**CHESHIRE AND WARRINGTON LEP BOARD MEETING**

**Subject: Chief Executive’s Report Agenda Item: 5**

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**Meeting Date: 17 January 2018**

1. **Executive Summary:**

This report provides an overview and a commentary on: latest GVA data; Government Re-shuffle; Annual Conversation; Major Route Network; Growth Hub; Budget; ESIF; New Members of Staff and MPs’ Briefing.

1. **Recommendations / Action Requested:**

The Board is asked to note the contents of this report.

1. **Details:**

Summary

1. This is a longer than usual report as, notwithstanding Government re-shuffles, there is quite a lot that the Board will want to be aware of and/or comment on. In some areas, unfortunately, we have been able to make less progress than we had hoped as we are still waiting for Ministers to give us the detail we need, for example, to begin to set up the new Growth Hub. The reshuffle won’t help as it will take a while for new Ministers to get up to speed with their new briefs.

Latest GVA Data

1. The Office for National Statistics published their latest estimates of sub-regional GVA on 20 December. The data covers the period to the end of December 2016, and uses an entirely new methodology. Nevertheless, C&W has maintained its position as having the second highest GVA per head of population anywhere in England outside London at £29,338 per person. This is 120.9% of the UK average – already above the target of 120% that we originally wanted to achieve by 2040!
2. The ONS data contained further good news as it showed that total GVA in C&W grew by 6.1% during 2016 – 3.7% after allowing for inflation. This was the second highest rate of growth in the whole of the UK (the best performer being Inner London – West). At current rates of growth, C&W will overtake both Liverpool and Lancashire to become the second largest economy in the North West by Easter this year. This is despite both their populations being over 60% larger than ours!
3. Amongst the three local authority areas, Warrington had the highest growth rate during 2016, whilst Cheshire East has the highest per capita GVA at 131.7% of the national average.

Government Re-shuffle

1. The Prime Minister carried out a Ministerial re-shuffle on 8 and 9 January. Both Greg Clark and Sajid Javid kept their jobs, albeit, in an indication of her priorities, Mrs May re-named DCLG as the Ministry for Housing, Communities and Local Government. Esther McVey, who took over from George Osborne as the MP for Tatton, was appointed as the Secretary of State for Work and Pensions, and in the junior Ministerial ranks, Jake Berry remains the Northern Powerhouse Minister, Jo Johnson, our Ministerial sponsor in BEIS moved to DfT, Margot James, the Small Business Minister and Growth Hub champion moved from BEIS to DCMS and Andrew Jones, the Treasury Minister who was chairing the LEP Review, has moved to Conservative Central Office.

Annual Conversation

1. Our “Annual Conversation” with BEIS/DCLG took place on 21 December. The overall tone of the discussion was very positive and the official note says that government Officials are happy with the way we are managing our programme. Nevertheless, to take account of the wider work underway on LEP governance and accountability, we are likely to have to tweak our procedures to take account of revised guidance from DCLG, in particular on Whistleblowing. Where possible, however, to avoid making constant piecemeal changes to our systems and procedures, we will aim to implement them as a single package once the LEP review has reported.

Major Route Network

1. The Transport Secretary Chris Grayling issued a consultation on establishing a major route network on 23 December – the Saturday before Christmas! At present, Highways England is responsible for the Strategic Route Network – in effect the Motorway network plus a very small number of ‘A’ roads (including the A55 and the A483 in our area). All other roads are left to local authorities to manage and maintain. The proposal now is that a small number of other key ‘A’ roads (probably amounting to around 4% of total road mileage) should be designated as being part of the Major Route Network and become eligible for capital funding from the Government drawn from a pot created by ring-fencing vehicle excise duty so that it can only be spent on investment in roads.
2. Whilst, on the face of it, this is very welcome, seen from a LEP perspective its major weakness is that this type of funding was previously routed through the Local Growth Fund to LEPs. The consultation very clearly states that Ministers will decide which projects to pursue on the basis of advice from the sub-national transport bodies – TfN in our case.
3. We have until mid-March to respond to the consultation and will discuss a draft with the Local Transport Board.

Growth Hub

1. We had expected to have received confirmation from BEIS by Christmas about the amount of money available to fund our Growth Hub. Without this it is difficult to make progress with designing and delivering our new Hub, or to make provision for a short extension of the existing hub to allow for a smooth transition between the two. We are continuing to push BEIS for some early decisions.

Budget

1. Mark has tabled a paper for later in the agenda for this meeting proposing a budget for 2018/19. It is a “steady state” budget and not, as we had originally hoped, the beginning of a transition towards the longer term future that the Board discussed at the Awayday at the end of October. This is largely because of the lack of clarity we have over central funding and the need to ensure that we reflect the outcome of the LEP Review in our future structure and role, as well as a need to do more work to understand the profile of income from the Enterprise Zone. Once the mists start clearing we will return to the Board with the medium term strategy that we discussed at the Awayday.

European Structural and Investment Funds (ESIF)

1. As agreed at the Awayday, we have prioritised the ESIF work in order to give ourselves the best chance of securing the remaining funding and making sure it doesn’t have to be returned to Brussels. Following a discussion with regional partners, Tim Smith (Warrington & Co.) has joined the LEP team and we will shortly be welcoming Maude Guthie (Chester University), to work alongside existing secondees from Cheshire West and Chester. A tender to secure further expert support was issued before Christmas, particularly in relation to securing European Social Funding, and we received five bids by the deadline of 23rd December. We are interviewing three of the bidders, with a view to confirming the composition of the complete team by 12th January. The team will be managed by Mark and will work out of Wyvern House.
2. ESIF can be a useful source of funding to deal with unexpected events. Once we have bid for all the remaining funding, we will be left without a source of revenue to deal with such eventualities, unless the Government confirms the details of the Shared Prosperity Fund, the successor to ESIF. We understand that other LEPs, and the devolved administrations, are beginning to raise similar concerns, have therefore drafted a letter to Sajid Javid which Terry O’Neill, as the chair of the ESIF committee, will send within the next day or so.

New Members of Staff

1. We will be welcoming Jane Wilson to the team on 15 January. Jane will be supporting John Adlen and Sarah Harvey with events and other aspects of PR and inward investment marketing. John and Sarah both realised that significant amounts were being spent from their own budgets on procuring these activities from external companies, and concluded that they would get better value for money by using some of their respective budgets to employ someone within the team. We will also be interviewing four candidates on 23rd and 24th January for the “foreign owned company account manager” post that is being funded by DIT

MPs’ Briefing

1. We held one of our regular briefing sessions for our MPs at Portcullis House on 13 December. We had an excellent turn out and a very wide-ranging discussion. The MPs asked to see the letter we have drafted about the ESIF hiatus, and said that they would use it to lobby Ministers themselves. Laura Smith also offered to have a separate meeting with us to discuss regional rail connectivity to the Crewe HS2 station and Justin Madders has commented positively in “The Times” about the work we are doing with Vauxhall to try to secure the long term future of the Ellesmere Port plant.