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| Title: | Chief Executive's Report |
| Purpose: | To update Board members on the operational activities of the BTVLEP Executive following the March board meeting. |
| Recommendation: | That members note the content of this report and consider the proposals for potential Skills Capital funding from the Local Growth Fund for the projects submitted by Bucks New University and Creative Media Skills (section 4). |

1 Modernising Local Government

On Monday March 12th the Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) made a written Ministerial Statement announcing that he was minded to proceed in response to the locally-led proposals that he had received for improving local government in Buckinghamshire and that he was also minded to implement, subject to Parliamentary approval and further discussions, the locally led proposal to replace the existing five councils across Buckinghamshire with a single council for the area.

Before the final decision there is a period until 25th May 2018 where further representation or proposed modifications can be made directly to the Secretary of State. A copy of the notification received from Paul Rowsell, the Head of the Governance Reform and Democracy Unit at MHCLG, and full ministerial statement are attached as **Appendices 1 & 2** to this report.

2 Finance Governance and Assurance

At the last meeting of this board the BTVLEP Budget for 2018/19 was approved, members wished to see a further breakdown of the staffing costs which is now attached as **Appendix 3** to this report.

At the last board meeting a list of board member roles was agreed for the next financial year, subsequent to that decision Alex Pratt announced that he would be standing down as both Chairman of Buckinghamshire Business First and as a private sector representative on the BTVLEP Board. Adam Stronach will be attending the Board meeting on 23 March as BBF's fifth representative (and has attended a number of previous BTVLEP Board meetings). The BBF Board has proposed that Michael Garvey, who is now the Chairman of BBF, will replace Alex as Chair of the Aylesbury Vale Enterprise Zone board.

I would like to thank all board members for completing your extended update on the register of interests, the completion of this work ensured that Richard Ambrose was able to submit the annual statement of assurance on February 28th to ensure that we are able to secure core funding for 2018/2019. A copy of this statement is attached as **Appendix 4** to this report. I also wanted to draw members' attention to the excellent response we received from Steven Jones, Head of the Cities and Local Growth Unit, following the completion of our annual appraisal process, which highlighted that BTVLEP's overall performance was rated as good, as were our strategic, assurance and delivery assessments. A copy of this correspondence is attached as **Appendix 5** to this report.

3 LEP Network Update and LEP Review

The national LEP Review is continuing but has been delayed slightly and will not be concluded until May/June 2018. As a reminder the objective of the review is to:-

- Define with greater clarity the strategic role of LEPs in driving growth and productivity for business; people; ideas; infrastructure; and place.
- Strengthen business leadership and corporate governance to ensure that LEPs remain diverse private sector-led organisations that can shape and challenge local economic decision making, through the adoption of best practice.
- Establish clear accountability through rigorous financial reporting and enforcement of transparency in decision making.
- Assess the impacts of boundary overlaps to ensure clarity, transparency and representation of functional economic areas.
- Improve organisational capability and planning certainty, including looking at options for a common incorporation model; how LEPs are resourced and the standardisation of organisational structures and reporting.
- Define the relationship between LEPs and Local Authorities, as well as new organisational structures such as Mayoral Combined Authorities.

The advisory panel that are supporting the review have now met on two occasions and have developed the following principles that will guide the review:-

- That clarifying the mission of LEPs is integral and that this must be kept simple.
- Strong business leadership and effective partnership working is a key determinant of a successful LEP.
- LEPs need to have arrangements that enable them to set a strategy for long term change and economic improvement.
- LEPs must have clarity on their roles and responsibilities, and on how to effectively measure their output and impact.
- More must be done to ensure LEPs have a small number of targeted objectives rather than an expansive list of activities.
- The review could consider increasing the proportion of private sector representatives that sit on LEP boards and that promoting a diverse and representative private sector voice in LEPs is essential to their success.
- The review should agree approaches for promoting effective leadership, including fixed terms for chairs.
- That LEPs must be clearly distinct and that the review should explore in detail how local government provides support to LEPs, such that LEPs are able to provide a strong and independent private sector voice.

In addition, advisory panel members also agreed the review should be mindful that:

- LEPs should have a broad remit in driving growth and should not be restricted to allocating funding alone.
- LEPs should not be reduced to a support function for the economic development arm of a local authority.
- Imprecision on LEPs' role risks 'mission creep' and impedes their ability to focus on driving local growth.

- That in setting out any revised expectations, these should reflect LEPs' strategic role and be precise when describing LEPs' outputs and activities.
- That whilst Government could be more prescriptive in setting out some of its expectations of LEPs, it should recognise that LEPs are local organisations and should retain local autonomy.

Members of the BTVLEP Executive have participated in two separate briefings with the review team to ensure that our current arrangements are aligned with the emerging review principles. At our last board meeting a number of questions relating to the incorporation model for this board and the composition of the board member representation were highlighted. It is intended to address these issues at the conclusion of this review, by which time it is likely that a Parliamentary decision may also have been made in relation to the Modernising Local Government position in Buckinghamshire.

4 Local Growth Fund Programme Update and Funding Review

At the last board meeting an extensive summary of the Local Growth Fund programme was provided for Board members. I am pleased to report that significant progress has been made on a number of projects over the past 6 weeks.

Following support and advice from Adam Stronach and Michael Garvey a draft offer letter and contract for the Silverstone Innovation Centre has now been issued and will hopefully be finalised by the end of the financial year.

John Rippon has met with Great Western Railway and been able to receive a very positive update on the Maidenhead to Marlow rail link, which has now completed its GRIP2 assessment and is expected to be approved by Network Rail as part of the final GRIP3 assessment in May 2018 allowing delivery in line with the original forecast budget.

The contract offer for the Taplow Sustainable Transport Scheme has been approved and the work programme will commence in May 2018 and be concluded by March 2019.

The business cases for the two skills capital projects have now been received and are currently being initially assessed by our independent assessor Dominic Williams of DW Consulting. As members will recall, these projects were initiated from an open call for the £1.5m remaining skills capital Local Growth Fund allocation in 2017. Initially 3 proposals were shortlisted but the third project from the Bucks College Group for a medi-tec facility has now been successfully funded through other sources. The projects from Creative Skills Capital who are based at Pinewood Studios and Bucks New University to develop a Creative Industries focussed incubation facility in the High Wycombe Town Centre are attached as **Appendices 6 and 7** to this report.

Creative Media Skills

Creative Media Skills (CMS) are fast becoming known as the UK's leading film training provider. They work hand in hand with the industry and the companies that support it, to facilitate their specific and targeted training requirements at the top level. CMS is a trusted platform where top UK film professionals are able to pass on their experience and knowledge to the next generation of filmmakers.

Being based at the heart of Pinewood Studios enables CMS to ensure each training opportunity is state of the art and world-class, and will directly impact Buckinghamshire's future workforce. As the need for this type of training has grown, so has CMS, mainly due to its unique, specialised offering. CMS are now seeking to establish a series of industry led, business focused 2-year BA degrees and 1 year MA degrees run from Pinewood Studios. In order to do this CMS are looking to develop:

- Extension of the CMS base to include HE specific training rooms, which will be equipped with HE compatible replay technology
- A library/reference/screening room for private study time
- A bespoke studio room, which can be used by students outside of specified training hours
- State of the art HD and Digital equipment specific to industry needs
- State of the art practical equipment specific to industry needs
- Workshop space for filming

This additional space and capital growth will enable CMS over a 5 year period, to deliver unique HE qualifications that will be run from the workplace, and will be designed by employers, answering their specific and changing needs.

The overall project cost is £611k and a maximum 50% funding contribution of £305,500 is being sought from LGF Funding.

Bucks New University Creative Industries Innovation Hub

This project will establish a Creative Industries Innovation Hub at the University's High Wycombe Campus, in the heart of the Buckinghamshire region.

The University has built a strong reputation for providing education, training and research that supports entrepreneurship, employment, innovation and growth across a broad range of creative sectors. This project builds on this reputation, working in partnership with regional agencies to provide a location for the next generation of creative industry start-ups and micro businesses to access the resources and expertise needed to grow and establish themselves in the region. It will also provide a pipeline for existing students, graduates and learners at local FE colleges and schools, to view Buckinghamshire as the perfect location in which to be trained and find long term creative industry employment in science, technology, engineering, arts and mathematics- related disciplines (STEAM).

The High Wycombe campus currently houses an extremely wide range of Creative Industry disciplines in a relatively small footprint for the University sector. This gives us the unique ability to support businesses in making quick connections and building rapid R&D capacity without the complexity associated with similar hubs that are often more geographically disparate.

The hub will provide a ready-made network within which staff, companies and students can establish a cross disciplinary 'project-based' approach that drives the business innovation needed to capitalise on new physical and digital markets. We anticipate that the Creative Industries hub, along with the University's two other hubs (The Digital Skills Hub at UCAV and the Health & Life Sciences Hub also based in Wycombe) will be managed by one outsourced management provider.

The total cost of this project is estimated to be £2.184m with up to £846k being sought from Local Growth Fund Resources.

A summary of the assessor's reports will be shared with board members ahead of the meeting to support initial feedback to be LGF Project Review Board who will be meeting separately on Wednesday 21st to consider the Eastern Link Road funding proposal.

5 Growth Hub Update

The annual Growth Hub review has recently been submitted to BEIS and is attached as **Appendix 8** to this report.

Growth hubs have been tasked with extending their reach, developing peer-to-peer networks, connecting businesses to the best support available from the private and public sectors and to target support on those businesses with the opportunity, ambition and greatest potential to grow.

The completion of this review enables the release of the £287,000 LEP contribution to Growth Hub funding for 2018/2019. As board members are aware, the Buckinghamshire Growth Hub has been recognised as one of the strongest in the country, to strengthen future submissions an independent assessment is currently being undertaken by Regeneris.

6 Enterprise Zone and Development Update

The focus of activity for the Aylesbury Woodlands project is the completion of the Section 106 arrangements to secure the full planning approval for the site by April 2018, negotiations are progressing well and I am hopeful of completing arrangements within this timeline.

As mentioned at the last board meeting, Buckinghamshire was successful in four separate marginal viability Housing Infrastructure Bids, one of these bids was to improve the transport access between the Aylesbury Woodlands site and the Aylesbury Town Centre, the team are now working to provide further feedback into the detailed deliverability of this scheme as requested by Homes England. We still await feedback on the larger forward funding HIF bid, which is currently expected to be available in April.

At Silverstone a number of new tenants have been confirmed for the Enterprise Zone site, the most notable of which is the DS Virgin Racing Formula E team who have taken occupancy of an 11,000sq ft unit which will be home to 25 HQ staff, I am pleased to note that MEPC are considering the case for the next phase of the Enterprise Zone expansion of high quality employment space for the high performance technology cluster. Elsewhere at Silverstone, I attended the launch event for the development of The Silverstone Experience on March 7th, the event welcomed its Royal Patron HRH Prince Harry to officially launch the £19.3m project that has been supported by a £1m BTVLEP loan and is due to open in spring 2019.

Earlier this month I chaired the first meeting of the Westcott Space sector group which included representatives from the UK Space Agency, the Satellite Application Catapult and a number of the key operators working on the site including Reaction Engines, Nammo and European Astrotech. Given that there is now significant momentum behind the different space related initiatives at Westcott, these regular meetings will help co-ordinate activity and align future opportunities. On the ground the 5G test facility will be operational by the end of March, an appointment has been made for the Incubation space manager with the new facility being open before the end of April. A separate communications group have been established and are looking to secure a ministerial visit to the site in June ahead of the Farnborough International Air Show the key event in the UK space programme calendar.

BTVLEP have recently commissioned planning consultants URBED to undertake a master-planning review of the Halton, Wendover Woodlands and Green Park sites. This commission has been made in response to the board's desire to maximise the economic potential of the RAF Halton site and to identify potential complementary opportunities with the neighbouring locations. It is expected that the review process will take approximately 3 months and will provide the initial evidence base to support future dialogue with the Defence Infrastructure Organisation over the sale of the Halton Site. The master-plan will also look to support the Aylesbury Garden Town programme by providing an overview of opportunities in neighbouring areas.

7 Skills Board Update

The Skills Board met on March 6th with the focus of the meeting reviewing the recently produced Buckinghamshire Labour Market Insights report which is attached as **Appendix 9** to this report. The report is helpful in endorsing the focus of the Skills Strategy in particular the opportunities for reskilling and retraining as part of the national post 18 review and in identifying high growth sectors within the local economy. The report is also helpful in spotting emerging trends within the local labour market including the geographical variance in job vacancies across the county.

Further to the announcement that levy paying businesses will be able to transfer 10% of their annual levy total to other businesses to spend on apprenticeship training, the board wanted to explore developing a proposal for Bucks employers to pool these 'gifted levy' payments for the benefit of Bucks business. Since the last BTVLEP board meeting, the guidelines around transferring levy payments have been clarified:

For businesses transferring the levy:

- The aim of the transferring of funds is for bigger businesses to encourage smaller businesses to invest in training
- 10% of their declared annual transfer total (including Gov't's 10% top up) can be transferred to a named employer for an identified apprentice and apprenticeship. Need to ensure you will be able to support throughout duration of apprenticeship or you will be liable for 10% of outstanding costs (Gov't will pay 90%).
- You can transfer to levy paying and non-levy-paying businesses
- Transfers can be a strategic decision to support partners and supply chain to train their staff for mutual or sector benefit
- Initially, a company can only make a transfer to one organisation.
- Transfers can only be used to fund a Standard, not Frameworks

For businesses receiving a transfer:

- Transfers can only be made to named businesses with identified apprentices and apprenticeships
- Without a transfer, non-levy payers have to pay 10% of costs of apprenticeship training. Receiving a transfer from a company means 100% is paid
- Non-levy paying businesses will need to set up a digital account to receive the funding
- Smaller businesses may be able to benefit from the expertise of a larger business

Employers will need to be aware of 'state aid' rules when receiving funds from other organisations. Ten per cent of all funds received as a transfer from another employer count as [state aid](#). Therefore, the maximum amount that an organisation can receive through a transfer of funds is 2 million euros over 3 years. Before accepting a transfer, employers should check how much state aid they've already received in any 3 year period, so they don't go over the 200,000 euro limit they're allowed under 'de minimis' funding rules - see [guidance on 'de minimis' support](#).

Read more about how [transferring apprenticeship service funds](#) will work.

As a result of the above, it is not likely that the Government would be receptive to levy funds being pooled for unspecified businesses, apprentices, apprenticeships or providers. Non levy paying businesses are already able to claim 90% of training costs from the Government (funded by unspent levy pots) without transfers or pooled funds. However, there is role to play in encouraging more businesses in Bucks to invest in taking on apprentices or train existing staff. Additional support could then be offered with a transfer where possible.

One of the biggest challenges for the creative industries is that projects often don't last long enough to host an apprentice. An [Apprenticeship Training Agency](#) would be a potential solution to this and Pinewood Studios' position and function could work especially well in this regard.

8 European Programme Update

BTVLEP currently have live calls totalling £4.8m in the following ERDF programme areas PA1 Promoting Research and Innovation, PA3 Enhancing the Competitiveness of Small and Medium Enterprises & PA4 Supporting the Shift to a Low Carbon Economy. All calls remain open until April 20th with further call windows available in October 2018 and March 2019. Under PA3 we will be looking to submit our proposals for the small business loan fund as highlighted at the last board meeting and it is likely that an extension to the current Low Carbon programme will be submitted for PA4.

In the rural programme, a significant number of applications have been received for the Leader programme since the turn of the year and investigation is now underway to see whether there is the ability to move funds between local leader schemes and between the Rural Growth Fund to ensure applicants can be supported and funds retained within the local area.

9 Communications Update

The focus of the communications activity over the past few weeks has been on the review of the BTVLEP website. Aylesbury based agency Shared Creative have been commissioned to establish a new site for BTVLEP making it easier to comply with the accountability requirements, improving search functionality and improving links to partner websites. It is expected that the new site will be operational by May 2018 but will run in parallel with the existing website over an initial transition period.

Members are asked to:-

- 1. Note the content of this report and consider the proposals for potential Skills Capital funding from the Local Growth Fund for the projects submitted by Bucks New University and Creative Media Skills (section 4).**