



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

Dave Smith
Executive Director
Sheffield City Region LEP

By email

Dear Dave,

I would like to thank you, the LEP Chair and other colleagues for participating in the LEP Annual Performance Review this year. With the publication of *Strengthened LEPs*, 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 73 Officer letter 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.

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 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 has shown good working practices in its working alongside the Combined Authority, with a joint Assurance Framework that explains each institution's role. SCR's work to consolidate all the LEP's funding streams within the MCA as the single accountable body is noted; as are the steps being taken to bring the Section 73 and Monitoring Officer roles within the MCA staffing structure.

I recognise that the recent LEP Board (and Chair) recruitment processes has had a positive impact on gender balance. The board has a good, diverse spread of membership from across the city region's geography, its sectors and sizes of business. It is also of note that the LEP's board meetings are well attended by private sector members, who are effectively engaged and able to provide robust challenge.

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

- The LEP is to continue to implement the findings from the LEP's governance review including "portfolio" lead roles for LEP Board members. It will be important for the LEP to keep these new arrangements under review in the months ahead, to ensure that the voice and influence of private sector partners remains robust; both at board level and throughout supporting structures and networks. We would welcome an update from the LEP in around 6 months' time on how these new Governance arrangements are working in practice; including in the context of how your governance arrangements will support delivery of your refreshed Strategic Economic Plan (SEP) and emerging Local Industrial Strategy (LIS).
- SCR's relationship with the Department for Education (DfE) was a particular focus of the annual performance review discussion, and the Unit will continue to work with SCR to clarify the position on Skills Advisory Panel (SAP) funding and implementation. It will be important for SCR to fully exploit the opportunities presented by the SAP to enhance its relationship and partnership working with DfE at local level.

Finally, with regard to governance, while we are still some time away from all the requirements of the 'LEP Review' coming into force, it would be remiss of me not to note that the SCR's geography and associated LEP Board composition will need to also be kept under review in the weeks and months ahead, as the final positions of Local Authority partners become clear, in order for the LEP to be fully compliant with the Review when we reach the end of 2019-20.

Delivery

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

The LEP has effectively set out a clear plan for the delivery of the Growth Deal programme. While there is still a forecast for an overall spend shortfall at the end of 2018-19, the steps taken by SCR to start to overturn the shortfall from previous years have been well executed. It is most encouraging that these efforts are now expected to make an impact.

It will be important during 2019, as we progress beyond the mid-point of the Growth Deal, for the LEP to reach some final conclusions on how its Local Growth Fund sub-programmes can be rationalised so that final spend can be managed within the overall funding available.

In the light of the Annual Performance Review, the following actions and feedback are identified:

- While recent project approvals are demonstrating positive progress and assurances against in-year spend targets, there remains a significant challenge for spend in the

final two quarters to meet its profile. It will be important that the LEP continues to monitor this, to help ensure the final, end-of-year position is in line with the assurances given.

- SCR should also now take the opportunity to re-examine the anticipated outputs from the Growth Deal. As highlighted in the APR notes, the SCR's housing outputs for the current year will, in particular, need to be looked at again. Though we do also recognise that the key role of the LEP is to help prepare such land for development, rather than deliver actual house-building programmes. Nevertheless, both Government and the SCR will be equally keen to see the numbers of new homes built matching original funding expectations and commitments given.
- As per the note of the Review meeting, there are also a number of specific actions identified for the Unit and wider partners to take forward with SCR, including with regard to future transport funding, the relationship with Homes England, and delivery of the next phase of the "Skill Bank" project with DfE (where my points above regarding the opportunities presented by the SAP should again be noted).

Strategy

The strategic impact of the LEP is considered to be good.

There is a good degree of fit between the SCR's strategic vision and current spend programmes, and the new SEP and LIS will need to be instrumental in providing a strategic framework for how ongoing resources are invested.

The reasons for delaying the renewal of SCR's Strategic Economic Plan (SEP) are understood; not least to ensure that the new LEP Chair is able to put his own stamp on future strategic direction, as well as to ensure incorporation of the Mayor's vision. SCR has nevertheless set out a helpful project plan for delivering a renewed SEP and new Local Industrial Strategy (LIS), which is welcomed.

In the light of the Annual Performance Review, the following actions and feedback are identified:

- We are aware from a range of local partners that the refreshed strategy work is eagerly anticipated. Hence, positive and proactive engagement with all key stakeholders in a new, shared vision for SCR will be critical; including in terms of galvanising buy-in for the City Region as an institution that can add value and accelerate growth. SCR needs to take all opportunities presented by engaging on its SEP and LIS to embed and enhance its networks and relationships with stakeholders.
- SCR also needs to collaborate positively with its neighbouring LEPs on its future strategic direction; in particular 'D2N2', given the shared economic interests in the northern parts of Derbyshire and Nottinghamshire. As the role of LEPs matures, I am keen to see ever-greater collaboration and SCR's location, playing-in to a range of neighbouring local economies, should provide a case study for joint-working and engagement.
- There are opportunities for SCR to engage with Government, particularly BEIS, via the expansion of the 'Advanced Manufacturing Innovation District' and further development of the 'Global Innovation Corridor' concept as it finalises its LIS. The Unit will continue to support the development of these relationships, between the local area and Whitehall, wherever it can.

Next Steps

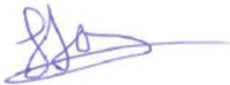
This letter sets out some areas where we would like you to focus over the year ahead and my team will be in touch to follow up. If you have not already done so you should publish on the SCR website the joint assurance statement you provided ahead of the Annual Performance

Review. 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 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. As noted above, we also remain committed to working with you to deliver your local priorities and develop your LIS.

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 73 Officer.