

Forward Plan reference number: (N/A)

Report title: SELEP Operations Update	
Report to Accountability Board	
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Date: 28 March 2019	For: Information
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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 note the operational planning within the Secretariat to support both this Board and the Strategic Board.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. Note the operational plan for 2019/20 at Appendix A;
- 2.1.2. Note the risk register at Appendix B;
- 2.1.3. Note the financial update; and
- 2.1.4. Note the Assurance Framework Implementation Plan at Appendix D

3. Background

- 3.1. In previous years the Secretariat, in conjunction with the Accountable Body, has produced reports to ensure that the Board is informed on the financial position of the Secretariat and to provide assurances on the management of the team.
- 3.2. Similarly, information has been provided to Board on the implementation of the Assurance Framework, ensuring challenge and oversight of the governance and accountability function of the Secretariat.
- 3.3. Government's expectations of LEPs has grown over the last 12 to 18 months and the responsibilities of the Secretariat have necessarily increased to ensure that those expectations are met. As a result, the Secretariat staff base has needed to increase, including the appointment of a Chief Operating Officer. Now this post is filled, a more fulsome report on the operations of the Secretariat can be presented to the Board.
- 3.4. This report will cover the operational plan for 2019/20, a register of risks that relate to the delivery of that operational plan, an update on the financial position of the Secretariat's operational budget and progress against the Assurance Framework Implementation Plan.

Operations Plan

- 3.5. At the last meeting of the Strategic Board, the SELEP Delivery Plan for 2019/20 was approved. Sitting beneath the Delivery Plan is a more tactical, operational plan that lays out how the resources of the Secretariat are going to be deployed during the year to enable the outputs and outcomes of the Delivery Plan to be achieved.
- 3.6. The detailed planning for the team is made by the Chief Operating Officer in conjunction with the Chief Executive Officer and the wider team. Plans for the team in the year are also shared with the Chair and the Vice Chairs. A summarised plan is presented at Appendix A, to provide assurance to the Board that a structured and considered approach is being made to the large levels of work that are necessary over the forthcoming 12 months.
- 3.7. In addition to the 'business as usual' operational activities of the Secretariat, during 2019/20 the team will also need to lead on the implementation of the LEP Review recommendations and production of a Local Industrial Strategy. These are two large pieces of work with tight deadlines and as a result, additional resources are being sought by the team.
- 3.8. The current uncertainties, at time of writing, as to the timing and nature of the UK's exit from the EU means there may well be activities that we are not aware of now that will be necessary during the year. This work is likely to be driven from Central Government. We are working closely with officials in Government to ensure that we have the most notice possible of any additional work to pick up. The Cities and Local Growth Unit (CLGU) has indicated that we should be ensuring sufficient resources are in place to be able to respond to these requirements.
- 3.9. It is clear that, despite the increase in staffing resource, there is a large body of work to be completed in a relatively short period time. The current assessment is that the increased staffing base will be able to meet the workload demands. However, recruitment of those additional staff is still ongoing. The deadlines for the completion of the LEP Review and the LIS are outside of the control of the SELEP and there are potentially impacts on future funding from Government if deadlines aren't met.

Risk Register

- 3.10. The risks of the Local Growth Fund have been reported to Board as part of the Capital Programme Management process. However, this reporting has not picked up the wider set of risks that apply to the activities of the Secretariat. As such a Risk Register has been established to capture and assist in the mitigation of those wider risks.
- 3.11. The Risk Register was reported to Strategic Board at their last meeting on 22 March 2019. The Strategic Board asked to be updated on the risks on a six-monthly basis. The Risk Register will also be presented to this Board at each meeting.

SELEP Operations Update

- 3.12. The current highest ranked risk on the register is the potential impact of the high workload that currently faces the Secretariat. The recruitment of additional resources is in hand and this will partly mitigate this risk. Additionally, Secretariat staff are employees of Essex County Council as part of the Accountable Body arrangements. As such they are able to access the wellbeing services that ECC have in place and the team will be encouraged to do so.
- 3.13. The second highest risk rated is that Strategic Board members cannot agree on a preferred option for the newly configured Strategic Board required under the LEP Review. This risk will need to be managed with the CEO and the Chair through the LEP Review process.

Finance Update

- 3.14. At previous meetings of the Board the Accountable Body has produced a report updating on the financial position of the revenue budget for the SELEP. In future this report will be combined with the Operations Update and will be jointly produced by the Secretariat and the Accountable Body.
- 3.15. The timing of the Board meeting means it is not possible to provide a provisional outturn report for 2018/19 for the Secretariat revenue budget at this time. There are still year-end adjustments being processed at time of writing.
- 3.16. At the last meeting of the Board in February, a detailed report on the forecast position was made and there has been no significant changes to that forecast since it was presented. The financial tables from that report are attached at Appendix C for Board's information. A full provisional outturn report for 2018/19 will be produced in conjunction with the Accountable Body for the next meeting of the Board.
- 3.17. At the time of writing, the Accountable Body has not received grant offer letters for the specific grants expected in 2019/20. Applications have been made for: £500,000 core funding from BEIS; £200,000 for capacity funding from BEIS and £656,000 for Growth Hubs. The CLGU has now confirmed that the additional £200,000 in additional capacity funding for the LEP Review in 2018/19 that was being withheld whilst SELEP was not fully compliant with the requirements of the LEP review, will now be paid in early 2019/20.
- 3.18. An assessment of the robustness of the 2019/20 budget has been made by the Accountable Body and the details of their assessment can be found below:

Accountable Body Comments

- 3.19. The 2019/20 budget is considered to be robust and the level of reserves held is appropriate; however, the planned increases to the staffing structure within the SELEP is likely to impact on the future potential severance and redundancy costs of staff employed by the Accountable Body on behalf of the SELEP. As a result, the level of reserves held will remain under review to

ensure that they are appropriate to meet any future commitments arising, in this regard.

- 3.20. There remain a number of key risks highlighted in Appendix B that could significantly impact on the operation of the SELEP if incurred; the most significant risk at present is viewed to be failure to recruit to the new posts identified to support delivery of the requirements for the Local Industrial Strategy and the LEP Review – particularly in relation to incorporation of SELEP
- 3.21. Failure to deliver the LIS or meet the requirements of the Assurance Framework, including the expectations regarding incorporation and Board composition may impact on the assurance assessment made by Government as part of the 2019/20 Annual Performance Review; lack of assurance or implementation of requirements, may result in the Government withholding further funding due to SELEP.
- 3.22. The purpose of the Assurance Framework Implementation Plan will seek to mitigate against this risk; further details on how the SELEP Secretariat are intending to oversee delivery of this plan are set out below.

Assurance Framework Implementation Plan

- 3.23. Progress against the Assurance Framework Implementation Plan will now also be combined into this Operations Update. The Local Assurance Framework (LAF) is agreed by the Strategic Board. The contents of the LAF are largely driven by the requirements of the National Assurance Framework issued by Government.
- 3.24. The Governance and Transparency Indicators, as below, will form part of the overall monitoring of progress against the implementation plan and the reports to the Board quarterly:
 - I. Forward Plan of Decisions, including any associated business cases, to be published at least 28 days in advance of the meeting, (for Strategic Board, Accountability Board and Investment Panel).
 - II. Papers published on the SELEP website 5 clear working days in advance of the meeting.
 - III. Draft minutes published within 10 clear working days, following the meeting.
 - IV. Final minutes published within 10 clear working days following approval.
 - V. Declarations of interest are in place for all board members.
 - VI. Interests are declared and recorded in the meeting minutes with a note of actions taken.

For ii – vi above these relate to Strategic Board, Accountability Board, Investment Panel and Federated Boards

vii. Declarations of interest are in place for relevant staff.

viii. All new and amended Projects / Business Cases been endorsed by the respective Federated Board in advance of submission to any of the SELEP boards.

- 3.25. Strategic Board agreed the latest version of the framework at their last meeting on 22 March 2019, but a further iteration is to be brought back to the Strategic Board at their next meeting (to see the LAF please click [here](#)). The Implementation Plan has been updated with actions needed for full adoption of the LAF in its current iteration, but this is subject to change following Strategic Board's further consideration in June.
- 3.26. The role of Accountability Board is to oversee the implementation of the requirements of the LAF. To enable this role, an implementation action plan is maintained and reported to Board. This Implementation Plan can be found at Appendix D.
- 3.27. The SELEP Strategic Board agreed as part of implementing the LEP Review to form workstreams to consider the main new requirements, for example Board composition and incorporation. As part of this the SELEP Strategic Board agreed to appointing an independent, external body, through an open and transparent selection process, to provide options and recommendations on how an appropriate Board size and composition can be achieved.
- 3.28. The SELEP Strategic Board also agreed to creating a Steering Group, to be chaired by the Strategic Board Chair, to oversee the Independent Review and the scope of the review. The Board also approved the principle that Board members would act as sponsors for workstreams for the implementation of the LEP Review requirements.
- 3.29. The revised implementation plan is in place to monitor progress at the SELEP level and for each federated area. In addition, quarterly update reports will be provided to the Board to support the Board's oversight of these governance and transparency arrangements. It is necessary to ensure that all requirements of the Local Assurance Framework are being fully implemented to ensure receipt of future years core funding and Local Growth Fund (LGF) allocations.
- 3.30. The progress against the 2018/19 Implementation Plan was reported to the Board in February 2019. Most of the SELEP Assurance Framework requirements for 2018/19 are now fully embedded in the activities of the SELEP team, Strategic Board, Accountability Board, Federated Areas and local partners.
- 3.31. It is noted that the assessment of the SELEP governance from the Annual Performance Review, reported in March 2019, has now improved (to 'good').

- 3.32. Though it is recognised that further work and efforts can be made around some areas, including for example the importance for SELEP Boards to have information with as much notice as possible. These form part of the implementation plan and will be developed during 2019/20.

4. Accountable Body Comments

- 4.1. It is a requirement of Government that the SELEP agrees and implements an assurance framework that meets the revised standards set out in the LEP National Assurance Framework.
- 4.2. The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 4.3. A requirement for the release of the Local Growth Fund (LGF) grant to SELEP for 2019/20, was that the s151 officer of the Accountable Body had to provide confirmation to the Government, by the 28th February 2019, that the SELEP has the following in place:
- 4.3.1. the processes to ensure the proper administration of its financial affairs;
 - 4.3.2. compliance with the minimum standards as outlined in the National Assurance Framework (2016) and the Best Practice Guidance (2018); and
 - 4.3.3. whether or not SELEP was expected to be compliant with the new National Local Growth Assurance Framework (2019) by 1 April 2019.
- 4.4. This confirmation was provided to the Government, by the s151 Officer, on the basis that the revised SELEP Local Assurance framework was agreed by the Board at its March 2019 meeting, with a caveat that the requirement to adopt a legal entity by April 2019 is exempt by Government; this requirement is expected to be met by April 2020.
- 4.5. The Section 151 Officer of the Accountable Body is required, by the revised Assurance Framework, to ensure that their oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 4.6. In addition, the Section 151 Officer is required to provide an assurance statement as part of the Annual Performance Review and, by 28 February each year, they are required to submit a letter to the MHCLG's Accounting Officer. This must include:
- Details of the checks that the S151 Officer (or deputies) has taken to assure themselves that the SELEP has in place the processes that ensure proper administration of financial affairs in the SELEP;
 - A statement outlining whether, having considered all the relevant information, the Section 151 Officer is of the opinion that the financial affairs of the SELEP are being properly administered (including consistently with the National Local Growth Assurance

Framework and SELEP's local Assurance Framework); and

- If not, information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the SELEP to be properly administered.

4.7 At present, not significant issues are arising with regards to the financial affairs of SELEP. It should be noted, however, that as SELEP transitions to becoming an incorporated entity, the arrangements with the Accountable Body will be reviewed and formalised as appropriate, to reflect the chosen arrangements agreed by the Strategic Board.

5. Financial Implications (Accountable Body comments)

5.1. The 2019/20 Core funding and LGF grant payments have yet to be confirmed by the MHCLG, however, approval to release this funding by Government will take into account the confirmation provided by the s151 Officer regarding the proper administration of the financial affairs of the SELEP alongside the outcome of the Annual Performance Review undertaken in January 2019.

5.2. Given that future grant payments are reliant on continued assurances from the S151 Officer of the Accountable Body, it is essential that efforts continue to be made to ensure appropriate consideration and prioritisation is given to implementing the Assurance Framework in full.

Any funding agreed by the Accountability Board is dependent on the Accountable Body receiving sufficient funding from HM Government. Until confirmation of receipt of grant is received, any future funding awards remain at risk, as is sufficient funding being available to meet the costs of the SELEP Secretariat. This risk is mitigated in the short term by the level of LGF funding carried forward from 2018/19 (£55.5m) and the revenue reserves held by SELEP (forecast at £754,000 by 31st March 2019 in Quarter 3 of 2018/19).

6. Equality and Diversity implication

11.1 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.

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

- 11.3 In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority 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

- 12.1 Appendix A - Operation Plan for 2019/20
- 12.2 Appendix B - Risk Register
- 12.3 Appendix C – Financial Report
- 12.4 Appendix D – Implementation Plan

8. List of Background Papers

- 13.1 SELEP Assurance Framework 2019/20 (to be reviewed in June 2019)

(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	
Stephanie Mitchener	04/04/19
(On behalf of Margaret Lee, S151 Officer, Essex County Council)	