



Department for
Business, Energy
& Industrial Strategy



Ministry of Housing,
Communities &
Local Government

Cities and Local Growth Unit
1st Floor, Fry Building, 2 Marsham Street,
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11 March 2019

Richard Kenny
Chief Executive
Lancashire LEP

By email:

Dear Richard,

I would like to thank you and the previous LEP Chair and Chief Executive, together with the Accountable Body for participating in the Lancashire LEP Annual Performance Reviews this year. With the publication of *Strengthened Local Enterprise Partnerships*, it has been a year of significant change and I am grateful for your continued cooperation. Your participation in the LEP Network Working Groups has helped greatly in shaping this year's assurance processes, culminating in the publication of the revised National Local Growth Assurance Framework.

As with last year, I am writing to communicate formally the outcomes of the 2018-19 Annual Performance Review, and to set out the actions that are required. The agreed note of the Annual Performance Review is attached. Alongside the Section 151 Officer letters to the Accounting Officer, the outcomes of the Annual Performance Reviews will be used to inform recommendations for funding for the 2019-20 financial year.

Performance Review

As set out in the 2018-19 Annual Performance Review Guidance, following the Annual Performance Review meeting, officials in the Cities and Local Growth Unit undertook a review to look at the performance of each LEP across the three themes: governance, delivery and strategy. Following feedback and wider discussion, it was decided not to award an overall marking for this year as initially indicated. It was felt that this was a fairer representation allowing the LEP to focus on each individual theme.

The review also sought to highlight any areas where there may be need for further development or where there is good practice to be shared. This involved reviewing the information provided for the Annual Performance Review meeting along with other sources including Spot Checks on compliance with the National Assurance Framework, Growth Deal data submissions and LEP governance processes and policies.

Following the conclusion of the Annual Performance Review process we have determined that the LEP is compliant with the National Assurance Framework. Feedback under each theme is set out below:

Governance

The LEP's governance is considered to be good.

The LEP and the Accountable Body have demonstrated a clear commitment to delivering on the requirements of the LEP review and it is good to see the wide consultation taking place on the appointment of a new Chair for the LEP Board. This will be critical to securing an influential Chair to accelerate the work of the LEP on governance, including the perceptions of the LEP and ensuring the recruitment of a high-performing new LEP Chief Executive.

We also recognise the steps the LEP is making to achieving gender balance and welcome recent appointments to the board which help to meet this target, you are now at 25% female representation, with further active work in place the national targets by 2020.

Your response to the LEP review and the pace at which you have been approaching this is encouraging and it is important that momentum is maintained in developing your governance systems, especially in creating a secretariat independent of local government, which we will be maintaining a close eye on.

Arising from the Annual Performance Review, the following actions and feedback were identified:

- The LEP to ensure that an independent secretariat is in place by the end of March 2019.
- The LEP to keep HMG and partners fully informed of progress on the recruitment of the LEP Chair, highlighting any risks to the timetable or delivery. This is a key opportunity to ensure that the LEP has the right leadership through a significant period of change which will involve the recruitment of a new Chief Operating Officer, responding to the LEP review and developing a Local Industrial Strategy for Lancashire.
- Chair roles and responsibilities are to be reviewed following publication of new National Assurance Framework and updated accordingly. The LEP will include a revised structure chart showing the flow of organisational decision making.

Delivery

The LEP's delivery progress is considered to be good.

Lancashire LEP has the tenth largest Growth Deal in England and the largest of any non-Core City area. You have demonstrated good progress in delivering your programmes, including Growth Deal, Enterprise Zones, Growth Hub and Growing Places Fund. Projects are largely delivering to schedule, and any issues are identified and resolved in good time with very few projects identified as at risk or in the Red or Amber categories. You have evidenced a strong commitment to risk management through the Growth Deal Management Board at the programme and project level. This robust approach should continue in the remaining years to ensure full spend and achievement of outputs and outcomes.

There are some large projects in your programme, in particular the Preston Western Distributor project, which represent potential risks to the programme, and it is important that these risks continue to be managed effectively. The LEP has also demonstrated that it and supported projects adhere to programme branding guidance and publicity requirements.

Arising from the Annual Performance Review, the following actions were identified to further strengthen programme delivery:

- Maintain good programme and risk management of Local Growth Fund projects and ensure the Area Lead is informed of progress and funding reallocation especially relating to large projects (e.g. Preston Western Distributor).
- Ensure that the forward plan of milestones and associated publicity requirements to maximise ministerial branding requirements on projects are developed and shared with Area Lead.
- Work with Cities and Local Growth Unit Compliance Team and LEP Network to share best practice on delivery and social value toolkit with other LEPs and institutions.

Strategy

The strategic impact of the LEP is considered to require improvement.

It is recognised that good progress has been made by the LEP in developing the evidence base for the Lancashire Local Industrial Strategy, work on your Technical Skills Strategy and producing your first innovation plan.

You have produced and are implementing an MP engagement strategy and have undertaken some significant strategic development work over the last 12 months including on your evidence base. It is important that these developments and the evidence base now start to come together in a Local Industrial Strategy for Lancashire.

This work is taking Lancashire LEP in the right direction, and it will be a key role for the incoming Chair and Chief Executive to begin to drive this forward and coalesce various strategies into a single Local Industrial Strategy for Lancashire (including Blackpool and East Lancashire).

We recognise the work you have done with neighbouring LEP areas on strategic development and the complexity of the political landscape that the LEP operates in. It will be key for the incoming Chair to drive and develop the perception of the LEP across the Northern Powerhouse and nationally, and also seize the opportunity to tell the Lancashire story.

To ensure improvement, the following actions were identified to ensure that the LEP becomes more strategically driven:

- Begin development of Lancashire Local Industrial Strategy in earnest, bringing together last 12 months of strategic development and ensuring the spatial element is part of this.
- Continue to deliver MP engagement strategy and improve relationships with MPs through ongoing contact and outreach.
- Work with LEP Senior Sponsor to raise the profile of the LEP across Whitehall.

We will work with you to agree an action plan detailing how the LEP intends to approach the areas of improvement.

Next Steps

The previous sections of this letter set out some areas where we would like you to focus over the next twelve months and my team will be in touch to follow-up this letter. If you have not already done so you should publish the joint assurance statement you wrote with the LEP Chair ahead of your Annual Performance Review on the LEP website. You will receive

further information on the decisions relating to your Local Growth Fund and core funding allocations for the 2019-20 year shortly.

As part of the Annual Performance Review preparation we asked you to provide us with information on where Government could better support you to fulfil the ambitions of your place. We have noted this feedback and will continue to work with you to explore these issues over the coming months. Further, we are committed to working with you over the coming months to support you to deliver local priorities and develop your area's Local Industrial Strategies.

I take this opportunity to remind you of the importance of following the communication and branding guidance as Minister Berry stated last year. This will continue to be a term of your grant offer letter.

Thank you once again for participating positively in the process.



STEPHEN JONES
DIRECTOR, CITIES AND LOCAL GROWTH UNIT

cc. LEP Chair and Section 151 Officer.