House of Commons

Public Accounts Committee

Oral evidence: Local Enterprise Partnerships: progress review, HC 1754

Monday 13 May 2019

Ordered by the House of Commons to be published on 13 May 2019.

Watch the meeting

Members present: Meg Hillier (Chair); Sir Geoffrey Clifton-Brown; Chris Evans; Layla Moran; Stephen Morgan; Anne Marie Morris; Lee Rowley; Gareth Snell.

Abdool Kara, Local Government Executive Leader, National Audit Office; Aileen Murphie, Director, National Audit Office; Adrian Jenner, Director of Parliamentary Relations, National Audit Office; and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-126

Witnesses

I: Melanie Dawes, Permanent Secretary, Ministry of Housing, Communities and Local Government; and Simon Ridley, Director General, Decentralisation and Growth, Ministry of Housing, Communities and Local Government.

HOUSE OF COMMONS

Report by the Comptroller and Auditor General

Local Enterprise Partnerships: an update on progress (HC 2139)

Examination of witnesses

Witnesses: Melanie Dawes and Simon Ridley.

Chair: Welcome to the Public Accounts Committee on Monday 13 May 2019. We are here today to look again at local enterprise partnerships. These were the bodies that were created after the abolition of regional development agencies, and they are spending over £9.1 billion of taxpayer funding—well, that is what the Government have allocated to them, although actually it is not being spent everywhere. There is a challenge in that in terms of spending in-year, which we will come to.

It is a significant amount of public money, so it is important, we think, that we keep a close eye on it, and there are issues we've raised here before about the governance and transparency of that funding. We last looked at this when Sir Geoffrey was in the Chair, when we looked at the collapse of the Greater Cambridge Greater Peterborough LEP, but that is now ancient history; we are kind of looking at what is happening now. There are a number of developments, including the Ney Report and various initiatives by the Minister, so we are hoping to hear from you how things are going and what is not going quite so well. We are hoping for a candid session. Our witnesses today are Simon Ridley, who is Director General, Decentralisation and Growth at the Ministry of Housing, Communities and Local Government, and Melanie Dawes, who is the permanent secretary at the same Department. I am going to ask Gareth Snell to kick off.

Q1 **Gareth Snell:** May I start by talking about the overlapping areas that LEPs have? You have a target to resolve those overlaps by April next year. Nine are outstanding. What is the hold-up for those nine? What is causing them to be unable to resolve their boundaries appropriately?

Melanie Dawes: You are right: we have nine LEPs in four areas. In some cases, particularly the two LEPs that are north and south of the West Midlands combined authority area, it is a question of their relationship to that large combined authority. Basically, everybody wants to be part of the combined authority and to join in, but there are other arguments that it is better for areas to have more coherent county geography either side of that agglomeration. That is what is going on there.

In the Humber, it is a question of how north-east Lincolnshire fits with the rest of Lincolnshire but also whether there is a clear enough strategy for the Humber region as a whole. That really is, in a way, six of one and half a dozen of the other. There are legitimate reasons why all these geography questions are there. The final one is the Sheffield City Region, and there is still some remaining teasing out of the precise relationship of some of the authorities there.

We are working very actively with them all. Our Minister wrote to them all very recently and he is going to meet them in person quite soon. They are making progress.

Q2 **Gareth Snell:** They are meeting who? Are they meeting the local authorities?

Melanie Dawes: With our Minister, and they are meeting very extensively among themselves.

Q3 **Gareth Snell:** Sorry, what I meant is, who are "they"?

Melanie Dawes: They are the LEP chairs and the local authority representatives—

Q4 **Gareth Snell:** And the Mayors, where there are combined authorities?

Melanie Dawes: Yes, they are all part of a conversation.

Q5 **Gareth Snell:** Okay. You said you were working very actively with them. What sort of work is the Department actively doing? Particularly in Humberside, those are some pretty old geographical arguments that have been raging. How is your Department going to solve that by next April?

Simon Ridley: The work we are doing is to have ongoing discussions with all the parties that Melanie talked about, to come to the right agreement between people. We are approaching this in a way that seeks a resolution that local partners agree with, rather than imposing something from the Department. We are trying to get to what the best set of geographical boundaries is. There will still need to be collaboration across those boundaries, between different LEPs, because the economic areas, as you imply, do look in different ways in some of these places, which is why they are complicated. We want to get to the clean, clear LEP boundaries, so what we are discussing with them are the different boundary options and what the implications of those would be and then, critically, what collaboration agreements between LEPs would make the precise position of the boundaries less important in some ways, because people would know they were having conversations across those boundaries.

Q6 **Gareth Snell:** Your target is April 2020 for this to be resolved. What target have you given to those individual local authorities and LEPs to make the decision they would like to come to, so that it could be implemented by April 2020?

Simon Ridley: We asked for first propositions back before Christmas. We have been discussing since then. As Melanie said, our Minister for Local Growth and the Northern Powerhouse wrote a couple of weeks ago and will meet with all these areas next June to discuss the propositions about what we would do. We would hope to come out of those meetings with a way forward. We will see what transpires.

Q7 **Gareth Snell:** I will use the Staffordshire and Stoke example because it is the one I know most about. If you get to a situation where there are a number of overlaps, in that case with both the N2D2 LEP and the mayoral combined authority in the West Midlands, and local authority areas that are in two LEPs get to a point where they simply are refusing to choose one or the LEPs are unable to agree between them the functional geography of those areas, what penalties might they face and what actions might your Department take to enforce that resolution?

Melanie Dawes: Ultimately, the future funding through the shared prosperity fund will depend on the implementation of all the recommendations of the LEP review last year. There is that ultimate prize, if you like, of engaging with the future funding arrangements. In the end, what Ministers will have to work through is whether to impose a solution from central Government. I think that would be a very last resort because, in the end, how people want to work together locally is best determined by them, but we also believe that the clarity that comes from removing overlaps and the clarity of accountability that that gives us is important the more we ask LEPs to do in future. We are hopeful that over the coming months we can resolve this. I am looking right now at the letter to the Stoke and Staffordshire LEP chairs and others. This is a very active engagement going on at the moment.

Q8 **Chair:** We know that boundaries are a knotty problem in politics. Are there any lessons that should be learned? These were set up in a bit of a hurry, and then they become different creatures. Are there any lessons for any other bodies that might be set up in future? If you were leaving a note for your successor, when a Minister comes along waving a piece of paper saying, "I want to set up local bodies", what would you advise?

Melanie Dawes: That is a good question. Are we necessarily in a bad situation now, having let LEPs determine that themselves? The benefit of that was that they got going more quickly. Having let them do that at the beginning of the last Parliament but one, it had some benefits. Personally, thinking about organisational structures and my own experience of running organisations, sometimes you get the benefit of having a structure in one place, even if you change it later. You build different synergies that then help you to collaborate across boundaries in future.

There is probably something about speed and whether it takes too long to resolve these remaining boundaries. Indeed, it has already taken quite long to resolve some of the other boundary issues that we have already sorted out. I don't think we are in a bad position. We are confident that the current structure we are working with is fit for purpose. It is about making it clearer for the future.

Q9 **Sir Geoffrey Clifton-Brown:** I absolutely agree that you need to sort out the geographical overlaps and underlaps, but is there a lesson to be learned from your planning, the NPPF, where local authorities have a duty to co-operate on boundary issues? Obviously, you can't, like local authorities, mandate them to do these things, but could you have it as one of your strong aims that where two LEPs are competing in a cross-boundary issue they would be expected to co-operate?

Melanie Dawes: That is a good thought, and relating it to the planning example is very helpful.

Q10 **Gareth Snell:** Two more points. I want to try and push you again, Mr Ridley, if I can, on a slightly harder timeline. April 2020 is the deadline for having this resolved. When does the Department hope to announce a conclusive outcome of those negotiations so that they can be implemented in April 2020? How close will you let it go, because, as Ms Dawes says, enforcing a position from central Government is the least desirable option? You must have a cut-off point somewhere in your planning where that becomes the only thing left to enable you to meet that deadline in April 2020.

Simon Ridley: We are pressing for a resolution to these final places as quickly as we can. The next milestone is the meeting we are planning with the Minister, the councils and the LEPs, which we are scheduling for June, and we hope to come out of that meeting, ideally, with a resolution. If we don't, we will keep working with places. I do not at the moment have a final date, but we hope to resolve these before the summer if we can, but it will depend on how the conversations in June go.

Q11 **Gareth Snell:** So there is no scope for you to say, "If you haven't resolved this yourself by X, we will just do it for you."

Simon Ridley: We have already held back additional capacity money for the areas that have not resolved it. For local authorities that have implemented both the LEP review as well as all of Mary Ney's recommendations, we have given additional capacity money because of the additional work that we are asking them to do, which is supporting the preparation of ongoing strategies as well as work to realign some of what they are doing. We have held that back from these places and we hope that that will precipitate faster action. As Melanie said, future funding, which will start to come on stream, is dependent on having local enterprise partnerships without overlaps, so our aim is to resolve these as quickly as we can before next April.

Q12 **Gareth Snell:** That's conclusively not a date, but I will leave it there. My final question is for you, Ms Dawes. The evolution of mayoral combined authorities, potentially as the nominated bodies for LEPs, obviously comes with a considerably greater level of flexibility than LEPs in which local authorities are the constituent parts and nominated bodies. What work is your Department doing to clarify the difference between a LEP that is made up of local authorities and one that is predominantly run by a mayoral combined authority?

Melanie Dawes: We have specific rules and guidance for the mayoral combined authority model and what that means for LEPs. One of the requirements in the LEP review last summer is that those relationships need to be clarified at a local level. We are making good progress on that. In some cases, the geography is going to slow it down a little bit—in some of the areas I referred to earlier, that is the case—but most LEPs for which the combined authority is their relevant governing mechanism have done that clarificatory work now. It is something that we will do our final spot checks on in the coming weeks.

Q13 **Gareth Snell:** And you are confident and comfortable that the difference between a LEP and a mayoral combined authority, which has been clarified locally, is understood by the constituent partners and the businesses that engage over cross-boundary areas, where one may have powers that others don't?

Melanie Dawes: They are doing the work to put in place the system. Are they ready to live and breathe it and for everyone truly to understand what it means in practice? That takes a bit longer. We are checking now that the system is in place and that the definition of responsibilities, etc., has been done and is published. This is about culture, people and behaviours, as Mary Ney's review said. I think we will find that we will have to hold LEPs to account for living this in their areas.

Q14 **Gareth Snell:** This is my final question. Given that geographical borders, particularly of political entities, tend to bear little resemblance to inward investment and businesses that are looking to relocate, how confident are you that businesses outside the five or six big businesses that LEPs immediately always engage with understand what LEPs can and cannot do and where they are based?

Melanie Dawes: Our experience is that the bigger businesses are pretty engaged with their LEPs—with multiple LEPs, if that is what they need to do. Certainly in the mayoral combined authority areas, where you can really see that critical mass, that engagement is very strong. I can immediately think of a number of large businesses that are at the core of their business engagement for those regions. The other element, of course, is the northern powerhouse and midlands engine. That more strategic regional brand is often the right one for inward investment—for foreign investment. A LEP area isn't going to mean very much to people outside this country.

I don't see any gap—I don't know whether Mr Ridley wants to comment on this—that is caused by LEPs being too small. I don't see a gap in large business engagement for that reason. I think we still need to up business engagement across the piece with LEPs, devolution and growth.

Gareth Snell: My fear about the size of the footprint of LEPs is that if you are an SME or a medium-sized business in the north of Stafford, do you really know what the Stoke-on-Trent or Staffordshire LEP is, as opposed to your district council economic development group or your county council highway forum? That's a different conversation.

Chair: We will pick up on that.

Q15 **Anne Marie Morris:** Clearly, the leadership and the make-up of the board is important. How do you analyse that make-up to see whether or not it reflects what you want it to reflect?

Melanie Dawes: We have some targets for diversity—specifically for gender, as I am sure you are aware.

Q16 **Anne Marie Morris:** I know you have targets for the percentage of women, but how do you actually measure it?

Melanie Dawes: We ask the LEP for regular reporting on that. Indeed, they need to publish those statistics. This has all been improved over the last year or so, but those are published figures.

Q17 **Anne Marie Morris:** How often do you look and take a view about whether you think a LEP hasn't got the right representation?

Melanie Dawes: We have the data; it is published. We have just come to the end of our annual performance reviews with every single LEP. The question of representation is one of the elements that we are talking to them about. I don't sense that LEPs are unaware of the targets that we have set. They have to get to a third next April—that is going to be quite challenging for some of them—and 50% by 2023. This is gender diversity that I am talking about.

Q18 **Anne Marie Morris:** What about other diversity? What about ethnic minorities? What about small businesses? Very often, many of us have seen a dominance by larger businesses, which inevitably have more time.

Melanie Dawes: Certainly, there are other very important measures. We have chosen—

Q19 **Anne Marie Morris:** But what are the measures on SMEs and ethnic minorities?

Melanie Dawes: Perhaps I will ask Simon to come in on this, but before I do I will say that the Government have chosen to prioritise gender diversity, just because it was so obvious that there was a serious lack of diversity—if you cannot sort out gender when 50% of the population are women. LEPs are really quite a long way behind where they need to be, so that was an obvious problem that needed to be rectified. It does not mean that there are not other things as well.

Q20 **Anne Marie Morris:** What else did you assess? If you did not assess the other measures, you will not know whether they were also issues.

Simon Ridley: It is fair to say that there is a broad set of issues about the representativeness of LEP boards, in terms of the membership from local authorities and from the business representatives on the board. We have set clear targets about gender diversity because, as Melanie says, it is a real issue on a number of boards. Getting to one third by next April will be challenging for some of them. We know where each individual board is on that, because it is one of the things we talk about. We also have a requirement that they have a representative from small business, because understanding the perspective of small businesses—

Q21 **Anne Marie Morris:** How many of them do?

Simon Ridley: I think all of them do.

Q22 **Anne Marie Morris:** Just one?

Simon Ridley: They have to have one. I do not know how many each individual board has at the moment, but we do know the membership of every LEP board.

Q23 **Anne Marie Morris:** Have you looked at each LEP to see what the constituent nature of the businesses is, so that you can look and say, if it is mostly small businesses, you should have more than one?

Simon Ridley: We have not set any requirements for each individual LEP in that sense, and we have not—we have assessed primarily against whether they meet the key requirements we have.

Q24 **Anne Marie Morris:** You have not looked LEP by LEP as to how such a board would best reflect—

Simon Ridley: We have not done a comparison between each individual LEP and the different representativeness of the business community in that LEP area.

Q25 **Anne Marie Morris:** Do you think you should?

Simon Ridley: I think it is important that LEPs are representative of their business community. There are different ways of engaging with the business community through the chambers and different things.

Q26 **Anne Marie Morris:** So will you do that?

Simon Ridley: Well, as I say, we know who is on each individual board. Doing a direct comparison between the precise business make-up of each area—we could do it. I am not sure how much it would tell us, to be honest.

Q27 **Anne Marie Morris:** It might tell you whether your boards are representative.

Simon Ridley: But we sort of know that the boards are not representative. That is the challenge we are trying to—

Q28 **Chair:** In some areas, you do not have very many big businesses, but you have lots of small and medium-sized enterprises, so you might have one of those and then there might be the one dominant big business or other businesses that are not just geographically local.

Melanie Dawes: It is a fair point that we have not looked across the piece at other aspects of diversity. We have looked at the priority areas—

Q29 **Anne Marie Morris:** So is this something you are going to do?

Melanie Dawes: Well, it is not part of our plans at the moment, but it may be something that we do. There could be merit in it. What I would say is that we are trying to make sure that, where we scrutinise LEPs, we do not overdo it. That is all. They are non-statutory bodies and we have not resourced them a great deal, so it is a question of prioritising the way that we are looking at them.

Q30 **Anne Marie Morris:** But given the amount of public money that they are spending, I do not see how you could overdo it.

Melanie Dawes: Well, they are making important strategic decisions—yes, they are. There is a large amount of money going through the system. It may be something that we should do—to look more broadly at diversity measures. As I say, it is not our plan at the moment, but it may be something we have to put into the work programme.

Q31 **Anne Marie Morris:** Well, I would have thought so, but thank you.

Clearly, having the private sector involved is very important. How come you do not have significant financial commitment from them? Most LEPs seem to be propped up by local government, which provides the resource.

Melanie Dawes: This may be referring to something that the NAO drew out some years ago, which is that the match funding had not come through, but I think we have largely solved that problem now.

Q32 **Anne Marie Morris:** So how have you dealt with the match funding?

Simon Ridley: The capacity funding that we give requires match from the LEP in different ways. I think it is worth saying that a large number of the business people on the board do it without remuneration, so they are giving their time and their leadership to the LEP.

A lot of the capacity support around the accountable body that the local authority provide is paid for by the LEP—we do not. We are doing a research project at the moment to understand the capacity around the LEP and what the local authority brings in, so that we get a much fuller picture of it all than we have at the moment, but the main private sector input into the LEP is the leadership and time of the board members who take part.

Q33 **Anne Marie Morris:** I did not think that that was your expectation, though. Did you not expect a bit more from the private sector?

Simon Ridley: Our core expectation in the early days was to set up partnerships between the private sector and local government, to set the strategy across the local area and think about local economic development. As that has developed, they have started to allocate money, both through the local growth fund and through European funding. Some of those funding streams are very heavily matched by private sector funding.

A lot of European funding schemes for which LEPs are allocating priorities have to be matched by private sector funding schemes, and so do a lot of local growth projects. The local growth funding money is only a part of the funding for the project; it often goes in with other funding streams, many of which come from the private sector.

Anne Marie Morris: How many? My experience is that it tends to be other pots of money—and it is all Government money, with very little that is genuinely from the private sector.

Q34 **Chair:** Can you give us some specific examples where private sector funding has gone in?

Simon Ridley: Yes. In the regeneration of the centre of Stevenage, a huge amount of private sector money is going in, and the LEP is—

Q35 **Anne Marie Morris:** From who? How much?

Simon Ridley: I haven't got the list of all the specifics, but—

Q36 **Chair:** I am not expecting you to provide the figures, but what sort of support is it? Is it from developers who are building?

Simon Ridley: Yes, but it varies very widely, depending on the project. Certainly, in a lot of the construction and development projects, a lot of the money is private sector. That varies by part of the country. From the developer—

Q37 **Anne Marie Morris:** How much is "a lot"? What percentage?

Simon Ridley: Sorry—I do not have a set of figures in front of me, but we can provide some examples.

Q38 **Chair:** In construction specifically, the private sector contributes quite a bit through section 106 and other agreements anyway. What are they doing additionally with the LEP involvement? I think that is what Ms Morris is driving at. Are they giving over and above section 106 and CIL?

Simon Ridley: I think the answer to that is no. What the LEP is seeking to do is bring forward projects that are not otherwise coming forward to support the growth of the local area. A lot of those projects are significantly funded by the private sector as well as the public sector. You are absolutely right that it is often by more than one funding stream from the public sector.

Q39 **Anne Marie Morris:** But you have not yet produced any evidence, or even any idea of the percentages, for how this private sector funding is derived.

Melanie Dawes: We can certainly give you some examples. We do not have them with us.

Q40 **Anne Marie Morris:** Could you write to us with some examples of projects where the match funding is genuinely from the private sector, not just from another fund, and give us an idea of the percentages?

Melanie Dawes: Yes, we can do that. We can also confirm the match funding on the administration costs; I think that is where the NAO reported that we had a shortfall a few years ago, but I do not think that we have a shortfall now. We have met that criterion.

Q41 **Chair:** There is a danger that, without skin in the game, businesses can walk away and leave local taxpayers to pick up the pieces. On private sector match funding, you have talked about the various reporting mechanisms that you have at the end of your review for this year. Are the figures published on how much match funding goes in? We do not expect you, right here and right now, to be on top of all the detailed numbers for every region, but are they published anywhere, so that you can say "With this LEP, the Government put in this much through these various routes and the private sector put in this much"?

Simon Ridley: The LEPs certainly report on all the public funding that they put in, project by project. Off the top of my head, I cannot tell you exactly whether they report the amount of private sector money or not.

Chair: Ms Morris, I think your point is well made.

Melanie Dawes: We do ask for metrics on all the match funding from the private sector as part of our delivery metrics from each LEP. That is included, so we should be able to give you some information on this.

Q42 **Anne Marie Morris:** Does it specify what the match funding is from? There is a difference between that which is from another pot and that which is genuinely from the private sector.

Melanie Dawes: Yes, it is broken down by source—public sector, private sector or third sector. Universities, of course, are often involved. We can give you some information on that, but it is absolutely one of the metrics that we collect.

Chair: In the wrap-up letter that you are going to do anyway, it would be useful if you pointed us to exactly where to find that information.

Q43 **Layla Moran:** Does it cover how many are from big businesses rather than smaller businesses? Do you have that information?

Melanie Dawes: I don't know whether it breaks down the type of business.

Q44 **Layla Moran:** The reason I ask is that I have heard qualms from local businesses that the LEP is meant to be business-led, but in practice it is not. In order to deliver any kind of match funding it essentially has to talk to the top five employers and no one else, so although it may look as if business has skin in the game, in fact the vast majority of businesses feel completely left out of the decision-making process.

I guess my question is: what is the mechanism by which we can guarantee that the whole of the business community is involved in these decisions— every type of business, not just those that happen to be well-established and very old institutions like Oxford University?

Gareth Snell: Never heard of it!

Melanie Dawes: That is a very important point. In fact, the LEP review and the Mary Ney review have asked for more from LEPs in their engagement with the wider business community. In some of the scrutiny arrangements that we are asking for, one of the options is to have scrutiny by local authority and business representatives together.

We are also asking every LEP to have an annual general meeting and to do engagement with their local community and other local businesses. We have asked for a lot more on this. I think that we will need to keep asking. I suspect that it is an area where, partly because not everybody has the time, you tend to find that those who can get involved do so. How do you help people to reach out beyond their networks? It is a challenge.

Q45 **Layla Moran:** We on this Committee look at transparency and value for money, and whether you can hold the account holders to account for what they are doing. In Oxfordshire they have not even started opening up their meetings to the general public; they will do later this year. How do we make sure that everyone who is a stakeholder in this money is involved in the decision, and how are you going to ensure that what you have asked of the LEPs is enforced?

Melanie Dawes: In terms of how we will know whether they are having those meetings and publishing the things that they are required to, we are checking all that. We now have a team, some of whom are in the room, who check this with our local teams across the country in a much more intrusive way.

Q46 **Layla Moran:** How often?

Melanie Dawes: It is an annual performance review. We have tightened it up and sent you the latest results. Getting good scores through that was a condition for us releasing the funding for every LEP, which we did. I think, though, that that is just, in the end, the numbers on the page—the processes on the website.

The real test of this is going to be what it feels like for local communities. That is something that is quite hard to judge from where we sit in central Government. That is really where the local transparency and accountability structures need to come to life. We are on a journey there. It is going to take a while for that to happen. *[Interruption.]* I'm just trying to be honest about the challenges on it.

Q47 **Layla Moran:** Do you agree with constituents and councillors in my area who have said that they have absolutely no idea how the LEP works, how they can access it and how they can get information from it? Is that a picture that you recognise, or is that just their perception?

Melanie Dawes: I am quite surprised to hear that that is the view of councillors, to be honest—that they really do not know how the LEP works, or where they would get information from. From local businesses, I would say that it is patchy. Some would say that they know it well, and some say, "I don't know it at all."

Q48 **Layla Moran:** But it is only very recently that they have had a scrutiny committee, for example. That is very recent—as in, months. Are we now convinced that every LEP across the country has that level of scrutiny and accountability, and is publicly available, and that everyone knows about it—including constituents who elect some of the people on those boards but not everybody? How can our taxpayer constituents know where to go if they have a problem with how the LEP is operating? They could well be small business owners themselves.

Melanie Dawes: They are required to have the scrutiny, meetings and so on, but it is new. It is just coming in. Your point about whether it is really effective yet is the right one. It is a good question.

How do we really judge whether that is happening locally? We have locally elected councillors who sit on the boards and who, if they are not sitting on the boards, may be participating in the scrutiny arrangements. That is one route. It is something that we need to keep challenging on. Your questions are the right ones. I do not have an answer that central Government will do something here, and I am not sure that that is the right answer.

Q49 **Chair:** Is there any reason why, for example, the Oxfordshire LEP shouldn't just be meeting in public? Why would you delay having meetings in public? From your position, do you think that there is any excuse for not just opening up meetings to the public pretty much straightaway, from when one of you said you wanted to see it happen—at the next meeting?

Melanie Dawes: That is a challenge that we can take away. It is a fair question. I cannot think of any immediate reasons. There might well be some commercial sensitivities that need to be observed.

Chair: It is well worn practice in local government that you can go in camera for that.

Melanie Dawes: Yes, it is well worn practice in local government that you go in camera for those sorts of discussions.

Q50 **Layla Moran:** This is my last question. Let's move away from Oxfordshire, and speak more generally. If someone locally—a councillor, a business, or whatever—has an issue with how it is run, going to the LEP and saying so is not working. Where do they go? Who is the boss of this? Is it you? Should they write to you, Ms Dawes or Mr Ridley?

Simon Ridley: The first thing I would say is that all LEPs have their website. All of them have complaints procedures and whistleblowing procedures. All of them have the financial information about the different projects they are pursuing on the website. All that is in place. It will then depend on what the issue is. We have a clearer role with the accountable body and the section 151 officer in terms of value for money. They might write to the council or to their councillor who is on the board. All that is visible on the website. We have had letters about different LEPs. The information is available for LEPs.

Q51 **Layla Moran:** Are the lessons being learned? This leads on to something that I know we will talk about later, namely a review of all of this stuff and why that has not happened, in terms of value for money, especially with the growth deals. Would it not be useful to be able to collate all that information somewhere, given how new all this is—how these structures aren't embedded and how they are evolving over time?

Chair: To clarify, do you mean collating the number of complaints?

Layla Moran: It could be complaints. It could just be general worries about the way that LEPs are being governed, their transparency and how effective they are at spending their money.

Q52 **Chair:** Take the complaints, for example: do you have a way of knowing how many complaints have been made? Does that come back in the review metrics?

Melanie Dawes: I don't think that we ask for information on complaints. I am just looking at the list of metrics. No, we don't at present. In the end, every LEP is required to publish an annual report and have an annual general meeting. Reporting on complaints, whistleblowing and so on should maybe be included in that. I will have to check. It may well be one of the things already in our guidance.

The question of whether the growth fund is working is slightly different. We have focused quite heavily on whether the system is working, whether the governance is right and whether LEPs are in the right place culturally. We have put a lot of effort into that in the last few years. We have put a new system in place and we monitor it annually. There is lots of transparency. The question of where we go in the future is more about where the money is being spent—it is more at that policy level.

Chair: At the moment, there is a lot of procedural stuff, but we are keen to see how the money is spent.

Q53 **Gareth Snell:** Mr Ridley and Ms Dawes, if I were to ask you to name the person who represents your council on the LEP in the authority area in which you live, would you be able to do it?

Melanie Dawes: I live in London, so I am well aware that the Mayor and the business structures of the Greater London Authority are the relevant things for that decision making. I am aware of the south-east and London LEPs, which are also very relevant.

Q54 **Gareth Snell:** You are not answering my question. Mr Ridley, would you be able to name the local authority representative to your local LEP from where you live?

Simon Ridley: Well, my local LEP is the London LEP. If there is a Kingston-upon-Thames councillor on the London LEP, I do not know his or her name. But its board is structured differently, so I don't think there is one.

Q55 **Gareth Snell:** Is there a rep on their board?

Simon Ridley: I don't think so, no.

Q56 **Gareth Snell:** You don't know. You are the second most senior civil servant in the Department dealing with LEPs and you don't know whether there is a councillor sitting on your rep board or not. You have just suggested that people who want to know whether there is an accountability issue should write to their local councillors. How many businesses do you think should have a greater level of knowledge about the LEP structure in their area than you have of your own?

Simon Ridley: I don't expect that businesses should have a greater knowledge of the LEP than my own, unless they want to. We agree, I think, that LEPs should be doing more to engage businesses than is the case at the moment. We are working hard with LEPs on that.

Q57 **Gareth Snell:** How many conversations have you ever had with a local councillor from Kingston-upon-Thames about the goings-on and expenditure of the Mayor of London and the LEP authority that he operates?

Simon Ridley: I haven't discussed that with a councillor.

Q58 **Gareth Snell:** My point is that you have both just sat there and said that local authority members, councillors, should be the go-to point for democratic oversight—that businesses can write to their councillors. I am trying to demonstrate that that is literally pie in the sky, in the worst kind of way, because if you cannot name the person to whom you would have to go, as one of the most senior executives in the responsible Department—

Simon Ridley: London has a different structure.

Chair: It would be the Mayor of London.

Q59 **Gareth Snell:** Perhaps he would answer that call. What expectation would you have that businesses should have that detailed level of knowledge about who their district council leader is, if they feel unhappy about how the way in which a LEP is operating?

Simon Ridley: What I was saying in an earlier answer was that I do not think many people would hold the knowledge of who the councillor on the LEP board is in their head. But there is a website for the LEP, the address for which is easily typed into the computer, that will throw up who the members of the board and the councillors are and what the procedures are for complaints, whistleblowing or anything else. Then they can be pursued by anybody.

Q60 **Gareth Snell:** I am not talking about whistleblowing; I am talking about general interest in the LEPs. To pick up Ms Morris's point, you are a small or medium-sized enterprise in a rural county. You are running your business; you probably have a family to go with it, as well.

Are you now saying that the accountability of how LEPs are spending their money should be left to an individual Googling or researching who their LEP is, then going to that LEP's website, then looking up who the board members are, then finding out which one covers their geography and then contacting that individual to raise a potential complaint about the way in which the LEP is operating? Is that the expectation that you have about how businesses can be involved and hold LEPs to account?

Melanie Dawes: It is one of the ways that they can. I mean, businesses are not voters, of course—

Q61 **Gareth Snell:** What are the other ways?

Melanie Dawes: So, potentially a slightly different route for a business is perhaps to go directly to the LEP themselves. As Simon said, we have provided for a lot more information now to be transparently there on LEP websites, complemented by face-to-face accountability, such as annual general meetings, scrutiny, and so on.

It is a very important question as to whether that is sufficient. Reaching into every business in a local area is a really hard task, though, and I do think it is important that we do not ask LEPs to do the impossible. They are volunteer-led bodies for the most part. Most of their board members are not remunerated other than through fairly basic expenses, and they are often making in-kind donations alongside, and LEPs have a non-statutory framework.

We can argue about whether or not we need a different framework, but as they are now it is important that we do not ask them to do something that is so challenging that they simply cannot achieve it. But I completely agree with you that continuous improvement, particularly in this area of engagement, is needed.

Q62 **Gareth Snell:** The point that I was trying to demonstrate is that it is all well and good having an expectation for transparency, but if the process by which you expect people to interact in order to deliver that transparency is almost impenetrable, having the process in itself does not make the body actually transparent.

May I ask about the repeat offenders, because you obviously have some LEPs for whom the proper declarations around section 151 and section 75 officers have not been made? The NAO Report says that there are some repeat offenders for whom whistleblowing and decision making are still not transparent.

I have two questions, if I may. One, what action is your Department taking directly with those LEPs, in order to improve on those failures? And given that you said earlier, Ms Dawes, that you did not want to overdo scrutiny, who locally should be scrutinising that, what resources have you given them and what training, and how comfortable are you that that local scrutiny—whatever it may be—is being effective?

Melanie Dawes: There are a lot of questions in there. As to whether or not progress is being made by the LEPs, I am glad to say, regarding the table in the NAO Report, that we can now confirm that, to the best of our satisfaction, the checks we have done confirm that those things are now in place. So—

Q63 **Gareth Snell:** So all are now ranked?

Melanie Dawes: They have now all delivered what was expected of them, and Simon might want to say a little bit more about that in detail. But certainly some progress has been made. Do you want to come in, Simon?

Simon Ridley: Yes. Can I just make sure that we are talking about the same thing? There is a figure 6—I think that it what it is—in the Report, which might be what you were referring to. That was data at a point in time. Those are things that were required to be in place by 1 April this year. We are actually in the final week of doing a final set of compliance checks on that, and we are all clear that all LEPs have a whistleblowing policy, all LEPs have set out the role of the section 151 officer, and all LEPs detail their decision-making progress on their website.

In a few of those cases, those things could be clearer and/or more prominent, and we will follow them up with the individual LEPs over the coming weeks.

That is not necessarily the same as the overall annual performance review, and the letter that Melanie wrote, and the Government's assessment, and whether all are good or not. I just was not sure if that was what you were saying. But on the compliance side, shown in figure 6, we are confident now that all of those things are in place for all 38 LEPs.

Q64 **Gareth Snell:** Where you have concerns about LEPs, in figure 6 they are all functioning correctly. Whether they deliver with that functionality is a different question. That is the letter, Ms Dawes, we got a couple of hours before this hearing today.

Chair: To be fair, it was a bit earlier than that. As the people who sent the letter are probably in the room, I should point that out.

Gareth Snell: Then I shall sack someone when I get back to my office.

Where you have LEPs that require improvement on delivery, governance or strategy, what is it that you are now doing tangibly? If I am a LEP that is not delivering, what can I expect from your Department or locally? It goes back to how are you getting businesses to be more involved in resolving those issues to a satisfactory level.

Simon Ridley: There are two main things that we are doing. We work directly with them from the Department, through people in our offices around the country. Each LEP has a specific relationship manager. We are clear and open with the chair, the chief executive, the board, and particularly the accountable body locally, about what the issue is and we support them.

The second main thing that we do is work with the LEP network, which is a small body—a support for the 38 LEPs. We see them as a sector, if you like, and we have funded them more this year to enable them to much more actively look at best practice in other places and spread that to make sure that chief executives of the best functioning LEPs pass that on to areas with more issues.

The discussions that we have obviously depend on the specific issue. If you look at the two on governance, those are largely about transitions of leadership. One of them we have been working with over the last year through a change in chief executive and in chair, which caused some disruption for the second one of them. There is currently an interim chief executive. We are working hard with them to support them to get the right person in place to support the LEP going forward.

Q65 **Layla Moran:** Very quickly. You do not say you are helping the scrutiny committees that have now been set up to help them do that. Is there a reason for that?

Simon Ridley: No, there is not a particular reason for that. We are at the moment tending to work directly with the LEPs, including the local authority members, but there is no reason why we are not at the moment talking to an individual scrutiny committee.

Q66 **Layla Moran:** Given that it is made up of local councillors and that it is another body that is filling the democracy gap that has been associated with a lot of LEPs, don't you feel that they should as a matter of course be in on these conversations?

Melanie Dawes: The scrutiny requirements that are part of the policy review that we published last summer were included in January's assurance framework, but LEPs now have to put those into place, so they are not covered by our governance strategy and delivery framework, which is the one that we wrote to you about a few days ago. But they will be covered by the regular monitoring of the implementation that we are doing with every LEP of the latest round of requirements.

Q67 **Layla Moran:** So when you say "correct", does that mean that same level of conversation that you are having?

Melanie Dawes: Yes.

Q68 **Layla Moran:** Is there anything to stop you doing that now? I am well aware that Oxfordshire now has its scrutiny board, so why can't you start now with the ones that you have set up?

Melanie Dawes: Many of the recommendations needed to be in place from the beginning of April. We have been working with LEPs in the last few weeks. In fact, this engagement is very live right now. We are about to go back to them with the results in the coming days. We have been working with them to check where they are.

I am just turning to my copy of the NAO Report to remind myself what the date was for the scrutiny requirement—I can't see it—but stronger scrutiny arrangements will be a part of that. It is actively under review. Many LEPs believe we really are going too far in our scrutiny of them, to be honest. If anything, I think they are starting to feel that we are marking their homework quite extensively.

Q69 **Layla Moran:** But this is taxpayers' money. As you know, we like that to be scrutinised a lot. Those scrutiny boards are an opportunity not for you as a Department to do it but for local democratically elected people to do it instead. Are you absolutely confident that they have all the information they need to hold the LEPs to as high account as you feel this Committee would be happy with?

Melanie Dawes: Well, it's new, so I think we will see them transition in and—

Q70 **Layla Moran:** How are they getting their information? Who is training them? How do they know which questions to ask?

Simon Ridley: The responsibility for this sits with the accountable body, which is the local authority that supports—

Q71 **Layla Moran:** Which has a conflict of interest, because it sits on the LEP itself.

Simon Ridley: Yes, and there are officers with statutory responsibilities around that to ensure that those systems of accountability, probity and so on work properly. The section 151 officer does have to get all the information that goes to the LEP board, and it is discussed by the LEP board. They have access to that. I cannot personally, here today, guarantee that absolutely all that is in front of every scrutiny committee. As Melanie says, the new scrutiny arrangements are newly set up. But that is a large part of what we want to do.

Q72 **Layla Moran:** Is there good guidance?

Simon Ridley: Yes, there is guidance about the role of the LEPs and the decision making they have. The way in which they make their decisions and how that works is all public now, on the websites of individual LEPs. There is different training in place in different places to train new LEP board members as well. Again, I do not know how much of that individual scrutiny committees have been through, to be honest, but your point is well taken.

Melanie Dawes: We have just updated the guidance on scrutiny for local authorities at the same time, in parallel, and the LEP element is included in that guidance.

Q73 **Gareth Snell:** Just briefly: do you go to the LGA about how to set these up, given they are a body that knows how to do these things?

Melanie Dawes: How to set the scrutiny arrangements up?

Gareth Snell: Yes, have you been to the LGA about it?

Melanie Dawes: Yes we have, and there are three models that a LEP can choose from. They can either make an open offer to attend individual local authority scrutiny committees, set something up with the joint local authority scrutiny for their area or, as I was referring to earlier, set something up that is a joint committee plus business representatives. I can now confirm that they were required by 1 April to have agreed what those arrangements were and to have started to set them up. But it is early days, and you are right to say that everyone will be finding their way a bit and learning how to do this well.

Q74 **Gareth Snell:** I do not want to dwell too much on this, I really don't, but do you have a deadline by which you wish to see all the scrutiny committees set up and functioning correctly, as opposed to just existing?

Have you set yourself a marker for when you would like to see them being fully teethed scrutiny bodies that are able to properly look at what is going on?

Melanie Dawes: I am very happy to get back to you on precisely when they need to be operational. I am not entirely sure on that point.

Q75 **Chair:** It is about how you are going to evaluate them, because it is quite costly to do this sort of scrutiny. We are a very well-resourced Committee; we have the support of 800 excellent people down the road in Buckingham Palace Road at the National Audit Office and other support from our excellent team of Clerks and all the rest of it. We are called the Queen of Select Committees—not because of what we do, but because of what they do.

This is much more challenging at local level. You have a hard-pressed local authority already doing its own scrutiny now having to scrutinise LEPs, with a lot of financial information following the money through. We know that audit committees in councils find it hard to recruit people who can read those sorts of figures, so how are you going to understand whether they are really functioning effectively? That is not to decry the talents of local councillors around the country, but it is quite a lot of work and a lot of detailed financial information if you really do it properly.

Gareth Snell: Before you answer that: is it going to attract new burdens funding?

Melanie Dawes: That was an excellent question, if I may say so.

Chair: That means that for once Ms Dawes does not have an easy answer.

Melanie Dawes: No, but I enjoyed the question. The answer is that we are currently looking into the capacity of local authorities to carry out their roles as accountable bodies in supporting LEPs, as part of the review of capacity of LEPs that we are doing—the piece of research I suspect you are familiar with that we commissioned recently. I do not know whether we are looking at the scrutiny side of things. That is a good question. I can confirm that the role of the accountable body does not attract new burdens funding because it is instead paid for by the LEP as part of the capacity funding we have given. We are looking at that and seeing what the flows are and whether it is adequate so that we can measure that and be better able to size it up for the future.

On the scrutiny question, I am not sure that we have checked that. I think we will be assuming that scrutiny committees can take this in their stride, but as you say, there is slim capacity in some places, and getting it right is very important for the accountability that we are all very concerned about. It is a fair point.

Gareth Snell: I have two very quick, simple questions. *[Interruption.]* They are quick.

Chair: It is not whether they are quick; it is whether they are simple.

Q76 **Gareth Snell:** You should read my school report. The Greater Cambridge Greater Peterborough LEP—when we last discussed LEPs, that was the issue. Are you able to briefly go through the lessons that the Department has learned from that and the changes you have made to other LEPs on the back of the uncovering of activity at Greater Cambridge Greater Peterborough?

Secondly, Mr Ridley, you said that one of the functions that your Department has available for LEPs that are not in line with what you want them to do is to withhold funding. If a LEP is already struggling and local authorities are also struggling, how effective do you think just withholding money is in terms of getting them to be better at what they are doing, as opposed to other methods that you may or may not have available to you?

Melanie Dawes: What we have learned? We have learned a great deal. We started working with the LEP much more intensively in the early months of 2017. We had already decided to commission Mary Ney's review, but when the events in GCGP LEP came to light—when we had Stephen Barclay's letter and we began to investigate what was going on—that sharpened the focus of Mary's review. Her review and our implementation of the recommendations reflect what we learned from GCGP and others that we looked at then—all the changes that we have made and the tightening up that we have done to governance.

The real lesson here is something about culture, which Mary is very clear about in her review. As we worked with GCGP in the subsequent months, the local relationships were not what they needed to be. This was about people and people understanding their roles and taking it seriously enough. I think we are always going to need to rely on people understanding the Nolan principles and their accountabilities and having good will. The fact that we have tightened up the board structure, so that it is clear that the chair accounts to their board, gives us a sense of assurance within those LEP structures, but in the end we are always going to be reliant on local people telling us if they think there are concerns in any individual LEP. We have learned a lot.

Simon Ridley: On your question about withholding money, I think the first thing to say is that withholding money is not the only thing we do. We are working to support other LEPs in ways that are not about withholding money, such as supporting them to move from an interim chief executive or to get chairs in place or whatever it might be. Withholding money is an important thing to consider, particularly when we are worried about governance and decision making. That could be a very blunt instrument, but we have used it working with the local LEP and local authorities in each instance.

Even as we were withholding programme money from Greater Cambridge Greater Peterborough because we were worried about the way in which decisions were being taken, we were also very clear about what their growth projects were and what the risk of delaying those would be and what the impact for the communities where they were happening would be. That was always part of our consideration. The way we managed that with Greater Cambridge Greater Peterborough was to work very hard and set a timetable with the local LEP and the combined authority to get to a position where the LEP was dissolved and reinstated in line with all our assurance frameworks and to pay the money before the end of the financial year, which enabled them to keep the projects going. We looked at both sides of that.

Q77 **Sir Geoffrey Clifton-Brown:** Can I just pick up on something that Ms Moran was raising earlier, which is the private sector involvement? You will both know that some of the most intractable infrastructure problems were solved in 1980 by Michael Heseltine with the new towns development corporation, which was basically a partnership between the local authority and the private sector. The difficulty was always getting a package of private sector money together and getting the local authority to agree.

It seems to me that the LEPs are ideally placed to do that. And then the final thrust of the whole thing was that then Government will come in with a tranche of money, so areas such as Liverpool Docklands, Manchester Hulme, Leeds city centre, Glasgow city centre, London Docklands down the road—all these really big, intractable schemes were done that way. Could we have a modern version of that, with LEPs co-ordinating the private sector, and local authorities to agree these sorts of projects? Perhaps you would like to think about it—it is a radical idea.

Melanie Dawes: The answer is yes. I am pausing because I think we partly do already, and certainly in the combined authority areas a lot of those delivery vehicles are in place; there are different forms of them.

There is nothing to stop arrangements being put in place either by the LEP and the combined authority or the local authority working together. But you are right. There is something in what you are describing there that has a statutory basis, which goes beyond what LEPs would normally do. They are non-statutory bodies, after all, but some of them have developed delivery arms, which have the capacity to take on quite significant delivery responsibilities.

Simon Ridley: We are working with a couple of places precisely in that way. Mayoral combined authorities can set up a mayoral development corporation, and a couple have. And we are working in a couple of areas with the LEPs and local authorities, and indeed have provided some initial funding to scope out the possibility for some form of development corporation.

But that is a very formal structure for a particular sort of project. I think there are a lot of LEP projects that are at a smaller scale than that sort of infrastructure and organisational capacity would require. But I agree that the spirit of it is really important.

Q78 **Sir Geoffrey Clifton-Brown:** Coming back to the earlier question about examples, it seems that the weak link is levering in the private sector contribution, particularly when you have got a contribution from several businesses to quite a big project. It seems to me that this is where the LEPs would have a role.

Can I come back to Mr Snell's scrutiny committee? I will move on from the Greater Cambridge and Greater Peterborough LEP; clearly, a lot of these scrutiny arrangements and Mary Ney's recommendations have transformed your hand, in a way, as to how you can hold these LEPs to account. However, it is a question of capacity for each LEP, and capacity needs money.

If we turn to paragraph 3.15, you have confirmed that the core funding for each LEP is £500,000 and you announced the £20 million package of additional funding for LEPs, and LEPs can apply for £200,000 in 2018-19 and £200,000 in 2019-20. However, all the time we are suggesting worthy and good things to pile on to LEPs. Is that core funding going to be enough? And when we move that on, you give them capital funding but you do not give them much income funding to monitor how these big projects—they are big in some cases—are actually working out. So, I see a bit of a disconnect between capital and income for these LEPs.

Melanie Dawes: I think that is a fair challenge. Revenue funding is always in shorter supply than capital funding, or typically in shorter supply. But we are looking into this question of capacity. The NAO mentioned this in its Report and it is correct that we have not formally looked into it in a really comprehensive way.

So we are doing some research on that at the moment; we have contracted out some independent research on it, which will report in a month or two. So that will give us a bit more information on whether or not LEPs and accountable-body local authorities have really got the resource they need. We have asked for quite a lot of detailed information about where skills gaps may be, capability, and so on.

Q79 **Sir Geoffrey Clifton-Brown:** Would you incorporate in that work specifically research on whether they have sufficient revenue funding to be able to monitor the effectiveness—the ongoing effectiveness—of their core projects?

Simon Ridley: I think what we will get back is what we really need, which is a sense of what capacity they have got, and by implication that will demonstrate what capacity they have not got as much of. There is monitoring going on around the local growth projects, because they report back to us quarterly with a set of data.

But the question you ask is a very good one and, as Melanie says, what we need is the research project that is under way to give us a much more detailed sense of capacity and of whether we are putting in enough money through the funding that we give.

Q80 **Sir Geoffrey Clifton-Brown:** On the core of what LEPs should be about, your Department has allocated £12 billion worth of growth funds—a lot of money. How can you be sure that the LEPs are making best use of that considerable amount of public money?

Melanie Dawes: There are a couple of layers to the way that we get that assurance. The first is about value for money, and whether we are confident that the decision making is being done in a way that meets Government expectations—indeed, Parliament's expectations—of appraisal guidance and so on. It is important to emphasise the role of the accountable body. The section 151 officer for each LEP is required to assure themselves that the decisions are being taken in line with the normal VFM rules, and that the money is being accounted for in a robust way.

The first thing is that we have that structure of statutory officers who are required to account to Parliament, effectively, via the Department for how those decisions are being taken. We then have as our second layer of assurance the delivery information that we get. It is still quite early days. Most of the projects are only about a third of the way through. About 350 out of around 1,300 have been concluded so far. That is the second layer.

As that information starts to come through in a more holistic way, there is something that the Department can and should do to pull it together, and start to make sure that we look at it as a whole, rather than just as now, coming out of each individual LEP. What we have not done is go so far as to have a national evaluation of the £12 billion. The NAO comments on that in its Report. It is something that we are going to strengthen when we look at the shared prosperity fund, partly because that fund will be more novel. It will be more devolved. It potentially has a lot more scope to be freed up, even more than the local growth fund has been, for LEPs and other bodies that will be delivering it.

We have not got that £12 billion subject to a national evaluation at this stage, but it is building on many decades' worth of research and evaluation information on what makes a difference at a local level. The final piece of the jigsaw is that that information and guidance is there for LEPs. The What Works Centre, which we fund with others, is a repository of that information and works quite closely with a whole range of LEPs in helping them to make sure that they are putting their packages together. I am sorry that that was a long answer.

Q81 **Sir Geoffrey Clifton-Brown:** Picking out elements of that rather long answer, I am sure that you are tightening the arrangements for the individual projects and the individual LEPs as to whether you are getting value for those projects, but individual LEPs come up with a variety of projects. Without a national—in your word, holistic—evaluation of what you should be evaluating to make sure that that £12 billion fund is achieving what the Government set out, how can you tell whether an individual LEP is really contributing towards that growth fund objective?

Melanie Dawes: They had to agree with us what their overall growth deal would comprise. That was a condition of the funding that we gave them in the successive rounds of growth deal allocation. Those were based on strategies and specific projects that were supposed to be delivering particular outcomes. All of that was a condition of the funding and is being monitored. Obviously there is some flexibility about choosing precisely which projects LEPs then take forward, but we check as they take those things forward that they are consistent with the strategies that they set out with us initially. That is one of the things we look at when we are looking at the annual delivery performance of each LEP.

Q82 **Sir Geoffrey Clifton-Brown:** If my LEP is anything to go by—they will read the transcript; they said that they were going to, because I talked to them about this beforehand—they have a whole range of suggestions put to them, and then they come up with what they think might be the most suitable to take forward. However, without a national evaluation strategy, so that you as the accounting officer in your Department responsible for those £12 billion-worth of funds, knowing what the Government's objective is in producing those funds, I can't see how you can steer an individual LEP as to what projects might contribute the most, rather than the projects that that LEP might particularly have as pet favourites?

Melanie Dawes: They all have quite detailed guidance from us on monitoring and evaluation, they are required to have local strategies in place, and they are required to follow the appraisal guidance. That means these projects have to have benefits and costs properly identified so they can benchmark one project against another and make judgments with information and not just, as you say, on instinct.

Q83 **Sir Geoffrey Clifton-Brown:** But it is a different question. Evaluating whether an individual project in an individual LEP is value for money is different from evaluating whether it is contributing to the overall objective of the growth funds. Unless you have national evaluation criteria, I do not know how you do that.

Melanie Dawes: It is intrinsic to the model that the Government have decided to leave those decisions about whether to fund a particular transport project, as opposed to a growth hub or another kind of transport project, to the local business leaders and others around the table to judge in accordance with their local circumstances. But in doing that, they must abide by the guidance, and we have a section 151 officer in an accountable body to check that they are doing that. I can think of a number of examples where LEPs have changed their priorities when they have done the analysis and the work.

I may be repeating my answer to your previous question, but I think you are also asking how we then add it up and know that, overall, the impact is being achieved. We are not measuring that at national level, but the work we did up front stress-tested in quite some detail that, regardless of the broad package of measures that LEPs chose to take forward, provided that they worked within the normal range of interventions—as I say, we check that through their strategies—you will get good value for money for funding of this type. The NAO Report gives you the figure of £4.80, and that is very consistent with evaluations of regional development agency single-pot funding, for example, from the early 2000s.

We are broadly aware—well, we are more than broadly aware. We are aware at a level of detail where the money is being spent in each LEP, the strategy towards which it is being spent, the broad value-for-money calculation that was done in order to allocate the funding, and how the rules are being applied locally.

Q84 **Sir Geoffrey Clifton-Brown:** You must be clairvoyant, because my next question is: how do you know that £4.80 is a realistic figure for each pound spent? What research or work have you done to evaluate that?

Melanie Dawes: It was an estimate; as always, it was a value-for-money assessment. We looked at the likely benefits you get from investing in a certain mix of growth-related projects, and we averaged out—this is quite common methodology, in fact—the sorts of overall figures that you would get according to different weightings of different sorts of projects. We stress-tested that quite considerably. It is a very precise figure—£4.81. That is the central estimate within a very wide range of numbers, but all of them positive—clearly positive—and, as I say, quite consistent with the past.

Q85 **Sir Geoffrey Clifton-Brown:** Simon Ridley, why have you not built up an understanding of what works from the information you ask LEPs to provide you with quarterly?

Simon Ridley: We have a body of information about what works, which is held largely in the What Works Centre that Melanie mentioned, which we fund along with a number of other Whitehall Departments. They go and work face to face with LEPs, but they also have freely available electronically a lot of evidence about how different transport projects work, how different business support projects have worked, and what the evaluation evidence across the country—much more broadly than anything we have done in the Department—shows. That repository of knowledge is there.

We use the quarterly information we get back to judge how on track LEPs are in the delivery of each of their individual growth deals. That quarterly information is focused on outputs. I should be clear about that: it gives us a sense of whether they are delivering the outputs they signed up to around the overall growth deal. On where we are in time with that, as Melanie said, about 350 of 1,300-odd projects are finished. Those tend to be the quicker, smaller ones. The conversations we have had with LEPs have been about delivery capability much more than about evaluated outcomes, because we just are not at that point in time yet. The research knowledge is really the background that we have collated, largely but not exclusively through the What Works Centre.

Q86 **Sir Geoffrey Clifton-Brown:** You have this information, but if you do not have a national evaluation of the growth funds, how do you know that one LEP is achieving a goal but another is not? It is just a subjective judgment, isn't it, rather than an objective judgment of what we are trying to achieve nationally?

Melanie Dawes: The judgment was upfront when we allocated the funding on the basis of the plans that LEPs put forward. That was where the comparison between LEPs took place. You're right: we are not going to compare again across LEPs and judge whether each strategy was as good as it could have been. What we will do is check whether the delivery has met the strategy.

We have quite a lot of indicators, which are mostly output indicators—things such as the number of homes built, roads resurfaced, business hubs created, enterprises supported and jobs safeguarded and created. We will not have the outcome measure on growth for each LEP. We acknowledge that; it was not part of the plans for the evaluation. We rely on that to be done locally. It will be very hard for individual LEPs to show that to a level of true quality compared with a counter-factual.

Q87 **Sir Geoffrey Clifton-Brown:** Okay. Back to my question right at the beginning about one LEP co-operating with another: how do we know when one LEP is producing a project that is undermining the achievements of another LEP? For example, an events arena might already be built in a neighbouring area, and another one comes along that might completely undermine the first one. As a Department, how do you make sure that each LEP is effective with its range of projects?

Melanie Dawes: We are not trying to oversee that level of local decision making. This is a devolved model. It is possible that some decisions at the margin may suffer from the sort of displacement that you are talking about. That is why collaboration across areas is important. Equally, a LEP that chooses to invest its money in a facility that a neighbouring authority or LEP area has very close by will not achieve the objectives that it sets out to achieve, so it will have a delivery problem somewhere down the line.

Chair: It could think that it will knock the other one out the park by being better. There is competition.

Melanie Dawes: It may be that competition is a good thing in some areas.

Q88 **Sir Geoffrey Clifton-Brown:** Let me put it a different way. It would be fine if the private sector did that, because that is what it does. But when one pot of public money has been spent and another pot is coming along and will undermine the first lot, surely that is not acceptable.

Melanie Dawes: The important test for us is whether they will get value for money from that investment. They will need to think about the relationship between other local areas and what is potentially displaced by their activity. We rely on that value for money framework, which is quite familiar locally. We have quite a lot of detailed guidance on how to apply it.

Simon Ridley: I think your point about collaboration is fundamental, and we are actively supporting, encouraging and working with LEPs that are collaborating. Across the northern powerhouse area there are 11 LEPs. They come together as the NP 11 and we meet them as officials; in fact, our Minister meets them regularly. There are collaborative conversations happening across broader areas that inform how LEPs think about the projects they pursue and local industrial strategies they are starting to develop.

Q89 **Sir Geoffrey Clifton-Brown:** We talked a lot about the growth funds—the design and how the LEPs might most beneficially implement them. You are now having to think about the newly named prosperity fund. What lessons from how the growth funds have worked will you apply to the design of the new prosperity fund?

Melanie Dawes: We are putting in place a national evaluation of the UK shared prosperity fund—that is the current intent, at least. That will clarify upfront a lot of the things you are talking about: policy objectives, the different levers at different spatial areas and something about the effectiveness of the delivery structures, as well as the effectiveness of funding. That is an important improvement on future funding. There are lots of other things we are thinking about on the shared prosperity fund.

We'll draw a lot from the European funding regimes as well, where, in fact, there is actually a very strong history of evaluation but also rather a strong history of quite tight bureaucratic rules, which often get in the way of local decision making. We have some positive and some negative lessons to learn from the European funding regimes, perhaps.

Q90 **Sir Geoffrey Clifton-Brown:** Are you actually doing that work now? You don't know the timing on all this, because we don't know when we are leaving the EU. Are you actually putting that work in place now or is that work yet still to be done?

Melanie Dawes: We are doing some of the preparatory work now. A lot of policy decision is still to be made, but we are doing the analysis and preparatory work now. We know that the European funding streams end at the end of 2020, so we have a timetable, at the very least, where there is no funding stream beyond that.

Q91 **Sir Geoffrey Clifton-Brown:** Is it to be expected by business that the quantum of that fund—£5.6 billion or whatever it is—will be the same? Or has that decision not yet been made by Government?

Melanie Dawes: That is a pretty high-level fiscal policy decision that hasn't been made yet.

Chair: "Above my pay grade." It's not always the case; it's mostly not the case.

Q92 **Sir Geoffrey Clifton-Brown:** How will these local industrial strategies be used to determine the funding that local areas receive after Brexit?

Melanie Dawes: Precisely how is still to be determined. We have a national industrial strategy, with sectoral elements, and then we are asking each local area to do their own local industrial strategy. We are hoping that a couple of those will be published in the next week or so—hoping. The strength of those strategies will determine how well LEPs are able to make the case for funding.

Our experience, so far, is that they are proving to be a very good method for engagement, not just with Government but with other parts of the local public sector, businesses, higher education and also foreign investors. What local areas are doing is really trying to make themselves prioritise where they think they are adding value to the economy, compared to other parts of the country. The proof of the pudding is going to be a little bit in the eating—we have to see where we get to—but they should determine the future engagement, not just on the funding streams but also with all sorts of other realms of Government and with the effort that we put in through the Department for International Trade on getting investment.

Q93 **Sir Geoffrey Clifton-Brown:** How, when you are considering funding of LEPs, do you take into account the fact that your Department has responsibility for some of it and BEIS has responsibility for other bits of it, such as the industrial strategy? What is your co-ordination with BEIS as to what you want LEPs to achieve?

Melanie Dawes: It's a perennial question and a good one. We work very closely with BEIS and we have a common cities and local growth unit for the very reason that the join-up needs to be so good.

Chair: We need a short answer, Mr Ridley.

Simon Ridley: A short answer is that the starting point is the cities and local growth unit, which is a unit that sits across MHCLG and BEIS. There are two directors leading it. I work very closely with my counterpart in BEIS, who is responsible for regions and sectors. With the staff in that unit you can't see which departmental label is on which individual; we are working to a common objective, and that is the way in which we engage with LEPs and around this agenda locally.

Q94 **Anne Marie Morris:** Is there not a conflict here? In a sense what the original EU structural funds were all about was trying to look at those areas that were particularly deprived. Devon and Cornwall did quite well out of various pots that were allocated. The whole point of these new industrial strategies is much more about productivity. How are you going to make sure that the money actually goes to the places it is needed? Or are you actually not wanting to ask the same exam question?

Melanie Dawes: That is a very good question. The balance between productivity in the sense of catch-up—the economies that are further behind—and productivity in the sense of areas that are already thriving and can share a business case more readily sometime, is a really important part of the policy discussion. We are going to need a balance of the two. You are right that the local growth fund and some other central Government English funding streams have been doing slightly different things from the European funding model.

Q95 **Anne Marie Morris:** How are you going to square the circle? All these industrial strategies are already written on the basis of the BEIS productivity model rather than the deprivation model.

Melanie Dawes: In some ways, the local industrial strategy needs to speak to both of those things, so in some cases it is more about catch-up.

Anne Marie Morris: That's not what most of them say.

Melanie Dawes: I think it is what they need to do. Somewhere such as Cornwall, as you say, has lower per capita output than other parts of the country. For them, a lot of it will be about how they are tackling that: how they are skilling up and getting new businesses in.

In other places, it will be about building on clearly evidenced high-productivity—areas such as the Cambridge region, for example. We need a strategy that works for both of those dilemmas. In the end, it will need to draw on a whole range of Government funding and other levers, and not just on the shared prosperity fund. The decision about the balance for this fund is really important—again, it is a fairly high-level policy question.

Q96 **Anne Marie Morris:** But right now, it is not being looked at; it is not what the LEPs are being asked to do. In Devon, which is where I come from and is my constituency area, they are looking at where they can get the best bang for their buck from very large businesses—atomic, nuclear, environmental and all sorts of things in which we have expertise in Plymouth, Exeter and big cities. The whole point of the old EU funding was the other bits that, frankly, are not already profitable and productive. They must have gone through these plans.

Simon Ridley: It is a really important question. We have had funding over the last few years that has been very complementary. The local growth fund has been focused largely on productivity. It has been funded differently in different places, but reasonably evenly across the country. EU funding has been absolutely focused on the areas that are furthest behind, as you say.

We have a range of funding streams going into the next spending review in the next period, and we will have to think about how they work together. The UK shared prosperity fund is one of those. Getting the balance right between funding going to places that will support them to develop more growth and to support communities in that way will have to be thought about alongside productivity.

The local industrial strategies that are developing look at both of those. We have been working for the longest period of time with Greater Manchester and the west midlands. Both those strategies are absolutely about how you support productivity, particularly in the city centres, but how do you work with the towns and areas around them, where there is much more deprivation and much lower productivity? They have different strategies for how they will address those, in terms of both the labour market and capital investment.

Q97 **Anne Marie Morris:** I am not convinced. I think you have lots of good will, but I do not see much accountability. Could you please write to us and tell us how you are going to hold these LEPs accountable for very substantial amounts of money, which are supposed to help areas of deprivation and not just areas where there is already growth? Could you do that for me?

Melanie Dawes: Yes, we will. This about how we develop the right local industrial strategies with local areas, and that is part of the challenge that we clearly need to be tackling.

Q98 **Anne Marie Morris:** But a lot of them are already done. In a sense, the horse has already bolted. The Devon one is done.

Simon Ridley: We have not published any of the local industrial strategies yet.

Q99 **Anne Marie Morris:** But as far as they are concerned, they are done and dusted. They do not seem to think you want to approve them. Indeed, when I went to see the Minister, I said, "My authority would like you to approve it. Do you want to look at it?" "No, thanks."

Melanie Dawes: We do expect, perhaps in a rather centralising way, to be approving all of the local industrial strategies. Most of them are still quite early in their gestation. I wonder whether the local growth plan, which they have had over the last few years, is the thing that they feel is harder-wired and of less interest to Ministers.

Q100 **Anne Marie Morris:** When you next come before us, can you tell us which ones have been approved and show us the criteria that you have used, so that I can be sure that you have looked at deprivation as well as productivity?

Melanie Dawes: Yes, we will do that. We might follow up with you in between times on that particular one, if that would be helpful.

Q101 **Anne Marie Morris:** That will be really helpful. Some of these LEPs have actually underspent. Why is that?

Simon Ridley: As ever, there is a range of reasons. Fundamentally, it has taken LEPs time to build capacity and bring the projects forward. They are mostly capital projects, as we touched on earlier. Quite often, those can slip for myriad reasons. Actually, we have seen the degree of underspend lessen over years as the pipeline of projects has got going.

Q102 **Anne Marie Morris:** So will you change the strategy going forward so that you allocate not just capital funding, but the resource funding to go with it? Otherwise, you are going to end up with an ongoing problem, aren't you?

Simon Ridley: That comes back to the earlier discussion. We are really keen to ensure that we fully understand the capacity of LEPs.

Q103 **Anne Marie Morris:** But how are you going to do that? It is no good being keen. What are you going to do?

Simon Ridley: As we said, we have a research project underway on the capacity and capability of LEPs that will tell us what we have in place and whether we are funding enough. What we are doing at the moment is working very closely with the LEPs that are furthest behind in terms of their spend profiles and making sure they are doing all they can to bring projects forward quickly and have the impact on the ground for their local economies.

Q104 **Anne Marie Morris:** But if they simply do not have the resource—if they have capital, but not the resource—you cannot help them bring it forward, can you?

Simon Ridley: They do have some funding for capability. There is a really important question about whether it is enough, and we are looking at that. We need to keep working with them to help the continuation of delivery. As I say, that has got better over recent years, but you are right that some LEPs are still spending more slowly against their profile than they planned, and that is something that we continue to work with them on.

Q105 **Anne Marie Morris:** What is happening to what is not spent?

Simon Ridley: At the moment, we are agreeing new profiles with LEPs for their local growth fund as we go forward. They have not been, at this point, in jeopardy of losing the money.

Q106 **Anne Marie Morris:** "At this point" makes it sound like they might be.

Melanie Dawes: I don't think so. We certainly hope not, although we always need to get approval from the Treasury about those reprofiles.

Anne Marie Morris: That is not very comforting.

Melanie Dawes: I don't think the delays in funding are just because of capacity problems. In some cases, that might be the case, but there is a perennial optimism bias that tends to be built into these sorts of projects. It is a really challenging problem. It is one that we get concerned about all the time in the Department. As I say, it is quite widespread and long-standing. The important thing is that we do not chop out all the funding if something needs to be rescheduled. In the end, these projects depend on private sector activity as well, and sometimes they take longer to deliver than had previously been anticipated.

Q107 **Chair:** Have you had any challenges from the Treasury so far in reprofiling?

Melanie Dawes: No, we haven't. Not on this area of funding, no.

Q108 **Anne Marie Morris:** Am I right in thinking that the money that is unspent now sits within the county councils?

Simon Ridley: The money goes to the accountable body, which differs. Sometimes it is the mayoral combined authority, and sometimes it is the county council.

Q109 **Anne Marie Morris:** Is it ring-fenced? Is there a risk that they might use it for some of their own shortfall?

Simon Ridley: No, there is no risk that they might use it for their own shortfall. It is for the local growth fund, which has been agreed with us.

Q110 **Anne Marie Morris:** Is it ring-fenced?

Simon Ridley: Effectively, yes.

Q111 **Anne Marie Morris:** Do you ever check that it is not being abused by the local authority?

Simon Ridley: Yes. We know what the profile is, and we know what they have spent, so we know absolutely what remains to be spent to deliver the project.

Q112 **Anne Marie Morris:** Do you think it is a bit of a waste of money for it to just sit there when one of the other LEPs might be able to use it?

Melanie Dawes: That would suggest that the project that the LEP had originally asked for money for was no longer worthy of funding, or that their overall strategy was no longer as worthy as it had previously been.

Q113 **Chair:** So there are no circumstances in which you claw it back?

Melanie Dawes: Well, we haven't got into that situation yet. We do get into those situations sometimes—for example, on regional growth funding, which we and the business Department give to individual enterprises. Sometimes, if they are not going to deliver what they said they would, we will claw it back. We have not got into that situation with any LEP because we have not felt that the delivery problems have been symptomatic of some kind of major problem with their overall strategy. In some cases, they are going to choose not to fund a particular project and to fund something else instead. They have that discretion, provided that the value-for-money rules are still met.

Q114 **Anne Marie Morris:** All this shrieks at me that just devolving down and not in any way measuring and holding accountable at an individual LEP level means that we could risk losing and wasting a huge amount of taxpayer money. Does that not seem the case to you?

Melanie Dawes: I don't think so. Honestly, no. The scrutiny that we engage in now of delivery plans every year in quite an intense way means that we know why things are being delayed, if they are, and what that results from.

Q115 **Anne Marie Morris:** But you have not been able to do anything about it, have you?

Melanie Dawes: We do. Ultimately, we do an annual audit. We have a customer practice of writing to you about it every year, and we can withhold funding. In the end, these are non-statutory bodies. The trust in them as bodies of the Government and their local area partners is the thing that gives them a licence to operate. Showing us and their local areas that they are delivering is incredibly important to them.

Q116 **Anne Marie Morris:** But we have already discovered that they do not show their local areas that they are delivering, because their local areas haven't got a clue that they exist, and nor do they understand what they do. In which case, it seems to me that you are relying on good faith and trust. Should not the LEPs be given a proper legal identity and structure? Then you could hold them to account properly.

Melanie Dawes: I think we are relying on metrics and quite a lot of evidence and information. The question of whether they should be statutory bodies is a perfectly valid one. In a sense, the choice that Ministers have made is to have the statutory underpinnings of the system, with the framework for local authorities that we are all familiar with, and for them to be able to assure us that the value-for-money tests are being made, that the money is being accounted for where they said it would be, and so on. That is where it is assured that the £12 billion is not being wasted, misspent, defrauded or anything like that.

Q117 **Anne Marie Morris:** Doesn't this completely undermine the concept of LEPs being private sector-led and not just part of the public sector? Why do we bother having a chairman from business if all the checking and managing of the money is being done in the local authorities?

Melanie Dawes: That is checking against certain formal rules—the wiring behind the scenes, if you like—and making sure that the information available to LEP boards for decision making is being provided correctly. We recognise that they are still newish bodies without an enormous amount of capacity, which is why we are resting on the local authority foundations, but the decision making is for the LEP board—with local authorities alongside it, but with a two-thirds private sector majority.

This is a balancing act: wanting to have local business leaders, on a voluntary basis, as involved as they can be, but also wanting all the assurance that we need from Government and Parliament that the money is not being misspent. That is the balance that we are trying to strike.

Q118 **Anne Marie Morris:** Yes, but you have local authorities that have the money and businesses that want to make the decision. Unless they agree, you are going nowhere—you could end up with money simply not being spent and projects not being delivered. I cannot see that it is a viable structure. Nothing that you have said to me gives me comfort that the taxpayers' money that is being spent is being properly overseen.

Melanie Dawes: I am sorry that it feels as stark as that to you. I do not agree; I think that we have a lot of assurance as to the value for money—

Q119 **Anne Marie Morris:** Other than taking measures, trying to look at facts and figures, and being able to withhold money, what else can you do? You cannot take money away.

Melanie Dawes: Well, I think those are very important things for us to assure ourselves of all the details of what is going on. We do that at quite a detailed level now. If I am hearing you correctly, your concern is that the business leaders do not have any real space to shape this, but the local authority role in assuring is about the items that come up for discussion. It is a little bit like how the civil service needs to be clear that the things Ministers are choosing from are value for money, but in the end it is for Ministers to decide. In these structures, it is for LEP boards—

private sector-led, with a private sector majority—to make decisions on what they will prioritise, provided that overall they give value for money.

Q120 **Anne Marie Morris:** Are you telling me that the local authority can refuse if the business-led LEP says, "This is how we want to spend the money"?

Simon Ridley: They have to.

Melanie Dawes: Yes. If the section 151 officer thinks that money is being spent on something that does not provide value for money, where there is a conflict of interest, where the money is going to be wasted, or where there is a serious delivery concern, their role is to say so, call it out and do something about it.

Q121 **Anne Marie Morris:** If there is no problem under that section, does the local authority have to pay over the money to be spent on the project that the LEP wants?

Melanie Dawes: What they are doing is releasing funding that has been agreed by central Government and the LEP to deliver certain things. Provided that it meets the criteria that were originally agreed and does not fall foul of any of the value-for-money rules, they would release it, yes.

Of course, they are part of the board's decision making as well. There are senior political representatives from local authorities in the room for the decision making, and then there are officers assuring the system behind the scenes, but also generally in the room for the right discussions.

Anne Marie Morris: It seems to me that lots of trust is being put in people being able to reach agreements, without very much by way of enforcement. I sincerely hope that when you look at this in future, particularly as we move forward with the UK shared prosperity fund, there will be a bit more rigour in what you do. I think I will leave it there.

Q122 **Chair:** I want to go back to governance. The Housing, Communities and Local Government Committee produced a report in 2017, to which you gave a detailed response. This goes to the heart of whether there should be a common approach to governance and transparency. They were looking particularly at which authority should have oversight; at the time, your Department responded that because they were all different, there was no one-size-fits-all approach. Do you still feel that, especially in the light of the concerns that Ms Morris raised about who is scrutinising? Do you now think that maybe the Committee had a point?

Melanie Dawes: I will be honest with you: I cannot remember that particular detailed recommendation. However, we have of course effectively changed our approach there in the intervening years, and we are requiring a lot more of a common structure—so, common board structures, all the various—

Q123 **Chair:** That is partly why I am asking, because you sort of have moved that way. For clarity, just to give you the recommendation: "The Government to make clear how LEPs are to have democratic, and publicly visible, oversight. We recommend that upper tier councils, and combined authorities where appropriate, should be able to monitor the performance and effectiveness of LEPs through their scrutiny committees." You are close to it; that is why I'm asking. Have you effectively accepted what they have said now? Mr Ridley seems to be nodding.

Simon Ridley: Yes. Effectively, we have set out through the national assurance framework that LEPs must go to a local authority scrutiny arrangement. We have given them three different ways in which they could do that: either the scrutiny committees that exist—

Melanie Dawes: That is what I was describing earlier.

Simon Ridley: Or a scrutiny committee made up of representatives of the different local authorities in the LEP area, or one that is that plus somebody from business. We have set out a common approach that they must—

Chair: Okay. I think I might leave that to our sister Committee to pursue, but I just wanted to make sure that we picked it up while we were discussing the subject. Sir Geoffrey, one last quick point.

Q124 **Sir Geoffrey Clifton-Brown:** Can I take you to page 21? The footnote on page 21 says, "The Department says all LEPs will be required to have a delivery plan and end of year report in place from the 2019-20 financial year." Are you on track to deliver that?

Simon Ridley: Yes.

Q125 **Sir Geoffrey Clifton-Brown:** Going further back to paragraph 2.12, I find it unbelievable that 86% of LEPs publish their accounts or financial statements, 84% of LEPs publish their annual reports online, and only 74% said their annual report and accounts were externally audited. Given the requirements you are putting on businesses in making tax digital—the requirements on businesses that you are making—when are we going to get to 100% for all those things, which seem to me pretty basic?

Simon Ridley: The first thing to say is that we are requiring all LEPs to incorporate into a formal legal structure. Through the course of this financial year, they will all do all of those things, and that is an important part of what the delivery plan is for.

Q126 **Sir Geoffrey Clifton-Brown:** So we can be assured that at the beginning of the next financial year, they will do 100% of all those things.

Simon Ridley: That is absolutely what we have set out.

Chair: Thank you very much indeed for your time. The transcript will be up on the website in the next couple of days, and our report on this will be June sometime, depending on what happens in Parliament, but not entirely dependent on that. Thank you very much indeed. I cannot think when we are seeing you next, Ms Dawes, but only too soon, I am sure.

Melanie Dawes: Quite soon, yes.

Chair: I am sure you are looking forward to it very much. Thank you very much indeed.