

Local Enterprise Partnership (LEP) Scrutiny Board

10.30 am, 16 March 2022

Present at the meeting

Mr B Wearing (Chair)
Mr M Wilson (Vice-Chair)
Mr N Hughes
Mr J Lister
Mr R Ashcroft
Mr K Hamilton
Mr B McEwan
Mr P Turner
Mrs H Carrick
Mrs C McCarron-Holmes

Also in attendance

Mrs J Lappin – Chief Executive (CLEP)
Lord R Inglewood – Chair (CLEP Board)
Mrs C Notman – Strategic Policy and
Scrutiny Advisor
Mr D Hamilton – Democratic Services
Officer

50 APOLOGIES

Apologies were received from Mr P Dew, Mrs S Evans, Mr K Hitchen and Mr S Collins.

51 MEMBERSHIP

Members welcomed Mrs H Carrick and Mr K Hitchen as permanent members of the Board.

52 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

53 EXCLUSION OF PRESS AND PUBLIC

RESOLVED that, the press and public not be excluded from the meeting during consideration of any items of business on the agenda.

54 MINUTES

RESOLVED that, the minutes of the previous meeting held on the 9 September 2021 were confirmed as an accurate record.

55 ECONOMIC OVERVIEW

The Chair began the meeting by congratulating the Chief Executive – CLEP on the award of her recent MBE.

Members were then provided with a presentation which provided an overview covering 4 main subject areas – Governance, Delivery, Strategy and Economic Overview.

Beginning with Governance, members heard that Local Assurance Framework (LAF) had been fully reviewed and revised in September 2021 and the CLEP's Compliance Review had been completed by the Accountable Body. In addition there was a further Update to the LAF completed in January 2021. In terms of board membership, the CLEP Board was fully compliant with representation requirements and the 'Gender' Target Milestone had been met with plans in place to reach 50% by 2023. Members were also provided with an update on the progress of the CLEP's Futures Forum and the implementation of the Futures Framework and heard that members now had personal development plans in place.

The Chief Executive – CLEP then provided an update on the Delivery subject area. With regards to Growth Deal funding, members heard that funding had been allocated by March 2021 as required that seven projects were being actively managed towards completion. The Getting Building fund had also been fully committed to a programme which would delivered in line with the agreed Change Controls. The Growth Hub funding was on track to deliver spend and outcomes despite being back loaded due to contracting delays. Members also heard that the Careers and Enterprise Programme had a revised Strategic Plan with a new website about to be launched and had full coverage including SEND.

An outline of the Strategy Work of the CLEP was given which included a discussion about the STEP Application of which it was stated that Cumbria's suitability was in the top five nationally. Members also heard that the Cumbria Transport and Infrastructure Plan was completed and published and that the Business Decarbonisation Plan was about to be launched.

The Chair of the CLEP Board discussed the economic landscape and how difficult it was to forecast the medium term impact on the local economy. A discussion then took place regarding the increased cost of living and then this discussion moved onto the impact of increased costs on schemes such as the Future High Street Fund and Towns Deal. The Chief Executive – CLEP explained that these projects were led by the District Councils with oversight from Central Government but it would be very important for CLEP to understand what the contingency planning arrangements were if costs were to increase or if market demand was impacted. Members expressed their concerns regarding the price of fertiliser and the impact that this would have on the food supply. The Vice-Chair asked about the financial contributions made toward

the A595 schemes. The Chief Executive – CLEP explained that the CLEP would make financial contributions but the remainder would come from the project applicant which would draw from the Department of Transport and the County Council as highway authority. The Chief Executive – CLEP answered a question regarding prudential borrowing and pension fund investment to facilitate economic opportunities in Cumbria. She explained that conversations had taken place in the past with the County Council as the largest authority within the fund but the difficulties presented by having the LGPS as part of a wider fund had meant these investments had not taken place.

The Chief Executive – CLEP provided further detail to the Economic Overview subject area by discussing the short/medium term ‘hangover’ from COVID which meant grant funding was in very short supply. However, she explained that recovery had generated demand for products and services from Cumbrian businesses and lots of businesses were now very busy. Members heard that staffing and labour shortages had continued to act as a constraint on output, profit recovery and growth for many businesses.

In relation to the economic impact of the Russian invasion of Ukraine, members heard that the energy price increase had already had a serious impact on business and large businesses faced cost very large increases. Similarly fuel prices have had a significant impact on the logistics sector and on farmers. Supply chain issues had caused increased input and output costs, for example with metals including copper and nickel often used in plumbing supplies. Members then heard about the increased risk and concern relating to cyber security.

On the topic of growth priorities, members were provided with an overview of the opportunities presented by new investment in clean energy production. Including, the Spherical Tokamak for Energy Production (STEP), offshore wind and Small Modular Reactors (SMR).

56 JOURNEY TO NET ZERO

Members considered a report on the ongoing activities of Cumbria LEP in support of Net Zero targets. Members heard that the Cumbria LEP (CLEP) had identified Net Zero as one of its three strategic touchstones alongside productivity and inclusive growth. In order to effectively contribute to Net Zero, CLEP had identified the twin priorities of supporting clean energy generation and helping businesses to decarbonise.

The Chief Executive – CLEP explained that CLEP was currently in the process of developing a Clean Energy Strategy, which synthesised all of the individual action plans produced for each technology type. The structure of the report would be presented to the March meeting of the CLEP Board, with the draft report produced shortly after. A consultation process would then take place prior to the finalisation of the strategy in May 2022.

Members received an update on the Spherical Tokamak for Energy Production (STEP) site. Members heard that since the shortlist was announced a further technical site visit was completed on 1 December 2021 together with a clarification

workshop to secure further information. CLEP had also submitted a response to Government's Green Paper, which set out the proposals for the regulation of future fusion energy facilities. This was submitted by the 24 December 2021 deadline. The UKAEA Recommendation Panel visited the site on 27 January 2022 to meet with both strategic and technical leads. This was supported by two stakeholder events which both took place in late January. The Chief Executive – CLEP anticipated that the formal assessment would be completed by UKAEA by end of May, at latest. A recommendation would then be made to the BEIS Secretary of State, with a decision expected before the end of the 2022 calendar year.

Members also heard that the CLEP Chair and Chief Executive had also met with the Chief Executive of Rolls Royce SMR to outline Cumbria's credentials to be an early adopter for siting of a Small Modular Reactor.

Following questions regarding Net Zero targets the Chief Executive – CLEP explained that commitments were always underpinned with actions aligned with policy and investment. She explained that the most significant opportunity was the Spherical Tokamak siting project which would fundamentally transformative for Cumbria as well as national and international energy generation.

Members noted the contents of the report.

57 LEVELLING UP WHITE PAPER AND IMPLICATIONS

The Chief Executive – CLEP provided a report which sought to detail the implications of the government's Levelling Up White Paper for LEPs. The White Paper confirmed that LEPs would continue to play a key role in supporting the levelling up agenda across England. A letter from Government was expected to be sent to LEPs shortly clarifying roles, responsibilities and funding, going forward on the back of the Levelling Up White Paper. This was anticipated in March and an update on the content of this would be provided if it has been received in advance of the next Scrutiny Board.

The Chief Executive – CLEP outlined the missions which would guide the UK's approach to levelling up over the next decade and set the medium-term ambition of the government which would serve as an anchor for the expectations and plans of the private sector and civil society.

The Chair highlighted the significance of reminding decision makers that levelling-up must incorporate rural Britain as much as urban Britain. Following this, members discussed the importance of finding new transport solutions and ensure that processes were in place to improve transport in rural areas. Members spoke about extra interventions from government to ensure that localities were able to deliver on the commitments made in the White Paper.

Members noted the report.

58 REPURPOSING THE CUMBRIA INFRASTRUCTURE FUND

Members considered a report on the topic of the potential future different uses of the resources generated by the Cumbria Infrastructure Fund.

The Cumbria LEP received a £6,162,467 Growing Places Funding Allocation in 2012. This was renamed the Cumbria Infrastructure Fund (CIF) and had been used to invest in a series of capital projects. The original intention was that CIF would be an evergreen fund where repayments of principal and interest would be recycled back into the fund for further loan-based investment in future investment projects. Cumbria County Council had managed CIF on behalf of CLEP.

It has been found that the fund could do more good providing businesses with much needed capital grant. The current available resources that had not been committed could be re-invested from CIF into creating a new and more flexible “Growing Our Potential” grant scheme (GOP 2) for Cumbria’s businesses. The resources that could be available to be invested was currently £1.06 million potentially rising to £1.35 million by the end of 2021/22, although this forecast would be subject to change.

Alternatively, some of the future repayments that were more certain and predictable could be earmarked for supporting revenue expenditure by Cumbria LEP to deliver economic development and business support activities across Cumbria.

The Chief Executive – CLEP explained that as the CLEP were committed to transparency and openness they would only look to repurpose funding in line with due process and after bringing it to the Scrutiny Board.

The South Lakeland District Council representative expressed his support of the repurposing of the earmarked funds and the importance of taking a strategic view. Members discussed the proposals and sought clarity on the origin of the fund. The Chief Executive – CLEP explained that the intention was always that this fund be retained by the CLEP and was not refundable to government.

The Chair of the LEP Scrutiny Board provided an overview of the benefits of repurposing the fund as he sees it and asked members whether they agreed to the creation of a new and more flexible “Growing Our Potential” grant scheme. This was **AGREED** and members noted the report.

59 DATE AND TIME OF THE NEXT MEETING

The date and time of the next meeting was still to be confirmed.

The meeting ended 12:00PM

