



Ministry of Housing,
Communities &
Local Government

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**Ministry of Housing, Communities and Local
Government**
2 Marsham Street
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Rt. Hon Meg Hillier MP
Chair of the Committee of Public Accounts
House of Commons

8 May 2019

Dear Meg,

**PUBLICATION OF 2018-19 LOCAL ENTERPRISE PARTNERSHIP ANNUAL
PERFORMANCE REVIEW RESULTS**

In advance of the scheduled Public Accounts Committee hearing into Local Enterprise Partnerships on 13 May, I am writing to provide you with an update of the outcomes of our 2018-19 LEP Annual Performance Reviews (APRs).

As you are aware, every year we conduct an annual assurance process to review the performance of all 38 LEPs over the previous 12 months; and to agree actions and next steps on where improvement is required.

The performance ratings resulting from the 2018-19 process are included in Annex A. These results will be published on GOV.UK in due course.

I hope that the Committee finds this update helpful.

MELANIE DAWES

Annex A: Local Enterprise Partnership Assurance Process

1. Annual assurance process

1. During 2018-19 the Department has continued to develop its assurance process, including revising and strengthening its APR marking criteria. These developments build on previous years' improvements to provide assurance across the full range of LEP activity.
2. In line with the process in 2017-18, the 2018-19 process consisted of three elements:
 - Compliance checks (formerly spot checks) which are checks on a LEP's website and publicly available documentation to ensure compliance with the LEP National Assurance Framework and LEP governance and transparency Best Practice Guidance;
 - APRs (formerly Annual Conversations) where the Department meets with LEPs to review performance in key areas of strategy, delivery and governance; and
 - Deep dives that assess a LEP's local assurance framework with the National Assurance Framework and the Best Practice Guidance.
3. Feedback was provided to LEPs after each stage of the assurance process highlighting areas for improvement. Where necessary, individual improvement plans for LEPs were developed.
4. Following the APR the Department randomly selected a LEP from each of the governance assessment categories to undergo a deep dive. The deep dive examined the LEP's organisational culture in relation to governance, accountability and transparency. It also allowed the Department to identify areas of good practice and to test the assurance process provided an accurate assessment of LEP performance.
5. The outcomes of the assurance process were considered and formed the evidence base for funding recommendations for the financial year 2019-20.

2. Aggregate Performance Ratings of LEPs following the 2018-19 APR process¹

6. In order to provide the public more information around the performance of LEPs, this year we have decided to publish performance ratings for LEPs by each category, rather than providing an overall aggregate performance rating. The performance ratings resulting from the 2018-19 process are included in the table below. These will be published on GOV.UK in due course.

	Governance	Delivery	Strategy
Exceptional	3	4	6
Good	32	22	26
Requires Improvement	2	11	5
Inadequate	0	0	0

3. Headline Findings

¹ The newly established Greater Cambridge and Greater Peterborough Business Board was omitted from being rated given the transition that had taken place over the previous year and the fact that the Board had not received Ministerial recognition as a LEP at the time of the APRs.

7. Best Practice

- **Continuous improvement:** LEPs have made significant proactive improvements over the past year in all three themes. Some of which include substantial governance restructures to improve accountability and transparency.
- **Culture:** some LEPs were found to have a culture of good governance which is embedded throughout the LEP and their decision making. The best examples showed a flow through from structure into decision making, project and programme management, evaluation and review. There were good examples of external challenge and scrutiny arrangements in place and a commitment to continuous improvement.
- **Project management:** some LEPs are clearly proactive in the management of their LGF programme and take active steps to mitigate risk.
- **Stakeholder engagement:** some LEPs are strong convenors of local, regional and national stakeholders. This engagement is helping to shape both strategy and decision making.

8. Areas for Improvement

- **Separation of duties:** in their Local Assurance Frameworks, some LEPs need to better clarify the distinct roles between the LEP, their Accountable Body and Section 151 Officer.
- **Diversity:** some LEPs need to take further action to improve the diversity of their boards and ensure that recruitment considers ethnicity and gender. Some LEPs also need to consider how to ensure that their Board represents their whole geography and the sectors in their local areas. sectors.
- **Delivery:** some LEPs need to improve their programme and project management to ensure that they can deliver projects on time and in budget to meet strategic priorities.
- **Branding:** some LEPs could do more to publicise their work and the contribution Government has made to the LEP and the projects it is supporting.

4. Conclusion

9. The Department will continue to work with LEPs to improve performance with lessons learnt from this year's assurance process feeding into the development for 2019-20.
10. On 8 January 2019 the Department published the new *National Local Growth Assurance Framework*. This replaces the previous Local Enterprise Partnership and Single Pot Assurance Frameworks and seeks to provide a common framework of understanding of the assurance required for local growth funding. The Department remains committed to strengthening LEPs through the implementation of *Strengthened Local Enterprise Partnerships* and a refreshed assurance process which, together, have built a solid foundation for LEPs to deliver local growth whilst ensuring value for money for the taxpayer.

