

# Audit Finance and Governance Panel

Minutes of the meeting held on Tuesday, 12<sup>th</sup> April 2022 via Microsoft Teams

## Attendance

### Board Members

Stephen Savage (Audit, Finance and Governance Chair)  
Daffyd Williams (ABP)  
Mark Pearson-Kendall (Andrew Jackson Solicitors)  
Richard Frostick (Ernst & Young)  
James Newman (Chair HEY LEP)

### Secretariat

Andrew Hewitt HEY LEP

### Guests

Teresa Chalmers (HEY LEP)

## 1. **Welcome/ Declaration of Interest/ Minutes of the last meeting**

Stephen Savage welcomed the members to the panel.  
The minutes of the last meeting were approved as a true record.

TC provided an update on the current staffing position of the LEP and outcome of the BEIS Funding Settlement for HEY LEP in 2022/23.

DW declared an interest on the discussion around Opportunity Humber as ABP are involved in the early discussions on the formation of this group.

JN declared an interest in discussions on EU funding cessation.

## 2. **Apologies**

Apologies were received from Graeme Smith, HCC.

## 3. **Levelling Up White Paper, LEP Review, LEP Core Funding Settlement 2022- 2023 and implications**

JN provided an update on the Levelling Up White Paper and the subsequent letter from government which stated an ongoing role for LEPs within the context of a future devolution deal and combined

authority in the HEY LEP region.

The HEY area has been invited by government to be one of ten to present proposals to develop a 'County Deal' model of devolution for their area. JN noted that the LEP should play an important role in any future formative stage combined authority arrangements as the business voice will be included within the structure.

JN noted that the immediate challenge is to continue to deliver an optimum range of services within the funding envelope we have been allocated, and to work closely with the Local Authorities in support of their devolution activity.

DW asked a question from a governance point of view of what happens in the interim before combined authority is formed. He noted that there is a loose timetable in place for implementation, however much is still to be negotiated. DW noted the current staffing position and also raised the issue of the ongoing viability of the HEY LEP. JN commented that HEY LEP have received a years settlement in 22/23, in comparison to last years two six-month blocks of resources and is seeking to have early discussions with LAs around where the LEP will sit in any combined authority and their timescales for implementing these plans. It was noted that much of the decision making on the progression of Devolution was in the hand of central government.

JN provided an update on Opportunity Humber and the discussions around its formation, scope, and governance arrangements. Both HEY and GL LEPs support this opportunity to engage directly with central government and are keen to play their part in negotiations.

#### 4. **2021-22 Budget Outturn and 2022-2023 draft budget**

TC introduced the papers on behalf of Graeme Smith who had sent his apologies to the meeting. TC outlined the spend position in relation to the core budget to the end of February 2022. It indicates a likely underspend of c £128k which would be added to available reserves.

In terms of a budget for 22/23 an indicative budget framework was circulated based on figures available in mid-March 2022. However, following funding settlement notification and a reduction of funding of £125k this is being reworked and will be re-presented to the board and a future AFG Panel. This may require an extraordinary meeting of the board/panel to be convened to discuss this.

#### 5. **Annual Performance Review**

TC reported that the first BEIS Annual Performance Review of HEY LEP had been undertaken on 25<sup>th</sup> January 2022. The review had focussed on three specific areas: Governance, Strategy and Delivery (Programmes). As a result of this review the LEP had received an excellent report, with positive feedback provided in all three areas of work. BEIS recognised that the way the LEP team has responded to the various challenges the team have/are facing and how they have acted in a flexible, agile, and professional manner to deliver outcomes for the area.

## 6. **Economic Growth and Workforce Wellbeing Strategy next steps**

AH outlined that the HEY LEP Economic Growth and Workforce Wellbeing Strategy was launched on 17<sup>th</sup> February 2023. The document can be accessed on the HEY LEP website ([Strategy » HEY LEP - Hull and East Yorkshire](#)). Having launched the strategy the next step to undertake is develop delivery plans for the four key priorities outlined in the strategy ( P1 – Productive & Innovative Economy; P2- Clean Growth Economy; P3- Skilled and Inclusive Economy; P4 – Competitive & Resilient Locations) for the period up to 2026. These delivery plans will outline the strategic actions which the LEP and other partner agencies will undertake to deliver the vision and ambitions outlined within the strategy.

In order to complete this activity accurately there is a requirement to engage all LEP Sub-boards as well as Local Authorities and other stakeholders.

In 2019/2020, the Department for Business, Energy and Industrial Strategy (BEIS) introduced the requirement for all Local Enterprise Partnerships to produce a Delivery Plan to outline key targets for the forthcoming year. Plans must be created on an annual basis and the LEP produced a delivery plan for 2021/22 which was approved the board at the June 2021 meeting. The deadline for completion of this delivery plan for 2022/23 is June 2022.

The LEP Delivery Plan is a key part of the Assurance Framework which provides assurance to Government and Parliament (as well as the residents, businesses, and other stakeholders) that there are robust systems and processes in place locally to ensure resources are spent with regularity, propriety, and value for money.

Due to the limited time available to produce the 22/23 delivery plan the board agreed that HEY LEP undertake a twin track delivery planning process, to complete a 22/23 LEP delivery plan focused upon items wholly within the delivery remit of HEY LEP. At the same time consultation commences with LEP Sub-groups, Local Authorities, and

other stakeholders to produced delivery plans for the four strategic priorities outlined in the strategy for the period up to 2026, which captures a wider range of project and service delivery, including considering the guidance included in the Shared Prosperity Fund, once this has been announced.

## **7. Growth Hub Review progress**

AH provided an operational update and briefed the panel on progress on the Growth Hub review. It has been a positive year for the Growth Hub with business engagement up on last year and most KPI's met. Business Intelligence is being gathered regularly which provides a useful insight into the main issues faced by businesses, and this has been fed into BEIS at regular intervals.

The Growth Hub funding settlement for the 22/23 financial year was communicated to the LEP on 30th March 2022. This funding settlement represents a 50% cut on previous years settlement to £215,375 from £430,750 received in 2021/22. Due to the short timescales since receiving this letter it has not been possible to fully understand the implications of this and reflect this in a revised budget this work is currently underway in consultation with both Local Authorities. The Growth Hub funding provides resource to allow LAs and LEP to deliver business support activities across the HEY LEP area.

Prior to this funding settlement the LEP had commissioned a review of Growth Hub activities to critically assess the strengths of the Growth Hub model and delivery and to aid service redesign. This work is progressing well and there has been a good response from the business community (over 700 business engagements) which will give a strong evidence base to draw conclusions from. The review is programmed to complete in May 2022 and will be a vital document in shaping the future Growth Hub activity and wider public sector funded business support offer across the region.

## **8. New Business Loan Fund**

AH reported that the HEY LEP Board at its meeting on 19th January 2022 agreed to commit £3.25m from the HEY LEP's Growing Places Fund to create a new 3-year business support programme

£0.45m from this allocation is ring-fenced to cover programme management and administration, including the retention of the existing Investment Programmes Co-ordinator and Investment Programmes Officer roles.

Hull City Council, the accountable body is able to use this fund to exercise established freedoms and flexibilities to manage any underspend arising in the current Growing Hull and East Yorkshire programme, along with any outstanding management and administration allocation from LGF and GBF programmes, ensuring that agreed outputs/outcomes on LGF/GBF programmes are delivered too.

The programme builds on the previous success and legacy of the Humber LEP's Growing the Humber Programme and the HEY LEP's Growing Hull and East Yorkshire business investment grant programme, with funding decisions delegated to the HEY LEP's Investment Panel, Chaired by David Kilburn.

#### 9. **Any Other Business**

RF asked about the UK Future Prosperity Fund and if this will replicate the amount received from the previous EU funds. JN declared an interest sitting on the national board, commenting that the board has repeatedly asked for confirmation of the UK resource and how it will replicate best practice whilst reducing bureaucracy. Members expressed their concerns in any funding gaps that may occur, particularly to local services and the support of the VCSE sector

Note – the UKSPF announcement was made on the 13 04 22 and can be found here - <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus>