	-	-	-	4,832,000
Dunsbury Hill Farm Link Road (PCC)	4,540,000	-	-	-	-	-	-	-	-	4,540,000
Station Quarter North (SCC)	4,185,000	-	-	-	-	-	-	-	-	4,185,000
Station Roundabout / Gudge Heath Lane (HCC)	2,065,000	2,888,893	-	-	-	-	-	-	-	4,953,893
Cancer Immunology Centre	4,500,000	-	-	-	-	-	-	-	-	4,500,000
Environmental Mitigation - Solent Mitigation Disturbance project	1,355,000	-	-	-	-	-	-	-	-	1,355,000
Eastleigh College Estates Renewal	6,810,000	2,190,000	-	-	-	-	-	-	-	9,000,000
IOW College Composites Centre	5,400,000	5,500,000	-	-	-	-	-	-	-	10,900,000
Capitalisation Costs for Solent Growth Deal Programme Management and Capacity	300,000	344,997	372,762	431,543	274,794	183,281	-	200,000	100,000	2,207,377
Peel Common Roundabout and St Margarets Roundabout	4,340,000	-	-	-	-	-	-	-	-	4,340,000
Newgate Lane South	-	6,072,571	2,927,429	-	-	(500,000)	-	-	-	8,500,000
Fareham and Gosport multiyear programme (A27 Dualling - phase 2)	-	3,198,000	-	-	-	-	-	-	-	3,198,000
Fareham and Gosport multiyear programme (A27 Dualling)	-	4,127,000	-	-	-	(170,000)	-	-	-	3,957,000
Solent Gateways (Isle of Wight Floating Bridge)	-	3,776,782	-	-	-	-	-	-	-	3,776,782
Innovation Fund - Fareham Innovation Centre - Phase 2	-	2,000,000	-	-	-	-	-	-	-	2,000,000
Innovation Fund - Programme Management Costs	-	75,000	134,544	28,975	-	-	-	-	-	238,519
Innovation Fund - BAE Maritime and Test Bed	-	456,633	-	-	-	(456,633)	-	-	-	0
Innovation Fund - Future Technology Centre (University of Portsmouth)	-	1,050,000	-	-	-	-	-	-	-	1,050,000
Contribution to BAE Employer Ownership Programme Scheme	-	129,000	-	-	-	-	-	-	-	129,000
National Maritime Systems Centre	-	-	1,679,334	-	-	2,564,664	756,002	-	-	5,000,000
Local Large Major transport schemes and infrastructure investment	-	-	339,497	24,220	-	-	-	-	-	363,717
BAE Marine Workshops and Marine Support Centre	-	943,066	-	-	-	-	-	-	-	943,066
Stubbington Bypass - LGD	-	3,500,000	-	-	3,500,000	1,500,000	-	-	-	8,500,000
Stubbington Bypass - LGD (DfT retained)	-	-	-	-	-	5,000,000	4,788,220	10,610,780	5,100,000	25,499,000
Stubbington Bypass - programme management costs	-	-	-	-	-	138,872	-	62,128	-	201,000
Fareham College - Civil Engineering Training Centre	-	-	-	-	2,402,418	375,974	49,719	-	-	2,828,111
Southampton Solent University - Warsash School of Maritime Science and Engineering	-	-	2,300,000	4,044,570	1,119,630	-	-	-	-	7,464,200
North Whiteley	-	-	-	-	1,905,280	5,814,638	1,333,310	2,800,000	2,146,772	14,000,000
A326 Highway Improvements	-	-	-	-	-	0	0	2,900,000	2,780,000	5,680,000
IOW Island Line - Brading Loop	-	-	-	-	-	0	595,000	105,000	-	700,000
University of Portsmouth - Centre for Creative and Immersive XR	-	-	-	-	-	1,272,286	2,345,275	-	-	3,617,561
Southsea Coastal Defences	-	-	-	-	-	1,250,000	3,750,000	-	-	5,000,000
ABP - Shore Power Initiative	-	-	-	-	-	2,217,175	2,217,175	-	-	4,434,350
COVID-19 Loan Fund	-	-	-	-	-	2,425,000	-	325,000	-	2,750,000
Fareham College FE Capital Transformation Loan	-	-	-	-	-	-	-	420,000	-	420,000
M27 J10 - original business case development (LGD - DfT retained)	-	-	-	2,150,000	2,500,000	-	-	-	-	4,650,000
M27 J10 - business case progression	-	-	-	0	0	-	429,814	470,186	-	900,000
Solent Build Back Greener Loan Fund	-	-	-	-	-	-	-	-	4,183,292	4,183,292
<b>SUB-TOTALS:</b>	<b>38,833,432</b>	<b>37,807,314</b>	<b>8,312,999</b>	<b>7,804,531</b>	<b>12,962,743</b>	<b>21,925,319</b>	<b>16,275,765</b>	<b>18,318,094</b>	<b>15,017,064</b>	<b>177,257,261</b>
LGD funding committed / approved or indicatively earmarked across future years	-	-	-	-	-	-	-	-	-	0
<b>TOTAL EXPENDITURE ON APPROVED LOCAL GROWTH DEAL SCHEMES</b>	<b>38,833,432</b>	<b>37,807,314</b>	<b>8,312,999</b>	<b>7,804,531</b>	<b>12,962,743</b>	<b>21,925,319</b>	<b>16,275,765</b>	<b>18,318,094</b>	<b>15,017,064</b>	<b>177,257,261</b>
Accountable Body Capital Expenditure (Funded by LGD to maximise use of LGD)	1,000,000	-	-	-	-	-	-	-	-	1,000,000
<b>TOTAL UTILISATION OF LOCAL GROWTH DEAL</b>	<b>39,833,432</b>	<b>37,807,314</b>	<b>8,312,999</b>	<b>7,804,531</b>	<b>12,962,743</b>	<b>21,925,319</b>	<b>16,275,765</b>	<b>18,318,094</b>	<b>15,017,064</b>	<b>178,257,261</b>

<b>FUNDING AGREED / INDICATIVE ALLOCATIONS</b>										
Solent Growth Deal Funding - received	40,391,667	42,640,334	24,302,028	10,817,860	9,252,686	9,252,686	-	-	-	136,657,261
DfT Retained funding returned to the LEP	-	-	-	-	-	10,250,000	-	-	-	10,250,000
DfT Retained funding - M27 J10 Buisness Case	-	-	-	2,150,000	2,500,000	-	-	-	-	4,650,000
DfT Retained funding - Stubbington Bypass	-	-	-	-	-	5,138,872	4,788,220	10,672,908	5,100,000	25,700,000
Capital Funding from Accountable Body (Returned)	-	1,000,000	-	-	-	-	-	-	-	1,000,000
Funding Slippage / Acceleration	(558,235)	(5,833,020)	(15,989,029)	(5,163,329)	1,210,057	(2,716,239)	11,487,545	7,645,186	9,917,064	-
<b>TOTALS:</b>	<b>39,833,432</b>	<b>37,807,314</b>	<b>8,312,999</b>	<b>7,804,531</b>	<b>12,962,743</b>	<b>21,925,319</b>	<b>16,275,765</b>	<b>18,318,094</b>	<b>15,017,064</b>	<b>178,257,261</b>
Variance:	0	0	0	0	0	0	0	0	0	0

SOLENT LOCAL ENTERPRISE PARTNERSHIP - GETTING BUILDING FUND					
SCHEME NAME	Actual 2020/21	Accrual 2020/21	Capital Switch 2021/22	Budget 2021/22	Total Budget
Port of Southampton Cruise Terminal	2,000,000	4,800,000	-	1,200,000	8,000,000
Enzyme Recycling Techniques - Building an Industrial Engagement Hub	-	308,282	-	691,718	1,000,000
<i>Fawley Waterside Digital (note 1)</i>	-	-	-	750,000	750,000
Branstone Farm Rural Employment Hub	-	150,000	-	2,075,000	2,225,000
HIWWT - Nutrient Mitigation Programme	-	-	-	2,000,000	2,000,000
University of Southampton - Centre for Electronics Frontiers	-	-	-	850,000	850,000
Portsmouth International Port - Provision of Border Control Post	-	-	-	550,000	550,000
Programme Management	109,761	-	-	470,239	580,000
Year 1 GBF Balancing Capital Switch	-	-	636,957	(636,957)	0
<b>TOTAL UTILISATION OF GETTING BUILDING FUND</b>	<b>2,109,761</b>	<b>5,258,282</b>	<b>636,957</b>	<b>7,950,000</b>	<b>15,955,000</b>
<b>FUNDING AGREED / INDICATIVE ALLOCATIONS</b>					
Getting Building Funding - received	8,005,000	-	-	7,950,000	15,955,000
Funding Slippage / Acceleration	(5,895,239)	5,258,282	636,957		-
<b>TOTALS:</b>	<b>2,109,761</b>	<b>5,258,282</b>	<b>636,957</b>	<b>7,950,000</b>	<b>15,955,000</b>
	Variance:	0	0	0	0

**Notes:**

1. Subject to satisfying all pre-conditions of the executed funding agreement

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# **Local Growth Deal**

## **Annual Progress Review Guidance**

August 2021

# Contents

1. Executive Summary
2. Background
3. Annual Progress Review Process
4. Contact Information
5. Annexe 1 - Pre-Meeting Report
6. Annexe 2 - Risk Management Framework
7. Annexe 3 - Risk Scores and Corrective Actions

The Solent area is an internationally-recognised key economic hub comprising the Isle of Wight, the two cities of Portsmouth and Southampton, and a constellation of large towns along the M27 corridor, New Forest and the Solent waterway.

Solent Local Enterprise Partnership (LEP) has invested in a large number of projects through its Local Growth Deal and Getting Building funds. As part of the ongoing monitoring and review of projects Annual progress reviews (APRs) will continue with each review comprising completion of a pre-meeting report and a subsequent meeting with the Solent LEP Delivery Team. The review is an opportunity to discuss progress towards each project's goals at a broad level, considering the quarterly Delta returns, claim reports and other communications between the project and the Solent LEP.

This document sets out the background behind the annual progress review, the method for undertaking the review, and what can be expected next for our funded projects.

## 2 Background

### 2.1 The Solent Local Enterprise Partnership

The Solent Local Enterprise Partnership (LEP) is the key interface and lead for economic development in the Solent, an area (See map 1, below) that stretches from Hayling Island in the east, to the New Forest in the west, and includes the Isle of Wight and the two cities of Portsmouth and Southampton. It is a partnership organisation between the business community, the Further Education and Higher Education sector, three unitary authorities, eight district councils and one county council. All the partners are actively working together to secure a more prosperous and sustainable future for the Solent area, providing the resources and economic environment which makes it easier for businesses and individuals to be productive and where pioneering research is encouraged through support for relevant institutions. For further information on the Solent LEP, please visit our [website](#).

Map 1: Solent LEP Area



### 2.2 National Context

The Government undertakes a rigorous audit of all LEPs on an ongoing basis to ensure they are making best use of their resources, including an annual performance review. It is part of every LEP's duty to ensure their projects are delivered as contractually agreed and in accordance with their agreed implementation plans.

In order to ensure the Solent area benefits from future Government funding, the LEP needs to prove that grant funded projects are providing a tangible benefit for the local economy.

## 3 Annual Progress Review Process

### 3.1 Annual Progress Review Process Introduction

The purpose of the annual progress review is to enable a face-to-face dialogue between the LEP as funder, and the senior responsible officer for each LEP funded project. This goes beyond the quarterly monitoring Delta returns, to make sure that the story behind each project is fully understood by all parties, and the funded project and the LEP can work together to resolve any issues, make sure opportunities for collaboration and promotion are identified, and have a productive conversation about project progress.

Ongoing monitoring and evaluation of any project is an essential way of ensuring the activity stays on track, and is delivering the intended benefits to the Solent area. The Government's [Green Book](#) introduces the concept as part of the business planning cycle, and summarises the core evaluation questions as set out below:

#### Box 16. Core Evaluation Questions

To what extent were the SMART objectives achieved and by when, in particular:

- to what extent were outputs delivered and when?
- to what extent were the anticipated outcomes produced and by when?
- what continuing change is expected as a result of the above?
- how well did the process of delivering the outputs and outcomes work?
- were there significant unintended effects?
- what social value was created as defined in the economic dimension?
- what level of confidence can be attributed to the estimates of impact, including social value?
- what was the cost to the public sector as defined in the financial dimension?

*HM Treasury, The Green Book, page 54*

Solent LEP understands that there is a significant load placed on projects to complete paperwork at application, contracting and claim stages. The LEP undertakes ongoing review and refinement of all funding paperwork, and always strives to streamline its processes. The annual progress review also presents an opportunity for funding recipients to provide constructive feedback to the LEP about how it can further improve its processes.

The annual progress review will be broken down into three key areas for each project: finance, delivery and reputation. These same three headings form the basis of the Local Growth Deal risk assessment contained within both the reports considered by LEP Board Directors and the quarterly Delta report which the LEP submits to HM Government. The data from the quarterly Delta reports submitted by each project is aggregated into the same report submitted to HM Government, which is why timely submission by projects of their Delta returns is crucial.

### 3.2 Finance

Each grant funded project is awarded an amount of funding which is also expressed as a percentage of the total project cost. Solent LEP needs to ensure that its investment is maintained at these levels, in order to stay within State Aid rules governing public funds. The

LEP also needs to ensure that there continues to be 'buy-in' from other parties in the form of match funding, and that the monies earmarked for the project have been spent in accordance with the business case and grant funding contract.

At the annual progress review, the 'spend' tab of the latest quarterly monitoring Delta return will be referred to, alongside previous or current grant claim information, visit reports and any other recent information regarding the project's progress. Solent LEP will check whether full defrayal evidence has been supplied, and identify any gaps in evidence which need to be addressed. Defrayal evidence usually consists of invoices related to the project expenditure, proof of payment of those invoices, and in some cases bank statement evidence to show the payments are being made from an appropriate bank account. Each project will be advised as to whether any further evidence is required.

The pre-meeting report includes questions relating to the finances of the grant funded project, and should be used by the project to identify any concerns, questions or opportunities for discussion.

### **3.3 Delivery**

Each grant funded project commits to a series of outputs it plans to achieve over a set period of time. These often relate to jobs, housing or qualifications for example. Solent LEP needs to ensure that the projects in which it has invested are achieving the outputs as set out in the contract in a timely manner. This tests whether the LEP is getting value for money for its investment of public funds.

At the annual progress review, the 'outputs' and 'milestones' tabs of the latest quarterly monitoring Delta return will be referred to, alongside previous or current grant claim information regarding outputs, or other recent information about the project. It is also a chance to review the 'risks' and 'issues' tabs of the quarterly monitoring Delta return as these are likely to impact the delivery of the project.

We will ask you for both quantitative and qualitative evidence of economic, social and environmental impacts as appropriate for your project. The review is an opportunity for you to explain any wider, unforeseen benefits that are attributable to the intervention, and whether outcomes would have been achieved to the same scale in the absence of the LEP's support.

The pre-meeting report (Annexe 1) includes questions relating to the delivery of the grant funded project, and should be used by the project to identify any concerns, questions or opportunities for discussion.

### **3.4 Reputation**

Each grant funded project not only has its own interest in ensuring a positive reputation, but the contract with the LEP includes a section regarding publicity. Solent LEP needs to understand what has been done to publicise the project, and whether the Solent LEP and the Government have been appropriately credited as per the publicity guidance document issued with the contract. The Solent LEP also needs to understand if there has been any instances of negative publicity, and how this has been managed by the project.

There are a number of Solent LEP events and campaigns currently planned, with more to be added throughout the coming months. We want to ensure our funded projects make the best use of these events and campaigns to promote their work.

The pre-meeting report includes questions relating to the reputation of the grant funded project, and should be used by the project to identify any concerns, questions or opportunities for discussion.

### **3.5 Pre-meeting Report**

Prior to the annual progress review meeting, you will be issued with a pre-meeting report template to complete (Annexe 1 below). This is an opportunity for each project to document progress towards delivering their project, and to attach any new, updated or outstanding evidence such as defrayal evidence, evidence of outputs, photographs, press extracts or other supporting documentation. You will also be able to list any challenges or achievements your project has faced, and lessons learned along the way. There will also be an opportunity for you to give constructive feedback to the Solent LEP about its processes and your experience of working with the LEP. This document will be used as the basis for the conversation at the annual progress review meeting and, as such, will need to be completed by you and submitted in advance of the meeting.

### **3.6 The Annual Progress Review Meeting**

You will be contacted by the Solent LEP to arrange the annual progress review meeting. The meeting will be held via M/S Teams or other conferencing facility to be agreed between both parties. We anticipate the meeting taking around one hour unless we are covering multiple projects which will take longer.

The Solent LEP will be represented by a member of the LEP Executive and a representative from the Accountable Body (Portsmouth City Council) finance team. You will be notified in advance if others are invited to attend. It is expected that the project will be represented by those managing the project on a day-to-day basis, and the authorised representative stated in the contract. It is important that the representatives attending the meeting have a sound understanding of the project, the funding contract and have the authority to make decisions regarding the project.

### **3.7 Post Meeting Actions**

The annual progress review meeting will be documented in the form of key points and action notes. These will be issued within two weeks of the meeting to ensure all parties are clear about what was agreed and any follow up actions.

Quarterly monitoring Delta returns will not be affected by the APR process.

After the meeting, the Solent LEP team will score all projects according to the LEP's risk framework (see Annexe 2). Should any concerns be identified, additional actions will be required as set out in Annexe 3.

## 4 Contact Information

Should you have any questions in relation to the annual progress review, please contact the Capital and Infrastructure Team on:

**Email:** [solentgrowthdeal@solentlep.org.uk](mailto:solentgrowthdeal@solentlep.org.uk)

**Telephone:** 02392 688 924





# Local Growth Deal Annual Performance review: Pre-Meeting Report 2021

## Data Protection

This report contains information that is personal data for the purposes of the Data Protection Act 1998 and The General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679) and in respect of which the LEP and its Accountable Body are obliged to supply the following information:

The personal data that you have provided will be used for the purpose of administering this project. It may be given to any relevant agency, internal or government department for this purpose and will not be disclosed to any other organisation for any other purpose other than in relation to cases of suspected fraud or where there is a statutory requirement for disclosure.

The Solent LEP would like to keep a record of your contact details and will send you further information, notify you of further opportunities and invite you to events organised by the Solent LEP. Your personal and business information will remain confidential and not be distributed to any third party organisation without your explicit consent. You can read the full details on our Privacy Statement at the following link to our website: <https://solentlep.org.uk/data-protection-privacy-notice/>

If you wish to be contacted by the Solent LEP for purposes other than this bid and including a regular email signposting other resources and funding to support businesses, please indicate this here by ticking the box:

## Confidentiality

It is the intention of the Solent LEP to be as open and transparent as possible in administering public funding. As such, the Solent LEP will publish the details of all recipients of public funds. However, we are aware that certain information contained in your pre-meeting report will be commercial in nature. If there is any information provided in this report which should NOT be published, please state which question this relates to:

In addition, please provide a supporting statement on why these sections are confidential in the box below, and confirm that you are happy for us to share with the [LEP Board](#). They too are bound by our Data Protection rules.

I confirm that I/we are happy for you to share with the <a href="#">LEP Board</a> .	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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## Declaration

The below declaration is an essential part of the pre-meeting report and must be completed.

<b>A</b>	I declare that the information I provide in this form is, to the best of my knowledge, correct.	<input type="checkbox"/>
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<b>B</b>	I understand that answers may be used in response to Freedom of Information Act 2000 requests and these will be released pending further consultation with me.	<input type="checkbox"/>
----------	--	--------------------------

<b>C</b>	I understand that, my report may be made public with the exception of any information I have indicated above as commercial in confidence.	<input type="checkbox"/>
----------	---	--------------------------

<b>Project Representative Name</b>	
<b>Project Representative Signature</b>	
<b>Date of submission</b>	

## A Project Overview

### A1 Project Details and Organisation Information

a.	Full project title	<i>Delivery Team to complete</i>
b.	Project reference number	<i>Delivery Team to complete</i>
c.	Project business name	<i>Delivery Team to complete</i>
d.	Authorised representative	
e.	Project manager for project	
f.	Project manager position	

### A2. Project update

a.	Provide a brief description of progress towards the project since the contract was signed <b>(500 words)</b> <i>You should describe the journey the project has been through, achievements, challenges and lessons learned.</i>

### A3. Project finance update

a.	Contracted total project cost in £	<i>Delivery Team to complete</i>
b.	Contracted Solent LEP grant in £	<i>Delivery Team to complete</i>
c.	Contracted grant rate (%)	<i>Delivery Team to complete</i>
e.	Contracted match funds in £	<i>Delivery Team to complete</i>
f.	Actual match funds in £	
g.	Actual total project cost in £	

## B Finance

### B1 Give an overview of the finances relating to the project. (200 words)

*Is spend on track or have there been cost overruns?  
Has the LEP grant been claimed as forecast?  
Has full defrayal evidence been provided?*

## C Delivery

### C1 Give an overview of the project progress to date. (200 words)

*Are the outputs being achieved as forecast?  
Has evidence been provided of these outputs?  
Have there been any delays or other risks realised?*

## D Reputation

**D1** What has been done to publicise the project? (200 words)  
*Which audiences and stakeholders have been engaged?*  
*Has the Solent LEP been credited appropriately?*  
*Please provide links to any publicity and press coverage where possible.*

## E Evidence

**E1** Have you attached any additional evidence to this report? Please tick all that apply.

- |                        |                          |
|------------------------|--------------------------|
| • Photographs          | <input type="checkbox"/> |
| • Press coverage       | <input type="checkbox"/> |
| • Other (please state) | <input type="checkbox"/> |

## F Challenges, achievements and lessons learned

**F1** What achievements have you enjoyed from your project? (200 words)  
*Have you exceeded your targets?*  
*Have you won any awards?*

**F2** What challenges have you faced, and how have you overcome these? (200 words)  
*Have project partners changed?*  
*Has your target audience not engaged as expected?*

**F3** What lessons have you learned? (200 words)  
*Would you have done anything differently?*  
*Was this the right project to achieve the intended outcomes?*

## G Feedback

**G1** What has been your experience of working with Solent LEP?

<b>a.</b>	<b>Please rate your experience of the following categories on a score of 1 - 4, 1 being very good, to 4 being very poor (only complete this if you have not completed it in a previous APR):</b>												
•	Awareness of Solent LEP funding and support	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>	4	<input type="checkbox"/>				
•	Initial enquiry handling	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>	4	<input type="checkbox"/>				
•	Communications and awareness of LEP processes	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>	4	<input type="checkbox"/>				
•	Application forms and documentation	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>	4	<input type="checkbox"/>				
•	Contracting	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>	4	<input type="checkbox"/>				
•	Claims	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>	4	<input type="checkbox"/>				
•	Monitoring including quarterly Delta returns	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>	4	<input type="checkbox"/>				
<b>b.</b>	<b>Are there any other comments you would like to give about your experience of working with Solent LEP? (200 words)</b>												



DELIVERY	SCORE	FINANCES	SCORE	REPUTATION	SCORE
Major issues have caused significant delays (more than 3 months); processes have been interrupted or not carried out correctly (e.g. planning permission has not been secured); or significant changes have had to be made to the aims and scope of the project. Project likely to under deliver forecast project outputs.	5	A variance of over 10% against profiled financial forecast (total expenditure) or significant changes to project finances required (increases or decreases) due to poor or delayed delivery.	5	Challenges with project are undermining LEP credibility with public or key stakeholder. This negative reputation will continue longer term and be hard to recover from.	5
Issues have arisen causing longer delays to the timetable (3 months or more) but no significant changes required to overall project aims and scope. Correct processes are not yet developed. Outputs may still be deliverable but challenging.	4	A variance of between 7% & 10% against profiled financial forecast (total expenditure). Budget changes have been required due to issues with project delivery.	4	Significant damage to LEP credibility with public or key stakeholder for sustained period or at critical point.	4
Issues have arisen causing longer delays to the timetable (less than 3 months). Correct processes will be achieved but are not yet developed. Outputs deliverable but will require re-profiling.	3	A variance of between 5% & 7% against profiled financial forecast Some budget changes have been required.	3	Undermine LEP credibility with public or key stakeholder in short term.	3
Minor issues have arisen causing small delays. Correct processes are developed. Project is on track to deliver outputs.	2	A variance of between 2% & 5% Small re-profiling changes to budget required.	2	May lead to widespread criticism.	2
No significant problems arisen in previous quarter. Correct processes are in use. Project is on track to deliver outputs.	1	A variance of up to 2%. Spend is largely on track with any minor slippage expected to be picked up by end of next quarter.	1	May lead to minor external criticism.	1

**Risk RAG Status and Scores**

3	4 - 6	7 - 9	10 - 12
			13 - 15

**Additional information to inform RAG status for FFPMG and Board**

<p>Risk Level increased since last update to FFPMG / Board</p> <p>↑↑↑ (3+ points)                  ↑↑ (2 points)                  ↑ (1 point)</p>	<p>Risk Level not changed since last update to FFPMG / Board</p> <p>↔</p>	<p>Risk Level decreased since last update to FFPMG / Board</p> <p>↓↓↓ (3+ points)                  ↓↓ (2 points)                  ↓ (1 point)</p>	<p>Risk Level not previously reported to FFPMG / Board</p> <p>NEW</p>
---	---	---	---





## Risk scores and corrective actions

Score	Actions required
3	<b>No concerns identified</b>
	> Continue with regular monitoring activity as defined in funding agreement
4 - 6	<b>Minor concerns</b>
	> Conference call with project lead to discuss project status
	> Additional corrective actions identified and agreed as required
7 - 9	<b>Some concerns - Escalate to FFPMG</b>
	> Monthly call to monitor project status
	> Project lead to provide corrective action required to reduce risk with measurable objectives
	> Report provided to FFPMG and Project lead to attend FFPMG meeting if requested
	> If deemed appropriate, face-to-face meeting to discuss project issues
10 - 12	<b>Significant concerns - Escalate to Main LEP Board</b>
	> Face-to-face meeting including FFPMG Chair (or nominated representative) Accountable Body, PCC finance and legal to discuss project issues
	> Formal letter from Accountable Body and LEP (via FFPMG) setting out concerns and corrective action required
	> Report required from project lead setting out actions to be taken by when
	> Review of outputs to determine if they are still achievable
	> Projects with a score of 11 (and rising) - Deep dive/ gateway review initiated by LEP Board to identify the key issues which are presenting a high level of risk
	> Regular weekly calls until risk score drops to a minimum of 8
13 - 15	<b>Major concerns - Immediate action required - Chair of LEP Board, LEP Chief Executive and S151 Officer of Accountable Body</b>
	> Face to face meeting with LEP Executive and Chair and Accountable Body to discuss project issues
	> Formal weekly follow up conference calls until risk level is deemed acceptable (9 or under)
	> Formal letter from LEP Board and Accountable body setting out issues identified and corrective action required
	> Formal letter from Accountable Body if funding deemed at risk / funding agreement in breach
	> Mandatory attendance at Board to provide scheme update and actions taken
	> Report required from project lead responding to deep dive/gateway review * with action plan setting out actions to be taken by when
	> An updated Business Case may be required
	> Withholding of funding and / or funding claw back should be explored
	* Where deep dive has not yet been completed this will be actioned

# Agenda Item 5



## Item 5

**Title:** Solent LEP Assurance

**Date:** Friday 26 November 2021

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### 1. Solent LEP Assurance Overview

The [National Local Growth Assurance Framework](#) sets out Government's guidance for places that are required to develop their own Local Assurance Framework. This applies to Mayoral Combined Authorities (MCAs) with a Single Pot and Local Enterprise Partnerships (LEPs).

In order to ensure continued compliance with the national framework, the Solent LEP has established a local assurance framework ([available here](#)). This framework is reviewed regularly to ensure continued compliance with the national framework.

Within this framework, the Solent LEP has established a broad range of approaches designed to demonstrate the standards of governance, accountability and transparency consistent with its role.

By way of summary, there are three key overarching areas of consideration for the Solent LEP in relation to assurance: Corporate Accountability, Public Accountability and HM Government Accountability.

Public accountability is provided through a range of mechanisms, including;

- Direct public and wider stakeholder engagement and consultation activity
- Transparency of information - including publication of key information via the Solent LEP website
- Opportunities for direct public engagement - through well established procedures including enquiry, FoI and complaints policies, as well as opportunities for direct engagement at Board and Panel level through the LEPs deputation policy
- The Solent Growth Forum - both as a public forum and through the roles of the forums elected representative members
- The accountable body (Portsmouth City Council) - which is responsible for overseeing the proper administration of financial affairs within the LEP when these affairs relate to public funds (including compliance with relevant frameworks, procedures and grant conditions, ensure funds are used with propriety, regularity and value for money, oversight of LEP Governance and Transparency arrangements, agreement of scrutiny arrangements, ensuring checks and reporting requirements of the S151 Officer - including annual assurance statement - are met, document retention, investigation of complaints, escalation of concerns to Cities and Local Growth Unit.)

Accountability to HM Government is provided through a range of mechanisms including;

- Regular monitoring and evaluation requirements on specific funds / programmes
- LEP Network Peer Scrutiny Reviews
- Annual Performance Review process - including mid-year review process and deep dive process.

Corporate accountability is provided through a range of mechanisms including;

- The role of the LEP Board
- The LEP Company Membership
- The LEP Executive team including dedicated corporate performance, governance and compliance function
- The wider LEP governance structure - including the Funding, Finance and Performance Management Group (FFPMG).

In relation to FFPMG specifically, a key role of this group is in relation to audit. This includes appointment of the independent auditor and overseeing the annual audit process (including the certification of final grant claims), ensuring the financial statements of Solent LEP Limited are audited within required timescales, receiving reports from both internal and external auditors and responding accordingly as well as investigating any financial irregularity contained within the remit of the LEP.

Within this context, the Solent Growth Forum have requested an update in relation to audit activity. FFPMG have commissioned internal audit services from Portsmouth City Council and an update in relation to activity is provided under part two of this report.

## **2. Internal Audit Overview**

### **Background**

There is no legal requirement for the Solent LEP to procure internal auditing services, however as the Accountable Body, Portsmouth City Council, is required to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes' in accordance with the Accounts and Audit Regulations 2015 Section 5. Solent LEP and PCC signed a Service Level Agreement for the provision of Internal Audit Services for a period of 3 years commencing in 2017/18.

This agreement provides the SLEP with an annual programme of audits, advice, investigations and providing an annual audit opinion as outlined in the Public Sector Internal Audit Standards, which are the standards to which an internal audit service must comply with.

### **Annual Opinion for 2020/21**

On an annual basis, the Chief Internal Auditor provides the SLEP with an annual audit opinion, below is the opinion provided to FFPMG for the financial year 2020/21.

'The audit results reported either previously indicate that the SLEP have a good framework for governance, risk management and control. There were two audits rated as limited assurance. These relate to Covid-19 activities that as noted above were implemented during a difficult period and at speed. Lessons were learnt and controls were adapted to enhance arrangements. There are no significant areas of concern in relation to the overall control environment.

The annual audit opinion for 2020-21 will therefore remain at 'Reasonable Assurance', as was the previous year. Four audit opinion levels are in place and these are: no assurance, limited assurance, reasonable assurance and full assurance. '

No Assurance	Limited Assurance	Reasonable Assurance	Full Assurance
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### **Annual Audit Plan 2021/22**

On an annual basis, in collaboration with the Chief Executive, an annual audit plan is formulated on risk basis. The audit universe for the SLEP is risk assessed to determine which areas are of higher risk and therefore suitable for an audit in the upcoming year. The risk assessment takes into account areas such as, but not exclusively, financial, legislative and project risks. The audit plan is presented to FPPMG on an annual basis for approval.

Periodically throughout the year, progress against the audit plan and results of the audits completed are reported to FPPMG, which is the board charged with Governance within the Solent LEP.

The current audit plan consists of 17 audits and is attached as an appendix.

### **Public Sector Internal Audit Standards (PSIAS)**

In accordance with the PSIAS the Chief Internal Auditor provides an Annual Internal Audit Opinion based on an objective assessment of the relevant organisation's framework of governance, risk management and control. The Annual Internal Audit Opinion must incorporate;

- The Opinion;
- A summary of the work that supports the Opinion; and
- A statement on conformance with PSIAS.

In addition, under PSIAS 1310 there is a requirement that, as part of the quality assurance and improvement programme internal and external assessments (of conformance with the Standards) must be undertaken. Standard 1311 allows for periodic self-assessments, which for Portsmouth City Council has been carried out each year since the standards were introduced.

Standard 1312 requires that an external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. For 2017-18 an external assessment was undertaken in agreement with the standards and key individuals within Portsmouth City Council. The results confirm the Internal Audits conformance to PSIAS.

### **Financial comments from the S151 Officer of the Accountable Body**

There are no specific financial implications arising from this report.

The Accountable Body are fully involved in all financial decision making and provides advice to the LEP Executive, the LEP Board and Panel members as appropriate to ensure that it provide the appropriate assurance in the protection of public funds.

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**Annual Audit Plan 2021/22 Activity Update**

<b>Activity</b>	<b>No. of days</b>	<b>Status</b>	<b>Results</b>	<b>Comments</b>
Governance & Decision Making Framework	10	In progress	Pending	
Compliance with the Financial Framework	5	In progress	Pending	
Loans	3	Due to commence Q4	Pending	
Solent 2050 Project	1	In progress	Pending	
IT Infrastructure	2	In progress	Pending	
Payroll / Expenses	2	Due to commence Q4	Pending	
Insurance	2	Due to commence Q3	Pending	
Recruitment & retention of staff	2	In progress	Pending	
Local Growth Deal grant sign off	5	Completed	Assurance	To be reported at the next available FFPMG

**Annual Audit Plan 2021/22 Activity Update**

<b>Activity</b>	<b>No. of days</b>	<b>Status</b>	<b>Results</b>	<b>Comments</b>
Centenary Quay Grant	5	Due to commence Q4	Pending	
Foundations for Growth Capital Grant (Enterprise Zone)	5	Due to commence Q4	Pending	
Restart and Recovery & Kickstarting Tourism Grant Fund	5	Due to commence Q3	Pending	
Getting Building Fund	10	In draft	Pending	
Local Growth Hub (includes process review)	10	In progress	Pending	
Isle of Wight and New Forest Business Resilience Funds	2	In progress	Pending	
Solent LEP Pay It Forward Fund	1	In progress	Pending	
Careers Enterprise Company	10	Due to commence Q4	Pending	
Contingency/ Investigation	19	-	-	
<b>TOTAL</b>	<b>100</b>	-	-	

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