

ACCOUNTABILITY BOARD

10:00	Friday, 22 September 2023	Launchpad Southend - Airport Business Park, Launchpad, Rochford SS4 1YH
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The meeting will be open to the public either in person, online or by telephone. Details about this are on the next page.

Quorum: 6 (to include 4 voting members)

Membership

Simon Cook
Cllr Kevin Bentley
Cllr Roger Gough
Cllr Lauren Edwards
Cllr Keith Glazier
Cllr Andrew Jefferies
Cllr Tony Cox
Vacant
Vacant

Chair
Essex County Council
Kent County Council
Medway Council
East Sussex County Council
Thurrock Council
Southend-on-Sea City Council
Further Education/ Skills representative
Higher Education representative

For information about the meeting please ask for:

Lisa Siggins, Secretary to the Board

Telephone: 033301 34594

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Members of the public will be able to view and listen to any items on the agenda unless the Committee has resolved to exclude the press and public from the meeting as a result of the likely disclosure of exempt information as defined by Schedule 12A to the Local Government Act 1972.

How to take part in/watch the meeting:

Board members: should be attending in person at Launchpad Southend - Airport Business Park, Launchpad, Rochford SS4 1YH. Members that have arranged in advance to attend virtually as a non-voting participant will have received a personal email with their login details for the meeting. Contact Keri Lawrence -Governance Officer SELEP if you have not received your login.

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In person:

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Please note that an audio recording may be made of the meeting – at the start of the meeting the Chair will confirm if all or part of the meeting is being recorded.

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	To approve the minutes of the meeting held on 16th June 2023.	
3	Declarations of Interest	
	To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
4	Questions from the public	
	In accordance with the Policy adopted by the SELEP, a period of up to 15 minutes will be allowed at the start of every Ordinary meeting of the Accountability Board to enable members of the public to make representations. No question shall be longer than three minutes, and all speakers must have registered their question by email or by post with the SELEP Secretariat (hello@southeastlep.com) by no later than 10.30am on the Monday morning before the meeting. Please note that only one speaker may speak on behalf of an organisation, no person may ask more than one question and there will be no opportunity to ask a supplementary question.	
	On arrival, and before the start of the meeting, registered speakers must identify themselves to the Governance Officer for an in-person meeting, or the host of the meeting if it is being held virtually.	
	A copy of the Policy for Public Questions is made available on the SELEP website.	
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16	Date of Next Meeting	
	To note that the next meeting will be held on Friday 17 November 2023, venue to be confirmed.	
17	Urgent Business	
	To consider any matter which in the opinion of the Chair should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.	

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

The following items of business have not been published on the grounds that they involve the likely disclosure of exempt information falling within Part I of Schedule 12A of the Local Government Act 1972. Members are asked to consider whether or not the press and public should be excluded during the consideration of these items. If so it will be necessary for the meeting to pass a formal resolution:

That the press and public are excluded from the meeting during the consideration of the remaining items of business on the grounds that they involve the likely disclosure of exempt information falling within Schedule 12A to the Local Government Act 1972, the specific paragraph(s) of Schedule 12A engaged being set out in the report or appendix relating to that item of business.

18 Urgent Exempt Business

To consider in private any other matter which in the opinion of the Chair should be considered by reason of special circumstances (to be specified) as a matter of urgency.

Minutes of the meeting of the SELEP Accountability Board, held in The Nucleus Business and Innovation Centre (Brunel Way, Dartford, England, DA1 5GA) on Friday, 16 June 2023

Present:

Simon Cook	Chair
Cllr Lesley Wagland	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Keith Glazier	East Sussex County Council
Cllr Lauren Edwards	Medway Council
Cllr John Lamb	Southend-on-Sea City Council
Cllr Deborah Arnold	Thurrock Council

Also Present:

Bernard Brown	Member of the public
Adam Bryan	SELEP
Paul Chapman	Essex County Council
Alex Colbran	East Sussex County Council
Mirco Cordeiro	East Sussex County Council
Howard Davies	SELEP
Richard Dawson	East Sussex County Council
Helen Dyer	SELEP
Stephanie Ennis	Essex County Council
Jessica Jagpal	Medway Council
Keri Lawrence	SELEP
Ian Lewis	Opportunity South Essex
Gary MacDonnell	Essex County Council
Stephanie Mitchener	Essex County Council
Kevin Munnally	Thurrock Council
Michael Neumann	Essex County Council (as delegated S151 Officer for the Accountable Body)
Piers Meyler	Member of the public
Lorna Norris	Essex County Council
Vivien Prigg	Essex County Council
Leslie Rickerby	SELEP
Tim Rignall	Southend-on-Sea City Council
Helen Russell	SELEP
Lisa Siggins	Essex County Council
Steven Stott	Essex County Council

1 Welcome and Apologies for Absence

- Cllr Kevin Bentley substituted by Cllr Lesley Wagland
- Cllr Tony Cox substituted by Cllr John Lamb
- Cllr Andrew Jeffries substituted by Cllr Deborah Arnold

2 Minutes of the previous meeting

The minutes of the meeting held on Thursday 13 April 2023 were agreed as an accurate record.

3 Declarations of Interest

There were none.

4 Questions from the public

There were none.

5 SELEP Operations Update

The Accountability Board (the Board) received a report from Keri Lawrence, SELEP Governance Officer which was presented by Adam Bryan, Chief Executive Officer SELEP, the purpose of which was for the Board to be updated on the operational activities carried out by the Secretariat to support both this Board and the Strategic Board. The report included an update on risk management, compliance with the Assurance Framework and performance against governance KPIs.

Adam gave the Board an overview of the key points in the report, including confirming that Simon Cook had been appointed as the new SELEP Deputy Chair.

Adam provided an update on the outcome of SELEP's Annual Performance Review with Government, confirming that expectations regarding Strategy had been met but that concerns were raised in relation to Governance and Delivery. Delivery concerns related to the fact that there is ongoing delivery of projects within the LGF and GBF capital programmes, despite both funding streams having officially concluded and the concern regarding Governance relates to the ongoing Deep Dive into projects in East Sussex which are being delivered by Sea Change Sussex. Adam indicated that the points raised around delivery were not significant issues and that the concerns identified remained subject to regular dialogue with Government officials.

The Board were advised that an application for core funding had been submitted to Government and that shortly before this meeting, notification had been received that the application had been successful. Government has indicated that they are minded to not provide core funding for LEPs after 2023/24 and that

LEP responsibilities will transition to local authorities thereafter. This opens the requirement for a comprehensive set of conversations with the Strategic Board in July and the need to swiftly develop a transition plan to ensure a smooth transfer of activities to local partner authorities.

Simon Cook pointed out that verbal feedback from Government officials had been received which indicated that SELEP had managed the public funding directed through it very well.

In response to a question from Simon Cook, Adam advised that an update is still awaited from the Assurance Team from the Cities and Local Growth Unit regarding the Deep Dive and that, as it stands, it is unclear when the outcome of the Deep Dive will be received.

Resolved:

1. **To Note** the update on the recruitment of the SELEP Deputy Chair at Section 4 of the report.
2. **To Note** the outcome of the 2022-23 Annual Performance Review at Section 5 of the report.
3. **To Note** the update on Assurance Framework compliance monitoring at Section 6 of the report.
4. **To Note** the update on LEP core funding 2023-24 at Section 8 of the report.
5. **To Note** the update on Governance KPIs and changes to the Risk Register at Appendices B and C of the report.

6 SELEP Finance update

The Board received a report from Lorna Norris, Senior Finance Business Partner, the purpose of which was for the Board to consider the provisional outturn position for the SELEP Revenue budget for 2022/23 and the impact for the 2023/24 funding position.

Lorna pointed out that as Adam had mentioned in the previous agenda item, confirmation had now been received that the application for core funding had been successful.

Resolved:

1. **To Note** the provisional net cost of services for 2022/23 of £64,000.
2. **To Approve** the provisional outturn position for the SELEP revenue budget for 2022/23 in Table 1 of the report, including the net contribution to the Operational Reserve of £159,993.
3. **To Approve** the movement in reserves set out in Table 5 of the report.

4. **To Note** the impact on the future funding position set out in section 3.11 of the report.

7 **Getting Building Fund update**

The Board received a report from Helen Dyer, SELEP Capital Programme Manager, the purpose of which was for the Board to consider the overall position of the Getting Building Fund (GBF) capital programme. The report included an update on those projects which have received approval for retention of GBF funding beyond March 2022 and provided an update on GBF spend to date.

The Board were advised that the report did not reflect a confirmed year end spend position as reporting was not provided by Medway Council in time for inclusion within the report. Helen confirmed that the reporting had now been received and therefore the year end position would be confirmed at the next Board meeting.

Cllr Wagland confirmed that all 5 Essex County Council projects referenced in the report will have fully spent their GBF funding allocation by 30 June 2023. Cllr Wagland also confirmed that the funding will have been drawn down in full by 30 June 2023.

Cllr Lamb provided an update on the Better Queensway project and confirmed that, despite the change in leadership at Southend-on-Sea City Council, there remains a strong commitment to bringing the project forward. Sanctuary Housing Association are continuing their due diligence following their take-over of Swan Housing and further information will be available once this work has been completed.

Cllr Edwards apologised for the delay in submission of the required reporting by Medway Council.

Resolved:

1. **To Note** the current forecast spend across the GBF programme for the 2023/24 financial year of £7.979m (excluding GBF funding which is not currently allocated to projects), as set out in Table 1 of the report.

2. **To Agree** the reported GBF spend on project delivery in 2022/23 of £15.508m, as set out in Table 1 and Appendix A of the report.

3. **To Note** the deliverability and risk assessment, as set out in Appendix C of the report.

8 **GBF High Risk Projects Update Report**

The Board received a report from Leslie Rickerby, SELEP Capital Programme Officer, the purpose of which was for the Board to consider the position on the following Getting Building Fund (GBF) projects which are currently ranked as

High Risk: Better Queensway, Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas, No Use Empty South Essex and Techfort Phase 2.

The Board were advised that Better Queensway continues to be flagged as High risk as Sanctuary Housing Association are still undertaking their review of the business plan for the wider project. As a result, there is a risk that they will choose not to proceed as joint venture partner – which could significantly impact on the delivery programme. Assurances are required from Southend-on-Sea City Council at a future meeting regarding delivery of the wider project.

With regards to the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas project, Essex County Council, as Accountable Body for SELEP, continues to hold £118,182 GBF (as awarded to the project in January 2023). This funding could not be transferred to Essex County Council (as responsible Upper Tier Local Authority) until required internal governance processes had been completed. Whilst steps have now been taken by Essex County Council to seek draw down of the funding, there remains a risk that this funding will not be transferred prior to 30 June 2023.

The Board were advised that delivery of the above projects will be closely monitored.

Cllr Lamb spoke with regards to the Better Queensway project and indicated that the required due diligence being undertaken by Sanctuary Housing Association is progressing at a slower rate than was hoped by Southend-on-Sea City Council. Cllr Lamb also indicated that, whilst acknowledging the risk to the GBF funding, placing short timescales on this is not helpful and may reduce confidence in the project. He also indicated that Southend-on-Sea City Council are working hard to ensure that the funding is only issued to Sanctuary Housing Association when there is a firm commitment to progress with the project. Cllr Lamb reiterated that the project remains very important for Southend.

Helen Dyer and Simon Cook provided assurance that the GBF funding would only be removed from the project if it could not progress to delivery and that the current SELEP position was that the outcome of the due diligence and review by Sanctuary Housing Association was awaited and that this would be used to inform future decisions. Cllr Lamb expressed a desire to ensure that clear messages are issued with regard to the risk of withdrawal of the GBF funding to ensure that confidence is not lost in the project.

Cllr Wagland reiterated that the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas project will have fully spent its GBF funding allocation by 30 June 2023 and that delivery of the project was complete.

Cllr Gough provided an update on the Techfort Phase 2 project and confirmed that delivery is progressing at pace, with full spend of the GBF funding expected by 30 June 2023.

Resolved:

1. **To Note** the update on the Better Queensway project.
2. **To Agree** that a further update on the Better Queensway project which provides information on the outcome of Sanctuary Housing Association's review of the business plan for the wider project, the outcome of Southend-on-Sea City Council governance processes and contains the required assurances regarding the ongoing delivery of the wider project should be provided at the September 2023 Board meeting. Submission of the required assurances is dependent upon Sanctuary Housing Association completing their review of the business plan and the completion of the required governance processes within Southend-on-Sea City Council.
3. **To Note** the updates on the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas, No Use Empty South Essex and Techfort Phase 2 projects.
4. **To Note** that the status of the Extension of the full-fibre broadband rollout in Essex to reach rural and hard to reach areas, No Use Empty South Essex and Techfort Phase 2 projects will be confirmed at the September 2023 Board Meeting.

9 Local Growth Fund Programme Update

The Board received a report from Helen Dyer, the purpose of which was for the Board to consider the overall position of the Local Growth Fund (LGF) capital programme, as part of SELEP's Growth Deal with Government.

The Board were advised that there continues to be a lot of post scheme completion Monitoring and Evaluation reports outstanding.

Cllr Edwards gave an update regarding the A289 Four Elms Roundabout to Medway Tunnel project, which is being delivered using Housing Infrastructure Fund (HIF) funding. Cllr Edwards indicated that, as a result of cost increases, revised plans for the HIF project were submitted to Homes England. These plans saw the removal of the rail element of the project. Medway Council have now been advised by Homes England that the £170m HIF allocation is at risk of being removed from the project, primarily due to there not being a current Local Plan in place. An urgent meeting has been requested with Homes England and the Department for Levelling Up, Housing and Communities (DLUHC) to discuss the project, and a public commitment has been made to deliver a new Local Plan within 2 years. Cllr Edwards confirmed that Medway Council will continue to push for a sensible solution but that they acknowledged the risk to the LGF funding as set out in the report.

Cllr Glazier gave an update in respect of the Hastings and Bexhill Movement and Access Package and confirmed that revised proposals for the project will be presented to the Board in September 2023.

Cllr Lamb queried the status of the Business Case for the A127 Fairglens project and whether the delay in confirming the funding award was due to Department for Transport (DfT) processes. Cllr Lamb asked if, given the importance of the project, pressure could be applied to ensure that the project comes forward. Adam Bryan committed to discussing the project with Cllr Lamb outside the Board meeting to ensure that SELEP are raising the correct messages.

Cllr Wagland indicated that work was progressing on the required Monitoring and Evaluation reports within the remit of Essex County Council but that there were a small number of outstanding queries which required a response from the SELEP team.

Resolved:

1. **To Note** the provisional total spend in 2022/23 of £12.447m LGF excluding Department for Transport (DfT) retained schemes and £12.685m including DfT retained schemes, as set out in Table 1 and Appendix A of the report.
2. **To Agree** the updated total planned LGF spend on project delivery in 2023/24 of £10.941m excluding DfT retained schemes and increasing to £11.027m including DfT retained schemes, as set out in Table 2 and Appendix A of the report.
3. **To Note** that a revised Business Case for the Hastings and Bexhill Movement and Access Package will be brought forward for Board consideration at the September 2023 meeting.
4. **To Note** the deliverability and risk assessment, as set out in Appendix D of the report.
5. **To Note** the list of outstanding post scheme completion Monitoring and Evaluation reports, as set out in Appendix G of the report.

10 LGF High Risk Projects Update Report

The Board received a report from Howard Davies, SELEP Capital Programme Officer, the purpose of which was for the Board to receive an update on the delivery of the following Local Growth Fund (LGF) projects which are currently ranked as high risk: Grays South and A28 Sturry Link Road.

The Board were advised that the expected update from Thurrock Council on the outcome of the review of the Grays South project was not yet available, and that it was now envisaged that this would be provided at the next Board meeting.

Cllr Gough provided a brief update on the A28 Sturry Link Road project and confirmed that it was now expected that the Design and Build contract would be signed by the end of June 2023.

Adam Bryan indicated that the Chair of Opportunity South Essex had requested that concerns regarding the lack of progress on the Grays South project which were raised at the Opportunity South Essex Board meeting on 15 June 2023 were noted by the Board.

The report set out two potential scenarios in relation to the Grays South project and Simon Cook enquired as to the most likely scenario. Howard advised that a meeting was planned with Thurrock Council in August and following this there would be a better understanding of the position.

Cllr Arnold spoke in relation to Grays South project, advising that a new Leader had been appointed at Thurrock Council and that a full report was being prepared with a view to Members being provided with a full briefing in July 2023. This briefing and any subsequent decisions taken by Thurrock Council will help to inform future updates to the Board.

Cllr Lamb spoke in support of the Grays South project and emphasised the importance of the project. Cllr Lamb indicated that it is important that the current issues with the project are resolved as soon as possible so that the project can move forward towards delivery.

The meeting was paused at this point to allow technical issues with the recording and broadcast of the meeting to be addressed.

Kevin Munnelly, Assistant Director Regeneration and Place Delivery, Thurrock Council confirmed that discussions were underway with key stakeholders regarding the outcome of the review and that it was intended that a full update would be provided to the Board in September.

Resolved:

Grays South

1. **To Note** the update on the project.
2. **To Note** that a further update will be brought to the September 2023 Board meeting which will provide an update on the outcome of the project reviews associated with the Grays South Regeneration Area scheme.

A28 Sturry Link Road

1. **To Note** the update on the project
2. **To Note** that a further update will be brought to the Board meeting in September 2023 which will include:
 - 2.1. Confirmation that negotiations between the developer and landowner on the Sturry site have concluded successfully.
 - 2.2. Confirmation of the status of the planning application for the North Hersden development; and

2.3. Confirmation that the CPO has been published or is ready for publication.

11 Beaulieu Park Station LGF Project Update

The Board received a report from Gary Macdonnell, Network Coordinator, Essex County Council and Howard Davies, the purpose of which was for the Board to receive an update on the Beaulieu Park Station Local Growth Fund (LGF) project (the Project) which has been identified as High risk.

The Board were advised that the Project is progressing well with excellent progress being made on site. Gary gave an update on track possessions and confirmed that all had now been secured including the important ones during Christmas 2023/New Year 2024 period. Gary also gave an update on the status of the second Implementation Agreement and indicated that this agreement is now expected to be in place by the end of July 2023. He also noted that there would potentially be challenges if this date was missed as the Project has reached the extent of the works covered by the first Implementation Agreement.

Howard Davies proceeded to highlight the risks from SELEP's perspective which included bridging the funding gap on the Chelmsford North East Bypass project to safeguard the HIF funding as set out in Section 8 of the report.

Cllr Wagland provided an overview of the Project and its expected benefits for new members of the Board. Cllr Wagland indicated that completion of the second Implementation Agreement had been delayed due to Network Rail processes. Cllr Wagland also advised that agreement had been received from Homes England that the HIF project could progress at this time.

Cllr Wagland indicated that whilst the concerns of SELEP are understood, Essex County Council are determined to deliver the Project and to protect the SELEP funding. Cllr Wagland also advised that very positive messages about the Project were being received from all key stakeholders, including Government.

Resolved:

1. **To Note** the update on the Project and the risks to project delivery which have been identified.
2. **To Note** a further update on the Project will be brought to the September 2023 Board meeting which will include an update on all aspects of the project.

12 Queensway Gateway Road LGF Project Update

The Board received a report from Richard Dawson, Head of Service - Economic Development, Skills and Infrastructure, East Sussex County Council (ESCC) and Helen Dyer, the purpose of which was for the Board to receive a further progress update on the delivery of the Queensway Gateway Road Local Growth Fund (LGF) project (the Project).

The update report solely contained the views of East Sussex County Council.

Richard gave the Board an overview of the key issues as set out in the report and flagged that ESCC wished to highlight that they are in disagreement with Sea Change Sussex regarding progress and funding associated with the Project.

Richard advised that ESCC are fully committed to resolving any contentions with Sea Change Sussex and that there is an ongoing dialogue seeking to find a resolution to the disagreement allowing the Project to be brought to a close through the delivery of the final connection with the A21.

There is an ongoing requirement for Sea Change Sussex to submit a full set of plans and drawings, including the signage package, for review by National Highways and ESCC. This process must be completed before the Section 278 agreement can be entered into by all parties.

Richard also indicated that a draft Options Report has been produced in relation to the employment land owned by ESCC which has been unlocked through the Project. It is expected that the Board will be advised of actions arising from the Options Report at the next meeting.

Helen Dyer provided an update on risks from a SELEP perspective, identifying the various areas of contention and pointed out that due to the ongoing issues with ESCC and Sea Change Sussex, a full update has not been provided to the Board. Whilst it is acknowledged that there are the challenges identified by ESCC, it is imperative that a more comprehensive update on project delivery is provided at future Board meetings, which clarifies the funding package and delivery programme.

Resolved:

1. **To Note** that, for the reasons outlined in the report, it has not been possible to provide a full update on the Project at this meeting.
2. **To Note** that options for the way forward will be brought to the next meeting for Board consideration.

13 London Gateway/Stanford le Hope LGF Project Update

The Board received a report from Kevin Munnely and Howard Davies, the purpose of which was for the Board to receive an update on the delivery of the London Gateway/Stanford le Hope Local Growth Fund (LGF) project (the Project).

The Board has been provided with regular updates on the Project and the update included a request for an extension to the deadline for consideration of the updated Business Case for the Project.

The report also included an update on progress of Phase 1 and progress on Phase 2 design options.

Thurrock Council have requested an extension until February 2024 for consideration of a revised Business Case for the Project. Due to the Section 114 notice which is in place, the governance processes are more complicated and this has resulted in the Business Case process being extended.

Kevin provided the Board with an update on the Project and indicated that design work for Phase 2 of the Project is progressing well. This design will be used to help inform the revised Business Case.

Kevin also gave the Board an overview of the key milestones as set out in Table 1 of the report. He advised that a revised Business Case will be submitted to the Board in February 2024. Kevin confirmed that Thurrock Council are confident that this timeline can be met.

Kevin highlighted that there remains cost uncertainty until the design work has been completed. If there is a requirement to seek additional funding to support delivery of the Project, this could be challenging given the current financial position of Thurrock Council. However, internal discussions have commenced with a view to mitigating this risk should it arise.

Cllr Lamb enquired as to whether relevant third parties have been approached with regards to the potential funding shortfall with a view to securing additional funding to support project delivery. Kevin confirmed that conversations are in progress in this regard with DP World, Network Rail and the freeport. Kevin indicated that one of the challenges is that the designs need to future proof the Project and to provide capacity for future growth, however, no additional financial contributions have been committed at this stage in relation to future development and this is placing pressure on the project budget.

Adam Bryan indicated that the Chair of Opportunity South Essex had requested that concerns regarding the lack of progress on the Project which were raised at the Opportunity South Essex Board meeting on 15 June 2023 are noted by the Board.

Cllr Arnold updated the Board on the scale of growth expected in the local area, particularly at DP World, and indicated that this information would be factored into the revised Business Case. Given the complexities around the Project and likely changes from the original Business Case, Cllr Arnold requested that the recommendation at 2.1.1 of the report be expanded to also include submission of a report from Thurrock Council for consideration by the Board.

Resolved:

1. **To Agree** that the updated Business Case and report for the Project can be submitted for consideration at the February 2024 Board meeting. Noting that if this deadline is not met, the LGF funding will be removed from the Project and

will need to be returned to Essex County Council (as Accountable Body for SELEP) within 4 weeks by Thurrock Council for reallocation to alternative projects.

2. **To Note** that a further update on delivery of the Project will be brought to the September 2023 Board meeting, which will include an update on progress with Phase 2 design options and the associated application.

14 **Growing Places Fund Update**

The Board received a report from Helen Dyer, the purpose of which was to update the Board on the latest position of the Growing Places Fund (GPF) Capital Programme.

Cllr Arnold queried whether equity in relation to the release of the GPF funding was being considered in the preparation of options for the Strategic Board to consider in July 2023. Helen confirmed that this was one of the factors that was being considered when developing the options.

Resolved:

1. **To Note** the updated position on the GPF programme.
2. **To Note** the revised drawdown schedule for the No Use Empty South Essex project (as set out in Section 6 of this report).
3. **To Agree** the proposed revised repayment schedule for the No Use Empty South Essex project (as set out in Section 6 of the report).

15 **Date of Next Meeting**

The Board noted that the next meeting will be held on Friday 22 September 2023 at the Launchpad at Southend Airport Business Park.

16 **Urgent Business**

None.

Report title: SELEP Operations Update	
Report to Accountability Board	
Report author: Keri Lawrence – Governance Officer	
Meeting Date: 22 September 2023	For: Information
Enquiries to: keri.lawrence@southeastlep.com	
SELEP Partner Authority affected: Pan-LEP	

1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to be updated on the operational activities carried out by the Secretariat to support both this Board and the Strategic Board. The report includes an update on the SELEP transition arrangements, risk management, compliance with the Assurance Framework and performance against governance KPIs.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Note** the update on decisions taken by the Strategic Board for the transition of the LEP and the integration of its activities into Local Authorities at Section 4;
- 2.1.2. **Note** the summary of, and reflection on, the Government guidance for the Transfer of LEP core functions to combined and local authorities at Section 5;
- 2.1.3. **Note** the updated Risk Register in light of decisions taken by the Strategic Board and Government guidance at Section 6 and Appendix A;
- 2.1.4. Note the update on Assurance Framework compliance monitoring at Section 7;
- 2.1.5. **Agree** to appoint Abbie Kempe and Thomas Wolfenden in a shared role as non-voting co-opted members of the Accountability Board on the nomination of the higher education sector as outlined at Section 8;
- 2.1.6. **Note** the update on Governance KPIs at Appendix B.

3. General Operations Update

- 3.1. The SELEP Delivery Plan for 2023/24 was agreed at 7 July 2023 Strategic Board meeting. During Q1 and Q2 of 2023/24 progress has continued to be made in relation to the key areas outlined in the plan around strategic planning

and intelligence; communicating, collaborating and convening; and direct delivery.

- 3.2. This includes the publication of the SELEP State of the Region Report in July 2023; ongoing engagement with our broader strategic network through SELEP's monthly newsletters; convening key groups such as the Major Projects Group to collaborate on shared issues including skills and the challenges around tutor shortages; and delivery of the Growth Hub service - the South East Business Hub - across the region. A new round of Getting Building Fund funding was launched in July and we continue to monitor the delivery of existing capital programmes, with 2023/24 already seeing a number of projects reach key milestones including the opening of Thanet Parkway railway station, a new communal area and playground to support the regeneration and revitalisation of Southend city centre, and the launch of Sunspot – a landmark, purpose-built business centre on the seafront at Jaywick Sands.
- 3.3. In addition to business as usual activities, the delivery plan reflects that SELEP is in a transitional period and therefore the work of the SELEP Secretariat will be increasingly focused on ensuring the effective transition of SELEP functions by March 2024, as outlined in Section 4.
- 3.4. Regarding the Deep Dive into East Sussex projects where the delivery partner is Sea Change Sussex, we are still waiting for an update from the Assurance Team from the Cities and Local Growth Unit.
- 3.5. The number of requests for information from members of the public with regard to SELEP funded projects has reduced in recent months. Any requests received continue to be addressed in accordance with appropriate legislation or guidance.

4. SELEP Transition Update

- 4.1. At Spring Budget 2023, the Chancellor announced that the Government was 'minded to' withdraw central government support (core funding) for Local Enterprise Partnerships (LEPs) from April 2024 and transfer their functions – namely, business representation, strategic economic planning, and the delivery of government programmes where directed – to local authorities, where they are not already being delivered by combined authorities or the Greater London Authority. On 17 March 2023 the Department for Levelling Up Housing & Communities (DLUHC) and the Department for Business & Trade (DBT) launched an information gathering exercise on the practical implications of this proposal. Further, on 18 May 2023 the LEP received a letter from DLUHC confirming the 'minded to' position and outlining a reduced allocation of £250,000 LEP core funding for 2023/24.
- 4.2. As a result, in May 2023 work started in earnest to plan how integration of SELEP functions into local authorities might best work. Four scenarios were developed covering all feasible options under which integration could happen, in line with Government policy. All four scenarios resulted in the eventual closure of SELEP, irrespective of the time taken to complete the processes

which underpin an orderly transition. Relating to the transition four options for 2024/25 were presented:

- A. No change, with full integration of LEP functions by March 2025
- B. Reduced SELEP team, with full integration of LEP functions by March 2025
- C. Host regional team until March 2025, with LEP integration by March 2024
- D. Full integration of LEP functions by March 2024

4.3. These scenarios were presented to a special session of Board Directors on 12 June 2023 to help shape the recommendation to present to the 7 July Strategic Board meeting. Whilst the meeting was not a decision-making forum, the discussions and debate resulted in a preferred position of ‘Scenario D’. This was largely attributed to the clear direction of policy and the need to provide clarity for staff, businesses and partners at the earliest point.

4.4. The Strategic Board resolved at the meeting of 7 July 2023 to agree to the adoption of ‘Scenario D’ for the transition of the LEP and the integration of its activities into Local Authorities by March 2024. The scenario is summarised in the table below:

Scenario D: Full integration of all LEP functions by March 2024

Headline	Movement of all staff and functions into local authorities by April 2024, or as close to that date as possible.
Functions	All funded functions inc. required capital programme management, delivered by staff moving into individual Local Authorities.
Timeline	Integration of LEP functions by 1 April 2024, or as close to that date as possible.
Governance	Contracts novated; functions transferred formally; Boards disbanded. Government requirements for ongoing delivery to be established. Require analysis of Framework Agreement to ascertain close down obligations on partners.
Finances	Revenue remaining to cover close down, including the costs of the Accountable Body; and moved staff costs would transfer to local authorities.
People	Staff moved to Local Authorities, via TUPE or agreed arrangements, or compulsory redundancy through consultation.
Pros	Clean break; strong policy response; could provide clarity to staff at early stage and business and partners.
Cons	Limited time to agree processes and implement; loss of value-added strategic work; potential for lost opportunity and momentum; risk of alienating business; potential for quick loss of expertise.

- 4.5. Further, the Strategic Board resolved to support the development of a transition plan, for agreement at the next Strategic Board meeting with local authority partner commitment to providing written confirmation detailing the capacity available within each authority.
- 4.6. On 4 August 2023, weeks later than expected, the LEP received a letter from DLUHC confirming that from April 2024, the Government's sponsorship and funding of LEPs will cease. Alongside this decision, technical guidance for LEPs and local authorities was published.
- 4.7. Following the Strategic Board's decision in July, a meeting was held on 19 July with Local Authority Senior Officers to discuss and plan the transition process. As a result five workstreams were established to facilitate the transition. Through these the LEP will engage all six authorities, the Accountable Body and other partners (as appropriate) to ensure all relevant information and detail is shared, options for future operations are discussed and processes and timelines for transition and integration agreed. These workstreams cover:
 - 4.7.1. Governance and Capital Programme
 - 4.7.2. Partnership and Network
 - 4.7.3. Growth Hub and Business Support
 - 4.7.4. Data and Intelligence
 - 4.7.5. Resourcing
- 4.8. A member of the SELEP team is facilitating each workstream, outputs from which will feed into the draft Transition Plan to be brought to the Strategic Board meeting on 13 October 2023, including a collective governance timeline that provides a clear line of sight on decision making between now and March 2024. In achieving a full transition, in accordance with the extant local and national Assurance Frameworks, there are important legal processes to go through that will need to be set out within the Transition Plan and agreed with the six upper tier local authorities and Government.
- 4.9. Key considerations in the development of the Transition Plan for LEP functions will be around the management of the capital programme for which Government retain expectations on the spend of Growing Places Fund funding and the monitoring and evaluation of the wider £550m capital programme currently being delivered by Partners with the Government funding that was allocated to SELEP; the continuity of business support provision as Government review the positive impact of Growth Hubs and determine next steps; and the coordination of cross-area strategic work and sector-driven private sector partnerships such as the South East Creative Economy Network and the Major Projects Group.

- 4.10. The future governance expectations of Government around the ongoing monitoring and evaluation of commitments made by the LEP will determine the route that our governance transition needs to take.
- 4.11. The guidance received from Government on 4 August did not set out the expectations in regard the ongoing monitoring of the capital programme, post April 2024. So, whilst we await clarity on Government requirements on this, it is expected that it will be necessary to transition the agreements that are currently in place around projects in the capital programme and draw a direct contractual relationship between DLUHC/Government and the upper tier Local Authorities with respect to future management and oversight of the projects in receipt of SELEP funding. It will also be necessary to formalise the transfer of our other functions to ensure that each area of the LEP is fully sighted on the plans.
- 4.12. As agreed by the Strategic Board in July 2023, SELEP Ltd will close as of the 31 March 2024, or as nearer date that can be achieved. At the appropriate time, SELEP/Accountable Body will work to disband the Strategic Board and revoke the Joint Committee Agreement which underpins the Accountability Board, pending the decision on the future management of the Growing Places Fund. Please note that this will require a structured process that is still to be determined.
- 4.13. Close down obligations on partners will be exercised as part of the Framework Agreement and closure costs and additional costs borne by the Accountable Body will have to be quickly ascertained, as they are expected to be met from the SELEP residual funding – the support required from the Accountable body will depend on the proposed transition plan and any further expectations of Government.

5. Government guidance: Transfer of LEP core functions to combined and local authorities

- 5.1. Alongside the letter of 4 August 2023 confirming the Government's decision to cease funding of LEPs, technical guidance for LEPs and local authorities was published.
- 5.2. The information gathering exercise outlined at section 4.1 above identified overlap between some of the functions being discharged by LEPs, local authorities and combined authorities, as well as confirming that there is already a high level of integration of LEP functions in Mayoral Combined Authority areas. The exercise also highlighted the different perceived levels of benefit and engagement between LEPs and local authorities. The Government's view is that there is likely to be scope for greater join-up, efficiencies, and clarity for the private sector by these functions being discharged within Mayoral Combined Authorities, devolution deal areas and upper tier local authorities, working together as appropriate.
- 5.3. Government has indicated in the letter that they will therefore provide some revenue funding to local and combined authorities in 2024/25 to support them to deliver the functions currently delivered by LEPs. Details of this support and

further clarity on the functions and delivery expectations Government will have of local authorities, will be confirmed at a later date, potentially January 2024. Funding beyond 2024/25 will be subject to future Spending Review decisions.

- 5.4. Government expects that integration of LEP functions into areas with a devolution deal or into upper tier local authorities will be undertaken as quickly as possible, ensuring a smooth and orderly transition. Decisions, where appropriate, on the transfer of assets should be agreed by the LEP, its Accountable Body, and respective local authorities by March 2024, though government recognises that the practical integration and transfer process may stretch beyond that date.
- 5.5. The technical Government guidance provides limited detail, with an emphasis on an individualised case-by-case local approach to LEP integration. Local areas have been encouraged to respond to Government with any concerns or queries. SELEP has therefore put clarification questions to Government on behalf of partners to try and better understand how we progress.
- 5.6. Specific aspects of integration outlined in the guidance which require clarification for SELEP are:

5.6.1 **Getting Building Fund (GBF) and Local Growth Fund (LGF)**

The guidance suggests that the Accountable Body of the LEP will continue to be responsible for ongoing monitoring arrangements for both Getting Building Fund (GBF) and Local Growth Fund (LGF) programmes. However, in the SELEP example, without an on-going partnership arrangement across the whole of the geography this is unlikely to be a sustainable model especially given that the National Local Growth Assurance Framework (on which the LEP governance is based and includes the expectation of monitoring) is advised within the guidance to only apply up to a reasonable point before integration. Clarification is required therefore with respect to the point at which the Accountable Body is no longer considered to be accountable for the funds that have been allocated to it on behalf of the SELEP.

5.6.2 **Growth Hubs**

In areas where there is no devolution deal, Government expects local authorities to work together to ensure seamless Growth Hub provision across the area, which will continue to support businesses and to provide a convening point for broader business support provision. It sets out the Department for Business and Trade (DBT) gateway criteria to receive core funding to deliver Growth Hub services from April 2024. Historically, late notification and confirmation of funding for Growth Hubs has caused challenges in maintaining an effective service and within Greater Essex, caused a break in service within the current financial year. Assurances are sought therefore that funding for this service from April 2024 will be provided by the DBT as well as clarification with respect to expectations for match funding for this grant.

5.6.3 **Assurance:**

The guidance sets out that the S151 officer of the Accountable Body is required to provide an end of year assurance statement and Section 151 return. Clarification is sought as to how this will align with expectations that LEPs only have to comply with the National Local Growth Assurance Framework up to a reasonable point before transition and may not be able to comply with all requirements to effect transition, for example with respect to allocation of the remaining Growing Places Fund funds.

5.6.4 **Transfer of LEP functions:**

The guidance specifies that, as private enterprises, LEPs may choose to continue operating, but government will now support local authorities to take on LEP functions previously supported by annual core funding – namely, business representation, strategic economic planning, and responsibility for the delivery of government programmes where directed. Government expects these functions to be exercised by upper tier local authorities (working in collaboration with other upper tier local authorities as appropriate), where they are not already delivered by a combined authority, or in areas where a devolution deal is not yet agreed. Wherever possible, government expects local authorities to work together to deliver LEP functions within potential devolution deal geographies (whole county geographies or functional economic areas with a minimum population of 500,000, in line with the geography principles set out in the Levelling Up White Paper).

Given that the guidance states that Government expects that integration of LEP functions into areas is undertaken as quickly as possible and where possible by March 2024, clarification is sought on the proposed timelines for funding announcements and any further guidance, which at present is indicated in January 2024 at the earliest. In addition, reference is made to ‘delivery of specific government programmes’, clarification is required on what is meant by this and whether this is intended to include reference to former programmes such as GBF (where delivery is expected to be complete) where additional capacity revenue funding was allocated to LEPs to support delivery of that programme.

6 Updated Risk Register

6.1 **Transition:**

Risk 9: This risk relates to the workload and wellbeing of the Secretariat and continues to be rated as high. Workloads remain high due to the decreased resource. The smaller team is less resilient in the case of long-term illness or resignations due to the lack of capacity/specialisation to provide cover. A significant risk during the transition process is the loss of staff through 2023/24 as they understandably seek more secure routes to employment elsewhere. It is essential to provide clarity to the existing staff to mitigate the risk of losing the critical resources of knowledge and expertise at a time when it is most needed in planning for the future.

Some residual SELEP activities may need to continue to be undertaken beyond March 2024. These will be determined by the still to be clarified requirements of Government around ongoing responsibilities for managing the capital programme and undertaking monitoring and evaluation at a legacy LEP level, this work will need to be supported and resource made available from what is remaining of the SELEP revenue budget.

Risk 48: Following review of the Risk Register, newly considered risk number 48 relates to the concerns outlined at section 5.6.4 above and the lack of detailed Government guidance for the transfer of LEP core functions to upper tier local authorities. Functions currently undertaken by the LEP will be transferred into Local Authorities according to transition plans agreed locally and agreed at LEP level. There is a significant risk of transition delay should uncertainty impact local and LEP level decision-making processes and thereby transition planning and implementation by March 2024.

6.2 **Capital Programme:**

Risk 19: The risk of non-achievement of Outcomes/Outputs of the Capital Programme (Risk 19) continues to be classified as high risk. In January 2023, the Board met for an additional meeting to take funding decisions related to the GBF to maximise GBF spend by 31 March 2023. Despite these decisions, full GBF spend could not be achieved by 31 March 2023 and 9 projects continued to spend their GBF funding allocations into Q1 2023/24. The GBF Update report (Agenda Item 8) confirms that full GBF spend could not be achieved by 30 June 2023 as required by the Board. Three projects are seeking approval to retain their GBF funding allocation beyond 30 June 2023 at this meeting. It should however be noted that two of the three projects completed their GBF spend between 1 July and 31 August 2023 and therefore the level of risk associated with these decisions is reduced.

It should also be noted that there is a risk that an inability to achieve the stated project outcomes will be masked by a lack of robust post scheme completion monitoring and evaluation. There are currently a large number of monitoring and evaluation reports outstanding (as set out in Agenda Item 9), and without this information, it cannot be confirmed whether the projects are delivering in accordance with their agreed Business Cases. It is acknowledged that at least two partner authorities have taken on additional resource to catch up on post scheme completion monitoring and evaluation. As delivery of the Capital Programme nears a conclusion, there will become an ever greater focus on securing the required monitoring and evaluation documentation to ensure that robust updates can be provided to the Board and to Central Government.

Risk 46, rated as medium, is a reputational risk related to the number of requests for information about projects and questions raised about the delivery of outputs and outcomes of some projects. SELEP and the Accountable Body continue to look at opportunities to improve the management of the Capital Programme and the presentation of information to the Board and the public.

7 **Assurance Framework Monitoring**

- 7.1 SELEP continues to regularly manage its compliance with the National Assurance Framework and ensure that it is governed, and decisions are made, in line with the framework's requirements. An Internal Audit for 2022/23 was undertaken by Essex County Council (as the Accountable Body) (Final Audit Report May 2023) to assess the robustness of governance over decision making, project delivery and financial / risk management processes, in order to provide assurance to the S151 Officer and SELEP that such areas of potential risk are being controlled to an acceptable level.
- 7.2 The audit outcome was that of Satisfactory Assurance decreased from that of Good Assurance awarded in 2021/22. Internal audits of SELEP have received positive assurance opinions over the past several years. This continues to be the case based on audit observation of SELEP's internal control environment specifically. However, in 2022/23, significant external risks have materialised which now inherently limits the amount of assurance that should be taken, linked to future uncertainty of the LEP; subsequent to the completion of the report, the Government confirmed that funding for LEPs would not continue beyond 2023/24 and SELEP is currently planning for the transition of functions to Local Authorities from April 2024. The audit outcome therefore recognises that SELEP continues to have controls in place to help manage emerging risks to the best of its ability. However, it is important that these are proactively monitored throughout the transition period.
- 7.3 Two Moderate operational audit actions have been raised which are now subject to ongoing monitoring:

Action 1 - Adherence to the Conflict-of-Interest Policy for all members of the Boards including the Strategic Board, Accountability Board and the Federated Bodies: The Conflict-of-Interest Policy states that Registers of Interest must be reviewed and re-submitted at least annually. An improved governance process ideally needs to be put in place to ensure that compliance with the Conflict-of-Interest Policy can be maintained. It is acknowledged within the Audit that there are limited resources within the SELEP Secretariat Team to monitor this control, especially at the Federated Board level.

SELEP response to action 1:

SELEP has undertaken a review of Registers of Interest since May 2023, ensuring re-submission where necessary and publication on the SELEP website where required. (The Registers of Interest of SELEP Strategic Board members and Accountability Board members are published online). A review is undertaken on an ongoing monthly basis to ensure annual re-submission dates of Registers of Interest for officers and Board members are met, with a simple spreadsheet devised as a tool to flag annual dates for review, requests for review and any outstanding re-submissions. Registers of Interest have been requested and submitted as part of the induction process for all newly appointed members of both the Strategic Board and Accountability Board, as well as for any substitute representatives in advance of meetings of both boards.

Action 2 - Post-implementation monitoring and evaluation reviews to assess whether completed individual projects achieved their required return on investment after one and three to five years: A process should be put in place to help ensure priority is given to making sure outstanding monitoring and evaluation reports are completed and presented to the Accountability Board.

SELEP response to action 2:

SELEP has been working with local partners to support the required post scheme completion monitoring and evaluation across the LGF and GBF Capital Programmes and this has been reflected through the reporting to the Board in the respective programme updates. In addition, the Secretariat will be producing reports which solely focus on the required post scheme completion monitoring and evaluation for consideration by the Board at future meetings. It is intended that the first of these reports will be presented to the Board in November 2023.

- 7.4 The DLUHC wrote to LEP Chief Executives on 18 May 2023 setting out its position on LEP assurance and associated requirements for 2023/24. As per that letter, a light-touch Annual Performance Review (APR) assurance cycle will take place in 2023/24 where LEPs are still operational.
- 7.5 The approach will continue the tiered structure implemented in the 2022/23 assurance cycle. Assurance activities will consider any residual LGF and GBF spend, via freedoms and flexibilities, brought forward into 2023/24 by LEPs.
- 7.6 The Government does not propose to conduct any further LEP “deep dives” or compliance checks this year (2023/24) unless circumstances require it.
- 7.7 The National Local Growth Assurance Framework will remain in force and will continue to apply up to a reasonable point before integration. The LEP should adhere to the requirements for as long as they are applicable. Assurance arrangements beyond that for those areas that are not yet under devolution, for whom the English Devolution Accountability Framework (2023) applies, is unclear and further clarity has been sought from Government.
- 7.8 Beyond 2023/24, if a LEP continues to operate without core funding, and is therefore not conducting functions for government, Government do not expect to conduct assurance activities upon it. If the LEP is continuing to deliver functions on behalf of the local authority or authorities, the relevant assurance requirements for those functions would apply to the local authority or authorities.
- 7.9 LEPs should maintain assurance standards by continuing to adhere to the mandatory compliance, governance and transparency requirements as far as possible, and should continue to follow best practice.
- 7.10 LEPs are expected to continue to maintain a Local Assurance Framework and have this publicly accessible. It is the role of the Board to oversee the implementation of the requirements of the SELEP Local Assurance Framework.

- 7.11 The Strategic Board composition requirements within the National Local Growth Assurance Framework are still in force, however the increasing difficulties LEPs are faced in meeting and maintaining compliant boards has been acknowledged. DLUHC expects LEPs to ensure a functioning quorate Strategic Board. For specific composition requirements, including the target of 50% female representation within the LEP board from 2023, it is expected that LEPs make best endeavours to ensure these targets are met wherever possible, but will consider them from a best practice perspective.
- 7.12 As part of the current assurance and monitoring process for 2023/24, all LEPs are required to publish a Delivery Plan. The SELEP Delivery Plan for 2023/24 was agreed at 7 July 2023 Strategic Board meeting.
- 7.13 All LEPs are still required to produce an Annual Report (and annual accounts) for 2022/23. This will be produced for the SELEP AGM planned for October 2023.

8 Accountability Board Higher Education Representative

- 8.1 The Assurance Framework specifies the Accountability Board membership as follows:
- i. Voting members:
 - a. 1 member appointed from each of the 6 County/Unitary Councils.
 - ii. Non-voting co-opted members:
 - a. the Deputy Chair of the Strategic Board (Chair);
 - b. one member appointed by the Accountability Board on the nomination of the higher education sector;
 - c. one member appointed by the Accountability Board on the nomination of the further education sector.
- 8.2 Currently, the position of Further Education representative is vacant following the appointment of the former Further Education representative Simon Cook as SELEP Deputy Chair (and Chair of the Board) on 26 May 2023; and the role of Higher Education representative has been vacant since April 2023.
- 8.3 Following the meeting of the U9 group of universities on 18 July 2023, Abbie Kempe and Thomas Wolfenden were nominated to act in a shared role as non-voting co-opted members (Higher Education representatives) of the Board. The membership of U9 is formed of nine higher education institutes within the SELEP geography: University of Kent, University of Greenwich, University of Essex, University of Sussex, University of Brighton, Anglia Ruskin University, Canterbury Christ Church University, University for the Creative Arts, Writtle University College).

8.4 The role of the non-voting co-opted members of the Board is to provide additional sector specific insight and advice to the Board in line with the requirements of the Assurance Framework. The Board is recommended to agree to the appointment of the nominated U9 representatives to share the Higher Education co-opted position on the Board.

9 Key Performance Indicators

9.1 A number of KPIs are being tracked to ensure there is compliance with the governance requirements in the SELEP Assurance Framework. These can be found at Appendix B.

9.2 All KPIs are mostly delivering in line with targets. Success Essex has not recently met. The Secretariat will continue to communicate with officers to improve and maintain compliance and ensure that this stays on track as conversations around transition gather pace across the area.

10 Accountable Body Comments

10.1 It remains a requirement for SELEP to have an Assurance Framework in place that complies with the requirements of the National Local Growth Assurance Framework. Whilst it is noted that the government guidance for LEP transition makes allowance for the National Local Growth Assurance Framework to remain in force and to continue to apply up to a reasonable point before integration, there remains an expectation for the s151 Officer of the Accountable Body to continue to provide assurances of compliance.

10.2 Additional guidance has been sought from Government to clarify their expectations in this respect, however, it is anticipated that there will need to be some pragmatism in approach to ensure that the decision making needed to bring about the required changes can be effected, provided that decisions meet minimum requirements, such as being legal, transparent and meet any relevant grant conditions.

10.3 A key role of the Accountable Body through LEP transition will be to ensure consideration and transference, as appropriate, of any residual accountabilities in respect of funding being held and managed by Essex County Council on behalf of the SELEP.

10.4 It is anticipated that a number of close down activities will need to continue to be managed post closure of SELEP which will need to be funded through the residual funding to support the SELEP transition (see Agenda item 6.)

10.5 Through the life of SELEP, the purpose of the Assurance Framework has been to ensure that the necessary systems and processes are in place to manage delegated funding from Central Government budgets effectively.

10.6 The S151 Officer of the Accountable Body is required to provide the following confirmation to Government on an annual basis:

SELEP Operations Update

- 10.6.1 That all the necessary checks have been undertaken to ensure that SELEP has in place the processes to ensure the proper administration of their financial affairs and that they are being properly administered; and
- 10.6.2 That SELEP's Local Assurance Framework is compliant with the minimum standards as outlined in the *National Local Growth Assurance Framework (2021)*.
- 10.7 This confirmation was provided by the S151 Officer on the 28 February 2023; Government have advised that a similar confirmation statement is expected to be required through the Annual Performance Review process for 2023/24.
- 10.8 The S151 Officer of the Accountable Body is required to ensure that oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 10.9 In addition, the S151 Officer is required to provide an assurance statement to Government as part of the Annual Performance Review; this must include information about the main concerns and recommendations about the arrangements which need to be implemented for SELEP to be properly administered.
- 10.10 A number of risks to the future financial position of SELEP are noted in this report and considered further in the Finance update (agenda item 6).
- 10.11 The outcome of the Annual Performance Review 2022/23 identified that challenges were being experienced with regards to Delivery and risks across the LGF and GBF capital programmes (as is regularly reported to this Board through the wider agenda items). Due to GBF slippage from 2021/22 and 2022/23, quarterly reporting of spend to Government will continue to be a requirement in 2023/24. The majority of GBF projects are now reported as completed, but 3 projects have requested an extension to continue beyond June 2023. Monitoring of all GBF projects will be required on-going and any reporting requirements complied with by Partners in line with the agreed arrangements.
- 10.12 A number of LGF projects are continuing to be identified as high risk, with significant delays to delivery highlighted. The on-going role of the Board in monitoring progress to assure delivery in line with the decisions of the Board remains an important requirement as part of the wider governance and assurance role of the LEP.
- 10.13 It remains unclear currently how long Government may continue to request reporting on either the LGF or GBF programmes, however, it is expected that this will be a key consideration of any transition agreements with Local Partners and Government.

11 Financial Implications (Accountable Body comments)

- 11.1 Government have allocated Core funding to SELEP for 2023/24 at a reduced allocation of £250,000. Government have also confirmed that this will be the final year in which LEPs will be allocated core funding due to the expectation that their functions will transfer to Local Authorities from 2024/25 – Government have indicated that there may be some funding to support the Local Authorities in 2024/25, but on-going funding remains subject to confirmation through future spending reviews.
- 11.2 The finance update in agenda item 6 proposes an amendment to the agreed budget for 2023/24 to take into account the receipt of the Core Funding to support delivery in this financial year. The current level of reserves continue to be monitored, but are considered sufficient to support the SELEP budget for 2023/24, with some reserves remaining to meet known commitments into future years; an assessment of any residual funding to support the transition of functions to Partners will be considered alongside the development of the draft plan due to be considered by the Strategic Board in October 2023. Any decisions required by the Board to support these arrangements will be brought to a future meeting, once requirements have been clarified.
- 11.3 Essex County Council, as the Accountable Body for the SELEP, is only able to meet funding commitments made by the SELEP, where it is in receipt of sufficient funding to do so and any spend is in line with the requirements of the Local Assurance Framework and any conditions associated with individual funding allocations.
- 11.4 The recent announcement by Government in their Budget statement that no further Core Funding will be available post 2023/24 means that options with respect to the future position of the Essex County Council employees that support the SELEP Secretariat, the existing funding agreements and other contractual arrangements in respect of SELEP being managed by the Accountable Body, now need to be considered with respect to potential future transition arrangements that align to the requirements across the six partner authorities in the SELEP geography.

12 Legal Implications (Accountable Body comments)

- 12.1 There are no significant legal implications arising out of this report.

13 List of Appendices

- 13.1 Appendix A – Extract from Risk Register
- 13.2 Appendix B – Governance and Transparency KPIs
- 13.3 Appendix C – Assurance Framework Compliance Monitoring

14 List of Background Papers

- 14.1 None

SELEP Operations Update

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off Michael Neumann (On behalf of Nicole Wood, S151 Officer, Essex County Council)	14/09/2023

South East LEP

Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/Deadlines
9	Change to Policy Direction	Team/Service Delivery	5	5	25	High	The confirmation that LEPs will not receive any further Government funding from April 2024 has decreased morale within the team, and staff retention may be challenging over the next year. The implications of a reduced team have been communicated to the Board and workload planning for next year is on the basis of available resource.	Planning for 2023/24 continues to be made on the basis of the resource available and known. Future resourcing (for Local Authorities) is a workstream of the transition planning and involves all 6 Upper Tier Local Authorities to plan for a smooth transition of functions and resource from the LEP, where this is desired. SELEP also remains involved in devolution discussions where applicable.	All Man Team	Ongoing
10	Recruitment and Retention of Board Members	Team/Service Delivery	5	5	25	High	The Chair has been appointed for a two-year term and the Deputy Chair appointment was confirmed in May 2023. The risk around retaining Board members is high with confirmation that LEP funding will end from April 2024. Impact on ensuring quorate for decision-making at key meetings, in particular in-person meetings.	Clear communication and engagement with public and private stakeholders as to business continuity via future Local Authority arrangements, to improve retention. Workstreams seek to gain early (as possible) clarity on the future arrangements within Local Authorities to ensure continuity despite different and more local geographies. SELEP's federated model aligns well to this.	CEO	Ongoing
12	GPF Project Repayments	Funding/Financial	4	4	16	Med	Any risks to repayment of the existing GPF loans have been flagged to the Board and there are ongoing discussions between the Capital Programme Team and the loan recipients'. Whilst these risks have been taken into account when planning, there is an increasing risk with regards to repayment due to one project having defaulted on their agreed loan repayment, with an extended alternative repayment schedule agreed by the Board and another project identifying significant repayment challenges.	The Capital Programme Team are working with project leads to understand where GPF repayments are at risk. Whilst a new round of GPF funding is not planned for 2023/24, proposals for ongoing use of the GPF funding post SELEP will take into account the remaining balance owed against the existing GPF loans.	H Dyer	Ongoing
15	Misadministration of grants	Funding/Financial	3	4	12	Med	Grants issued by HM Government can potentially be clawed-back by HM Government if SELEP cannot demonstrate that they have been used in line with the conditions and restrictions set at the time of award by the grant awarding body. Back to back agreements are in place but should HM Government claw back we would be required to pay immediately whilst legal action to claw back from the recipient of the grant could take some time. The number and value of grants is decreasing so the likelihood of this risk occurring has reduced.	Back to back agreements are in place and the Accountable Body provides advice on the correct application of grants by SELEP. A full review of the capital programme and assessment of the application of grant funding is planned for 2023/24. Consideration will be given as to how oversight of the application of grants can be structured and in a virtual manner if necessary. Each Management Team member who has grant funded activity takes responsibility for ensuring that grant conditions are understood and met.	All Man Team	Ongoing

South East LEP

Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
19	Non achievement of Outcomes/Outputs of the Capital Programme	Outcomes/Outputs of programmes	4	5	20	High	Given the ongoing impacts of the COVID-19 pandemic, Brexit and the Russia Ukraine conflict on the economy, there is a risk that the outputs, outcomes and impacts stated in the approved Business Cases for the LGF, GBF and GPF projects may not be fully realised. Economic recovery will not be uniform across all sectors and therefore some projects may be more significantly impacted than others and this will be managed within the normal risk management of the relevant funding streams. The delivery of outputs from projects which are still in the delivery phase are most likely to be impacted due to increasing materials and labour costs and high inflation levels. This risk is further exacerbated by a lack of robust post-scheme completion monitoring and evaluation, which may mean that non-delivery of expected outcomes and impacts is occurring without being identified.	The Capital Programme continues to be monitored and the team work closely with delivery partners. The team is also providing regular updates to HM Government. Award of available GBF funding to existing GBF projects helped to mitigate the risk to realisation of expected project outputs and outcomes. All known changes to GBF outcomes and outputs have been approved by DLUHC. However, an exercise to rebase the outcomes of the LGF programme needs to be undertaken. Further work on the robustness of monitoring and evaluation data, particularly in relation to the LGF, is required. Quality of information provided from delivery organisations will need to improve.	H Dyer	Ongoing
22	Growth Hub Service delivery	Team/Service Delivery	3	3	9	Med	SELEP has received a notional allocation of £475,000 for Growth Hub service delivery in 2023/24 and a grant funding agreement with DBT is now in place. The agreement was late in finalising and so the Q2 claim to DBT will be combined with the Q3 claim in October. Southend-on-Sea City Council withdrew from hosting the BEST Growth Hub from 1 April 2023, Essex County Council has agreed to host and has procured a third party provider (Colbea) to reinstate BEST in early July 2023 and run for the remaining 9 months of the f/y. New expectations of core funding for 2023/24 (monthly reporting, data sharing and alignment with Govt depts) need to be embedded into service delivery in-year, which poses a minor risk to compliance. Ongoing risk to service continuity and retention of experienced staff due to uncertainty around future Growth Hub funding and transition of Growth Hub as a LEP function to Local Authorities.	SELEP is leading the process of GH funding claims with lead Local Authorities to draw down quarterly Growth Hub funding from DBT. SELEP has raised the risks to continuous delivery and staff retention with DBT via the Growth Hub Network, the LEP integration questionnaire and the LEP Network. Growth Hub and Business Support is a workstream in the LEP Integration planning process with UTLAs. Should Growth Hub funding be forthcoming in 24/25, the preferred scenario is to operate three independent GHs that mirror the BES, BEST and KMGH geography, with three individual Accountable Bodies.	J Simmons	Ongoing
29	Uncertainty in application of LGF grant awarded to Hadlow College	Outcomes/Outputs of programmes	5	4	20	High	£11m of LGF funding across 4 projects has been awarded to Hadlow College which entered into Education Administration in 2019. It is currently unclear whether the outputs and outcomes related to this funding will be delivered. Whilst the educational activities have resumed at the college, the grant agreements have not transferred to the new providers and therefore SELEP may be unable to recoup any monies that were not applied in line with the agreement. The Secretariat and the Accountable Body have responded to queries from the Education Administrators, BDO. There is a potential risk that monies weren't utilised in line with the grant agreement in place between the Accountable Body, on behalf of SELEP, and the college. If grant monies weren't correctly utilised, the outputs and outcomes in the Business Case will not be delivered or not delivered in full.	The Secretariat and the Accountable Body supported the administration process which has now concluded. We have made the then MHCLG (LGF awarding body) aware of the position and responded to their queries in this respect. Consideration has been given, and an update provided to the Board, as to what protections can be put into place to prevent this situation occurring in future, recognising that any action needs to be proportionate and balance the risk against the resource impact.	CEO	Ongoing
34	COVID-19 - Secretariat Risk	Team/Service Delivery	2	4	8	Low	Risk that the operations and activities of the Secretariat are impacted by members of the team being unwell and unable to work. It seems likely that further waves of variants could impact on staffing levels in the future.	Remote working for the Secretariat is continuing for the foreseeable future. Team members have been encouraged to get vaccinated. Management Team to consider business continuity issues on a regular basis and ensure that safeguards on priority activities are put into place as far as possible.	All Man Team	Ongoing

South East LEP

Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
35	COVID-19- Board Risk	Team/Service Delivery	3	4	12	Med	Risk that business cannot be conducted at Board meetings because insufficient Board Members are available to meet quorate requirements. Whilst Strategic Board can meet virtually and virtual meetings are now well established, Accountability Board must meet in person to be able to take decisions. A hybrid approach has been set up but the quorum for Accountability Board is small as a result of the limited numbers of voting members. If Accountability Board voting members do have to self isolate, there is limited resilience on the quorum.	The Secretariat will work with Accountability Board members and their supporting officers to identify potential deputies for the meetings and ensure that DoI etc are in place and up to date for short notice replacements.	CEO	Ongoing
36	COVID-19 - Work Plan Risk The continued uncertainty in the economy makes it very difficult to construct strategies and plan as former economic models and approaches may no longer be valid	Team/Service Delivery	3	2	6	Low	Previous uncertainty relating to external economic impacts and the policy response from HM Government impacted on the planning and delivery of SELEP strategies. In July 2023, the SELEP Strategic Board approved a Delivery Plan for 2023/24 which reflected the impact of transition work and the need for a more focused approach in 2023/24. The future focus for SELEP has therefore moved towards transition planning rather than strategy development.	The SELEP Economic Recovery and Renewal Strategy continues to inform our approach, and the delivery plan for 2023/24 highlights our important roles in convening partners to continue to deliver economic growth and in supporting the transition of responsibilities to Upper Tier Local Authorities from 2024/25.	All Man Team	Ongoing
40	Getting Building Fund - programme delivery	Outcomes/Outputs of programmes	4	3	12	Med	At the outset of the GBF programme, Government indicated that all funding had to be spent by 31 March 2022 and that all projects had to be substantially delivered by that date. In reality, this couldn't be achieved and a process was agreed by the Board to allow projects to retain their GBF funding beyond March 2022 for a limited period of time. This still required projects to work to tight timescales for both project delivery and spend of funding. A number of projects have now sought approval for retention of their GBF funding for a longer time period. Whilst noting that there is a significant reputational risk for both SELEP and local partners if full GBF spend is not achieved in a timely manner, following cancellation of approved projects and receipt of updated advice from Government, the Board agreed that in exceptional circumstances GBF spend could extend beyond 31 March 2023.	Programme slippage is being managed by both Accountability and Strategic Board. An agreed process has been introduced to manage delays to GBF projects, similar to that used on the LGF. The programme is being actively managed with funding being reallocated to other projects if existing projects are unable to deliver in accordance with the required timescales. Retention of GBF funding beyond March 2022 has been agreed in relation to a number of projects and there is a mechanism in place to ensure that all GBF funding is spent in a timely manner.	H Dyer	30/06/2023
46	Risk of damage to SELEP reputation from delays or non-delivery of projects or perception thereof	Service Design/Reputation	3	4	12	Med	There has been an ongoing series of requests for information and assurances concerning a number of projects which are being or have been delivered in East Sussex. Whilst responses to these requests are being provided in accordance with statutory requirements or internal policy (as applicable), there is a risk that the reputation of the LEP will be impacted if continued requests are received against a background of perceived lack of transparency.	Responses to requests for information and public questions will continue to be answered fully and in compliance with statutory and internal policy. Linking to risk 19, improvements to the quality of output and outcome data reporting are required and will be worked on. An internal review is underway to ensure that SELEP policies and procedures have been fully complied with, and opportunities to improve the management of the Capital Programme and the presentation of the information to the Board and the public are being sought. Consideration will be given to any recommendations made by Government following the completion of the deep dive into projects in East Sussex which are being delivered by Sea Change Sussex. Most importantly, compliance with the National Assurance Framework, Local Assurance Framework, local policy and other applicable regulations must continue, not just by SELEP but by all delivery partners. All delivery partners and third party recipients of funding will be referred to their contractual obligations in responding to requests for information in a timely, open and transparent manner. SELEP and the Accountable Body will take action where it can be evidenced that requirements of the SLA are not being met.	CEO	Ongoing

South East LEP

Risk Register - All Risks

Ref	Risk Title and overview	Risk Type	Likelihood	Impact	Score	Rank	Description	Mitigation	Risk Owner	Dates/ Deadlines
48	Delays to transition process from lack of Government guidance/clarity impacting integration arrangements	Team/Service Delivery	3	4	12	Med	Long-awaited Government guidance has limited technical detail, and is focused on a case-by-case localised agreement on integration of LEP core functions. Lack of clarity with respect to Government expectations of, and funding for, Local Authorities potentially hinders future planning particularly with respect to expectations of the role of the Accountable Body. Further government guidance is indicated for January 2024, however this will be significantly late for the development of transition plans across the LEP area.	Clarity has been sought from Government with respect to the role of the Accountable Body post transition, ongoing monitoring arrangements for both GBF and LGF programmes, s151 return, compliance with the National Local Growth Assurance Framework up to a reasonable point before transition, etc. Whilst swift clarity is not necessarily expected centrally, local partners continue to work on the basis of local solutions and, if need be, will seek to gain Government agreement to these.	CEO	Ongoing
47	Risk to service delivery from lack of engagement by stakeholders	Team/Service Delivery	5	4	20	High	As a result of changes to policy, there has been an appreciable move away from the LEP by some key stakeholders.	Through its convening role, SELEP continues to have strategic engagement with stakeholders through its Strategy Network, including its 10 working groups, where engagement remains strong. Through the transition workstreams, SELEP is working closely with Local Authorities and other partners to try and ensure a smooth transition of work that keeps stakeholders engaged in the work for the remaining time that SELEP leads it, and hopefully beyond.	CEO	Ongoing

South East LEP

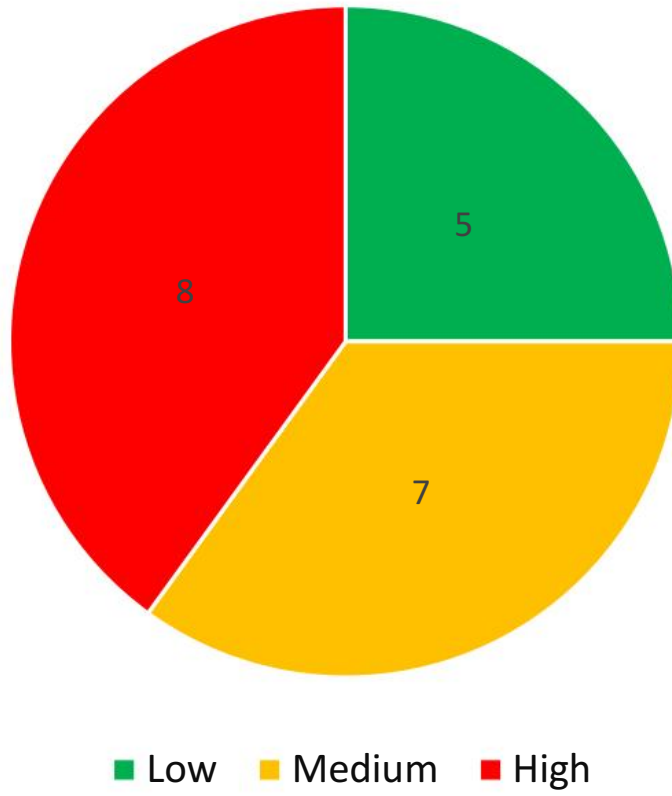
Risk Register - scoring matrix

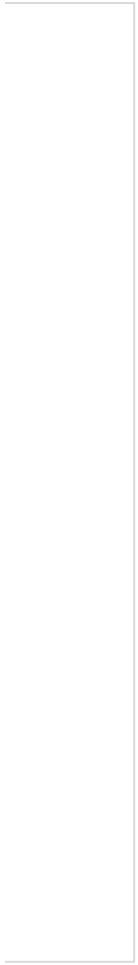
Likely	5	5	10	15	20	25
	4	4	8	12	16	20
Likelihood	3	3	6	9	12	15
	2	2	4	6	8	10
Unlikely	1	1	2	3	4	5
	0	1	2	3	4	5
		Low impact			High Impact	
		Impact				

Graphs Risks by Rating

Low	5
Medium	7
High	8
	20

Risks by Rating





Appendix B - Governance Key Performance Indicators

Forward Plan of Decisions

Is the Forward Plan of Decisions, including any associated business cases, published at least 28 days in advance of the Accountability Board meeting?

Meeting date	Met (Y/N)?
27/05/22	Y
15/07/22	Y
23/09/22	Y
25/11/22	Y
27/01/23	Y
13/04/23	Y
16/06/23	Y
22/09/23	Y

Publication of Papers

Are all papers published 5 clear working days in advance of the meeting?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	15/07/22	Y	23/09/22	Y	25/11/22	Y	27/01/23	Y	13/04/23	Y	16/06/23	Y		
Strategic Board	24/06/22	Y	21/10/22	Y	09/12/22	Y	10/02/23	Y	07/07/23	Y				
SE	06/06/22	Y												
KMEP	14/06/22	Y	20/09/22	Y	22/11/22	Y	21/03/23	Y	20/06/23	Y	19/07/23	Y	06/09/23	Y
OSE														
TES	20/06/22	Y	17/10/22	Y	05/12/22	Y	06/02/23	Y	15/05/2023	Y	03/07/23	Y		

Draft Minutes

Accountability Board	27/05/22	Y	15/07/22	Y	23/09/22	Y	25/11/22	Y	13/04/23	Y	16/06/23	Y				
SE			06/06/22	Y												
OSE																

Final Minutes

Are final minutes published within 10 clear working days following approval?

Board	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?	Meeting date	Met (Y/N)?
Accountability Board	11/02/22	Y	27/05/22	Y	15/07/22	Y	23/09/22	Y	13/04/23	Y	16/06/23			
Strategic Board	18/03/22	Y			24/06/22	Y	21/10/22	Y	10/02/23	Y	07/07/23			
SE					06/06/22	Y								
KMEP	28/03/22	N			14/06/22	N	20/09/22	N	22/11/22	Y	21/03/23	N	19/07/23	Y
OSE	09/03/22	N												
TES	14/03/22	Y	03/05/22	Y	20/06/22	Y	17/10/22	Y	15/05/23	Y	03/07/23	Y		

Registers of Interest- Board Members

Are registers of interests in place for all board members?

Board	Comments
Accountability Board	All complete, ongoing updates where appropriate
Strategic Board	All complete, ongoing updates where appropriate
SE	All complete, ongoing updates where appropriate
KMEP	All complete, ongoing updates where appropriate
OSE	All complete, ongoing updates where appropriate
TES	All complete, ongoing updates where appropriate

Registers of Interest - Officers

Are registers of interest in place for all officers?

Category	Percentage completed
SELEP Secretariat	100%
Accountable Body	100%
Federated Board Lead Officers	100%

Declarations of interests in meetings

Are all interests declared and recorded in the meetings as a standing item with a note of any actions taken?

Board	Met (Y/N)?
Accountability Board	Y
Strategic Board	Y
Investment Panel	Y
SE	Y
KMEP	Y
OSE	Y
TES	Y

Business Case Endorsement

Have all new and amended projects/business cases been endorsed by the respective Federated Board in advance of submission to any of the SELEP boards?

Board	Met (Y/N)?	Comments
LGF	Y	Through prioritisation process for LGF3b
GPF	Y	Through prioritisation process
SSF	Y	Applications are considered by Federated Boards in advance of being brought forward for Strategic Board endorsement.

Publication of Business Cases

Are all business cases published 1 month in advance of funding decisions at Accountability Board meetings?

Meeting date	Met (Y/N)?
15/07/22	Y
23/09/22	Y
25/11/22	Y
27/01/23	Y

Date	Percentage of female board members (excluding co-opted)
24/05/19	18%
05/08/19	21%
28/01/20	25%
16/04/20	35%
01/02/21	35%
10/06/21	35%
22/10/21	35%
18/05/22	35%
04/11/22	32% (vacancy)
22/02/23	35% (2 vacancies)



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

ASSURANCE FRAMEWORK MONITORING

Updated September 2023



ONGOING ACTIONS

INCORPORATION

Maintain the records at Companies House and fulfil all legal requirements	COMPLETE/ONGOING (supported by the Accountable Body)

BOARD COMPOSITION

To improve the gender balance and representation of those with protected characteristics on the Board.	ONGOING

DECLARING INTERESTS

To publish all Registers of Interest on the SELEP website for all Strategic Board, Accountability Board and Federated Board members, with signatures redacted.	ONGOING, continually updated annually and Board members change
Declarations of interest must be noted at the outset of each meeting.	COMPLETE/ONGOING
All members of the Strategic Board, Accountability Board and Federated Boards are required to complete a Register of Interests form.	COMPLETE/ONGOING
All senior members of staff or staff involved in advising on decisions must also have a valid register of interests, reviewed the same as for	COMPLETE/ONGOING

CAPITAL PROJECTS

Requirement	Status
To use the SELEP Business Case Template for all strategic outline business cases.	COMPLETE/ONGOING
To inform the Accountability Board where there are concerns around a project, including presenting the Board with legal options around	COMPLETE/ONGOING
Implementing the monitoring and evaluation of projects including reporting on delivery of outputs and outcomes against the delivery of the ESS/Recovery and Renewal Strategy	ONGOING

POLICIES AND PROCEDURES

For each Federated Board to apply the prioritisation process as approved by the Strategic Board.	COMPLETE/ONGOING
To create and maintain a log of SELEP engagement activities.	COMPLETE/ONGOING
To collaborate across boundaries, with other LEPs and the LEP network, and be open to peer review	COMPLETE/ONGOING
To ensure that all policies are refreshed annually according to the requirements in the Assurance Framework.	COMPLETE/ONGOING

ACCOUNTABLE BODY

	Status
The Secretariat to extend invitations to the Section 151 Officer or representative for all board meetings.	COMPLETE/ONGOING
The Secretariat should ensure that Business Case Templates include a section for assurance from the Section 151 Officer of the promoting	COMPLETE/ONGOING
For the Section 151 officer or their representative to review and comment on all board papers in advance of publication	COMPLETE/ONGOING

PUBLISHING INFORMATION

Requirement	Status
To publish Strategic and Accountability Board papers to agreed timescales	COMPLETE/ONGOING
To publish the Local Assurance Framework on the website	COMPLETE
To create, maintain and publish a register of all board member expenses and hospitality costs.	COMPLETE/ONGOING
To publish the Gate 2 outline business case at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish the Gate 4 and 5 full business cases for relevant projects at least one month in advance of Accountability Board meetings.	COMPLETE/ONGOING
To publish information around the process for applying for funding on the SELEP website, as agreed by the Strategic Board.	COMPLETE/ONGOING
To publish on the SELEP website a rolling schedule of projects, outlining a brief description of the project, names of key recipients of funds/contracts and amounts of funding designated by year.	COMPLETE/ONGOING
To publish on the SELEP website the Terms of Reference, calendar of dates and papers of the Working Groups.	COMPLETE/ONGOING
To use Government and SELEP branding on all marketing.	COMPLETE/ONGOING
To publish all key decisions of the Strategic and Accountability Boards on the Forward Plan, SELEP website and upper tier authority websites.	COMPLETE/ONGOING

Report title: Updated 2023/24 Revenue Budget	
Report to Accountability Board	
Report author: Lorna Norris, Senior Finance Business Partner	
Date: 22nd September 2023	For: Decision
Enquiries to: lorna.norris@essex.gov.uk	
SELEP Partner Authority affected: <i>Pan SELEP</i>	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the update to the 2023/24 revenue budget and the impact for the funding position to support costs in future years.

2. Recommendations

- 2.1 The Board is asked to:

2.1.1 **Approve** the proposed 2023/24 updated SELEP revenue budget set out in Table 1, including the updated drawdown from the Operational Reserve of £650,000 to fund the planned net expenditure.

2.1.2 **Note** the update on the funding risks and reserves set out in sections 3.9 and 3.10 of the report respectively.

3 SELEP Revenue Budget 2023/24

- 3.1 When the budget for 2023/24 was agreed by the Board in November 2022 it was assumed that no new revenue funding would be available to support SELEP beyond 2022/23 due to the uncertainties in respect of the future of SELEP. In July, however, the Government confirmed and allocated Core funding of £250,000 (a further reduction from that allocated in 2022/23 of £375,000). With the confirmation of funding, the Government advised that 2023/24 would be the final year of funding for LEPs, with an expectation that LEP functions would be transitioned to local authorities by April 2024.

- 3.2 The proposed updated budget set out in Table 1 incorporates receipt of this funding and the funding allocated to continue the Growth Hub service (£475,000) through 2023/24 that was also confirmed in July. The proposed budget has also been updated to reflect the latest forecast planned spend by the SELEP Secretariat to align to the Delivery Plan agreed by the Strategic Board in July 2023.

- 3.3 The updated budget proposal includes a revised contribution from the Operational reserve of £650,000 to fund the net expenditure in 2023/24; this represents a reduction of £395,000 in comparison to the budget position

agreed in November 2022 of £1.045m. The net impact on the Operational reserve reduces to £866,000, when planned contributions from Earmarked Reserves are taken into account. A summary of movements in the budget are set out in Table 2 below. Within this movement, the following key movements are noted in addition to the grant funding now expected to be received:

Staff Salaries – the net movement of £172,000 reflects a net reduction in the Secretariat costs following vacant posts not being recruited to due to the planned closure of the SELEP, plus an increase in proposed recharges following confirmed receipt of the Growth Hub grant, that was not anticipated when the budget was set.

Consultancy and Project Work – the total movement of £38,000 includes provision of funding for additional external support for implementation of the agreed Delivery plan, to reflect the reduction in employed resource supporting the SELEP in 2023/24.

Grants and Contributions to Third parties – the total movement of £402,000 is in respect of the contributions to the local Growth Hubs funded by the Growth Hub Grant that has now been agreed to be received in 2023/24 from the Government Department of Business and Trade (DBT).

Contributions to the Operational Reserve – this relates to a higher than anticipated transfer from the Covid-Skills reserve to reflect slippage of spend into 2023/24, as reported to the Board in June (see section 3.7.2).

- 3.4 The updated budget does not propose any changes to the assumed amount of external interest anticipated to be received on the capital balances held by the Essex County Council, as the Accountable Body, on behalf of SELEP; however, there is potential for this value to be understated depending on the combined impact of the length of time the Capital balances in respect of the Growing Places Fund (see section 3.8.5) and the Getting Building Fund (see section 3.8.6) continue to be held by the Accountable Body; and the value of interest rates on investments across the remaining financial year. This position will continue to be monitored and an update provided in the forecast in the next Finance update to the Board.

Table 1: 2023/24 Proposed Budget Summary

	Proposed Updated Budget £000	Original Budget £000	Variance £000	Variance %
Staff salaries and associated costs	691	843	(152)	-18%
Staff non salaries	7	7	0	6%
Recharges (incl. Accountable Body)	93	113	(20)	-18%
Redundancy & associated support costs	-	1	(1)	-
Total staffing	791	964	(172)	-18%
Meetings and admin	94	98	(4)	-4%
Chair and Deputy Chair Allowance including oncosts	3	3	(0)	-16%
Consultancy and project work	62	24	38	157%
COVID-19 Support Programmes	134	66	68	103%
Grants and contributions to third parties	402	-	402	-
Total other expenditure	694	191	503	263%
Total expenditure	1,485	1,155	331	29%
Grant income	(725)	-	(725)	-
Contributions from partners	-	-	-	-
External interest received	(110)	(110)	-	0%
Total income	(835)	(110)	(725)	659%
Net cost of services	650	1,045	(395)	-38%
Funds transferred (to)/from the Operational Reserve (not charged to services)				
Funds transferred from Earmarked Reserves	(247)	(179)	(68)	-
Net Deficit (Surplus) on provision of services	403	866	(463)	-53%
Net Contributions to/(from) Operational reserves	(403)	(866)	463	-53%
Final net position	-	-	-	0%

Table 2: Summary of Movements in the Budget

	£'000
Latest Budgeted Contribution from the Operational Reserve	866
Movements in Net Cost of Services	
Staff Salaries and Accountable Body Recharges	(172)
Increase in Covid support Skills Fund	68
Consultancy and Project work	38
Other net movements	(5)
Increase in Grants and Contributions to third parties	402
Grant funding (Core & Growth Hub)	(725)
Total Movement in Net Cost of Services	(394)
Movement in Contributions to the Operational Reserve	(68)
Total Net Movements	(463)
Proposed Updated Net Contribution (to) / from the Operational Reserve	403

3.5 Only two revenue grants are expected to be received by SELEP in 2023/24, totalling £725,000: Core funding of £250,000 and Growth Hub funding of £475,000. The planned spend for both grants is set out in Table 1; the growth hub grant has stringent grant conditions that must be complied with to ensure receipt and retention of the funding – the SELEP Strategic Board endorsed the proposed spend plan that has been agreed with DBT in July 2023.

3.6 The Core funding allocated by Government is a general grant and as such is planned to be used to support the overall budget set out in Table 1.

3.7 Covid-19 Recovery Funds

3.7.1 In 2020, in response to challenges arising as a result of the Covid-19 pandemic within the SELEP Geography, two programmes of work, Business Support and Skills support, were initiated to support recovery in the region. Funding of circa £4m was exceptionally diverted from the SELEP Growing Places Fund programme to enable delivery of these programmes and has subsequently been managed through earmarked reserves since 2020/21. Some of this funding has since been diverted to the Operational Reserve to support wider SELEP delivery, in accordance with the decisions of the Board.

3.7.2 It was reported to the Board at the meeting in June 2023 that the majority of delivery against the two Covid-19 recovery programmes had been completed, with only the Skills programme anticipating spend into 2023/24 to support the evaluation of the programme. The proposed budget includes the planned spend against the Skills Programme and the offsetting drawdown from the Covid-Skills reserve of £134,000; no funding now remains in respect of these programmes and an update is expected to be provided to the SELEP Strategic Board in October 2023.

3.8 **Capital Funds Update**

3.8.1 In addition to the revenue funds set out in Table 1, the Accountable Body administers the capital funds in Table 3 on behalf of SELEP; whilst the majority of the funds have now been transferred to the respective upper tier Local Authority in the SELEP area to support investments in economic growth across the SELEP region and to support the Covid-19 recovery. The notes below the table set out the position for each Fund and further information is included in the separate update reports included in the agenda.

3.8.2 The Funds held by the Accountable Body on behalf of SELEP, are invested by the Council's Treasury Management team in accordance with the agreed policies; the associated external interest received is used to support the revenue Budget of SELEP – see section 3.4.

Table 3: Capital Funds Administered by SELEP in 2023/24

Fund	Fund balance brought forward £000	Forecast Funding Received / Repaid £000	Forecast Funding Applied £000	Forecast Fund Balance Carried Forward £000
Local Growth Fund (LGF) (DLUHC)	-	-	-	-
Local Growth Fund (LGF) (DfT)	-	-	-	-
Growing Places Fund (GPF) (on-going Loan Fund)	(12,360)	(5,315)	2,750	(14,925)
Getting Building Fund (GBF)	(3,791)		3,791	-
Total Funds	(16,151)	(5,315)	6,541	(14,925)

Notes to Table 3:

- 3.8.3 **Local Growth Fund (LGF)** – all remaining LGF was transferred to delivery partners by the end of 2021/22. However, circa £35m of the total LGF allocation is planned to be spent by partners from 2023/24 onwards, with on-going commitments of delivery, monitoring and evaluation to SELEP and the Accountable Body (see agenda item 9).
- 3.8.4 **Local Growth Fund (LGF) (DFT)** – all remaining LGF was transferred to delivery partners by the end of 2021/22. However, circa £13.6m of the total DFT LGF allocation is planned to be spent by partners from 2023/24 onwards, with on-going commitments of delivery, monitoring and evaluation to SELEP and the Accountable Body. This includes an allocation that remains to be received in relation to the A127 Fairglen project of £13.5m, but is subject to final approval by the Secretary of State for Transport – see agenda item 9 for further details.
- 3.8.5 **Growing Places Fund (GPF)** – GPF is a recyclable loan scheme with a balance to be carried forward into 2023/24 of £12.36m, of which, £2.75m is committed to approved projects; this leaves £9.61m for reinvestment into new Projects across the SELEP region. This balance will increase provided that existing Projects meet their commitments to repay their loans in line with their funding agreements – a further £5.315m is due by the end of 2023/24, leaving a balance of £14.925m.

The current pipeline for investment has been fully funded and SELEP have advised that they intend to bring a proposal for reinvestment to Strategic Board in November 2023. Further information on the GPF position can be found in Agenda item 7. Current commitments in the management and oversight of this fund by the Accountable Body extend beyond 2034/35, when the final repayment is currently due.

- 3.8.6 **Getting Building Fund (GBF)** - The Ministry of Housing, Communities and Local Government (now the Department for Levelling Up, Housing and Communities or DLUHC) awarded SELEP Getting Building Fund (GBF) totalling £85m; £42.5m of this fund was awarded and transferred to partners in 2020/21; the remaining

£42.5m was received by the Accountable Body in May 2021 and was transferred in full to Partners by 31/03/2022.

During 2022/23, the cancellation of a number of Projects saw the return of £15.4m of GBF to the Accountable Body for reallocation; of this amount, £3.791m was carried forward into 2023/24 of which £1.742m has been transferred to approved Projects and £2.049m remains unallocated. A process is currently underway to prioritise and allocate this amount, with the full value planned to be allocated by the end of 2023/24. Details on this process are set out in agenda item 8.

3.9 Future Funding Risks

- 3.9.1 As set out in agenda item 5, Government have advised that 2023/24 will be the final year of funding for LEPs and it is expected that LEP functions will transition to Local Authorities from 2024/25. In response to this, the Accountable Body is working in conjunction with SELEP and the Partner Authorities to support a managed transition; a draft transition plan is expected to be taken to the October Strategic Board meeting.
- 3.9.2 As part of this process, there is active engagement with Government to seek to understand their expectations with respect to the monitoring and reporting on the Capital programmes that are in delivery; with the anticipated close down of SELEP, it is expected that accountability to Government for these programmes will be transitioned to the respective upper tier Local Authority that is accountable to SELEP for delivery through the respective funding agreements in place. Decisions will be brought back to a future meeting of the Board in this respect, alongside consideration of any residual funds being held.
- 3.9.3 As part of the transition planning, the Accountable Body continues to work with the SELEP CEO to consider the overall funding position to ensure sufficient is available to meet the existing commitments and risks that the Accountable Body is managing on-behalf of SELEP. These include:
- Financial oversight, management and reporting on the grant and loan agreements Essex County Council has put in place on behalf of SELEP; the longest agreement currently expires 2034/35;
 - Costs associated with employing the Secretariat, including potential redundancy costs;
 - Operational costs of SELEP and any costs specifically associated with the operation of South East LEP Ltd, some of which are expected to continue post 2023/24 to support the residual commitments such as preparing the Accounts in respect of 2022/23 and meeting Audit requirements of residual funding streams;

- Other risks being managed by the Accountable Body on behalf of SELEP
- 3.9.4 A key mitigation to the identified risks is the agreed approach to managing the SELEP reserves. The level of the reserves is based on the latest estimate of known commitments and risks; this will now be subject to review as part of the transition planning for SELEP, following completion of the draft transition plan by the SELEP Secretariat. The latest reserves position is set out in 3.10 below; any changes to the level of reserves is subject to a decision by the Board.
- 3.9.5 The current assumption with respect to the Transition arrangements for SELEP is that this will be completed by the 31 March 2024, in line with the expectations of Government. If, however, it is not possible to complete this process within this timeline, reserves will need to be prioritised to support the on-going costs of SELEP and the Accountable Body through this extended period. This risk is mitigated in part by the collective engagement of all Partners in support of the Transition planning; however, timelines will be dependent on agreement across all Partners, including the Accountable Body, and Government with respect to future requirements and accountabilities; timely decisions and agreements in this respect will then enable the timelines to be minimised for the anticipated closure of SELEP and ultimately, the existing SELEP legal and governance structures, including the Board.

3.10 Reserves

- 3.10.1 The proposed updated budget set out in Table 1 includes a total contribution from reserves of £650,000 to ensure there is sufficient funding for the planned net expenditure in the proposed budget. This position assumes receipt of the grants set out in section 3.5, some of which have yet to be received from the respective Government department.
- 3.10.2 Table 4 summarises the level of Operational Reserves that will be available to support SELEP based on the budget proposals within this report. The proposed budget forecasts that £1.059m remains at the end of March 2024 to support the transition to new arrangements; the timing of application of this funding and how it is to be used will be reviewed alongside the draft transition plan, due to be discussed at the October meeting of the Strategic Board. A further update will be presented to the November meeting of the Board in this respect, which may include recommendations to update the proposed budget position for 2023/24.
- 3.10.3 With respect to any residual reserves not required to support the SELEP transition or the residual activities of the Accountable Body following closure of SELEP, a decision will be presented at a future

meeting of the Board to confirm how this is to be allocated.

3.10.4 The reserves position will continue to be actively monitored, to provide assurance that, as far as possible, funding remains available to support the core activities of the SELEP during 2023/24 and the transition arrangements alongside any on-going commitments and risks arising, both in respect of SELEP and Essex County Council in its role as the Accountable Body for SELEP.

Table 4: 2023/24 Reserves Summary

	Opening Balance Apr '23	Contributions	Withdrawals	Closing Balance Mar '24	Net Movement in Reserves
	£'000	£'000	£'000	£'000	£'000
Operational Reserve	(1,462)	(247)	650	(1,059)	403
Reserves Earmarked for future use					
Covid-19 Skills Support Fund	(134)		134	-	134
Covid-19 Business Support Fund	-			-	-
Redundancy Reserve	(210)			(210)	-
Future Commitments Reserve	(423)		113	(310)	113
Risk Reserve	(975)		-	(975)	-
Total Reserves	(3,204)	(247)	898	(2,553)	650

4 Financial Implications (Accountable Body comments)

- 4.1 This report has been authored by the Accountable Body and the recommendations are considered appropriate.
- 4.2 The proposed 2023/24 revenue budget is considered to be robust and the level of reserves held is appropriate. However, due to the on-going uncertainties with respect to the SELEP transition timelines and requirements, there remain budget risks both in the current year and into 2024/25, albeit the current level of reserves held is expected to be sufficient assuming this process is concluded in a timely manner.
- 4.3 Any future decision making, will need to take into account the anticipated transition of SELEP functions to the Partner Authorities and ensure that sufficient resources remain available to support any on-going obligations of the Accountable Body; no new funding commitments should be entered into that extend beyond the life of the SELEP without the agreement of the Board and the Accountable Body.
- 4.4 The Accountable Body will continue to support the Secretariat in developing the transition plan, particularly with respect to the residual funding and capital programme implications, as well as consideration of the legal, governance and staffing responsibilities of the Accountable Body.

5 **Legal Implications (Accountable Body comments)**

- 5.1 There are no significant legal implications arising from the proposals set out within this report.

6 **Equality and Diversity implication**

- 6.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

- 6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

- 6.3 In the course of the development of the budget, the delivery of the service and their ongoing commitment to equality and diversity, the accountable body will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

7 **List of Appendices**

- 7.1 None

8 **List of Background Papers**

June Strategic Board Information item on the Covid-19 Recovery Funds: https://www.southeastlep.com/app/uploads/2022/02/Strategic-Board_June-2022_Information-Items.zip

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off Michael Neumann (On behalf of Nicole Wood, S151 Officer Essex County Council)	14/09/2023