

Report title: SELEP Operations Update	
Report to Accountability Board	
Report author: Keri Lawrence – Governance Officer	
Meeting Date: 16 June 2023	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 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 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 the recruitment of the SELEP Deputy Chair at Section 4, and

- 2.1.2. **Note** the outcome of the 2022-23 Annual Performance Review at Section 5; and

- 2.1.3. **Note** the update on Assurance Framework compliance monitoring at Section 6;

- 2.1.4. **Note** the update on LEP core funding 2023-24 at Section 8; and

- 2.1.5. **Note** the update on Governance KPIs and changes to the Risk Register at Appendices B and C.

3. General Operations Update

- 3.1. We are waiting for an update from the Assurance Team from the Cities and Local Growth Unit regarding the Deep Dive into East Sussex projects where the delivery partner is Sea Change Sussex.
- 3.2. Requests for information from members of the public with regard to SELEP funded projects in East Sussex have continued. These requests have predominantly been made through submission of Public Questions to the Board.

4. SELEP Deputy Chair Recruitment

- 4.1. The Secretariat began the Deputy Chair recruitment process according to the decision taken at the February 2023 Strategic Board meeting. The deadline for expressions of interest was the 22nd of February and no applications were received.
- 4.2. The external advert for the Deputy Chair position closed on 29th March 2023. A selection panel of Directors was formed to sift and interview potential candidates.
- 4.3. Simon Cook, Principal and CEO of MidKent College, and the Further Education representative on the SELEP Accountability Board was shortlisted, interviewed and offered the role of Deputy Chair, subject to confirmatory ratification by the Board.
- 4.4. The new Deputy Chair was appointed via electronic procedure on 26th May 2023.
- 4.5. The SELEP Framework Agreement sets out that the Deputy Chair shall be the Chair of the SELEP Accountability Board, but in a non-voting capacity.
- 4.6. The appointment of a Deputy Chair is an Assurance Framework requirement that was introduced following the LEP review in July 2018. This requirement is incorporated into the Articles of Association of South East LEP Ltd that sets out that the company is required to appoint a Deputy Chair as a Private Sector Director of the Strategic Board.

5. Annual Performance Review 2022-23 Outcome

- 5.1. As set out in the 2022-23 Annual Performance Review Guidance (December 2022), following the Annual Performance Review meeting, officials in DLUHC and DBT undertook a review to look at the performance of each LEP across the three themes: governance, delivery and strategic impact and integration.
- 5.2. The outcome of the Annual Performance Review 2022-23 confirmed an outcome of “met” with respect to Strategic Impact and Integration of the LEP; however, concerns were identified with regards to Delivery and Governance.
- 5.3. It was recognised that efforts have been made to maintain compliance against the National Local Growth Assurance Framework, and to progress Local Growth Delivery, but concerns were raised with regard to the following issues/areas:
 - 5.3.1. It was noted there have been some concerns around late reporting submissions, and commentary made by the LEP in APR documentation.
 - 5.3.2. There are concerns that the LEP has a portion of its GBF award remaining and is forecasting to carry overspend into FY23-24.

5.3.3. There are concerns over the remaining high-risk LGF projects yet to complete.

5.4. The SELEP Chair, members of the Secretariat and representatives from the Accountable Body met with officials to discuss the outcome of the APR. Further correspondence from officials is imminent to clarify the concerns, in particular with respect to Governance.

6. Assurance Framework Monitoring

6.1. The Department for Levelling Up Housing and Communities (DLUHC) has provided LEP Assurance updates and guidance for 2023-24.

6.2. Although LEP roles are evolving and they are not in receipt of any new programme funding, LEPs are able to apply for core funding (albeit at a reduced amount of £250,000) and will continue to deliver residual projects and fund activities. Therefore, DLUHC considers it appropriate to continue a proportionate system of assurance throughout the year, to ensure this delivery continues with regularity, propriety and value for money.

6.3. 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. Broadly, DLUHC will utilise a familiar system of assurance across the year but will minimise unnecessary demand on resources wherever possible.

6.4. The National Local Growth Assurance Framework (NLGAF) remains in force, and all LEPs are expected to continue to adhere to the governance, accountability and transparency requirements. Adjustments to the framework are planned by DLUHC to allow for greater flexibility connected to the ongoing policy developments.

6.5. 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 (LAF). It is not a requirement for LEPs to update their LAFs this year, unless it is felt there is a clear need. Existing LAFs are sufficient, providing they fit the current circumstances of the LEP. LAFs should remain in place until a LEP transition process is completed.

6.6. The Strategic Board composition requirements within the NLGAF 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.

- 6.7. As part of the current assurance and monitoring process for 2023-24, all LEPs are required to publish a delivery plan. It is proposed that the SELEP delivery plan for 2023/24 will be presented for agreement at the July 2023 Strategic Board meeting. Delivery plans may be more limited in depth and scope this year, and their format may need to be adjusted. There is no prescribed format or content for delivery plans, however all LEPs are encouraged to consider how the LEP transition process will feature within. It may be appropriate to adjust this year's delivery plans to take account of the changes to LEP roles, and residual ongoing activities. Performance against delivery plans will be considered in the usual way within the annual assurance processes.
- 6.8. It is expected that LEP Annual Performance Review (APR) will take place as part of the assurance cycle, however it is likely to be lighter touch. DLUHC will work with LEPs and Area Teams to make this process as efficient and proportional as possible, whilst still delivering the required level of assurance for the activity undertaken across the year. An early APR may be undertaken where a LEP is integrating before year-end. Guidance will be provided.
- 6.9. All LEPs are still required to produce an annual report 2022/23 (and annual accounts) this year. This will be produced for the SELEP AGM planned for October 2023.

7. Key Performance Indicators

- 7.1. We are tracking a number of KPIs to ensure there is compliance with the governance requirements in the Assurance Framework. These can be found at Appendix B.
- 7.2. All KPIs are mostly delivering in line with targets. Success Essex has not recently met. OSE has been meeting but the website records have not been kept up to date which is currently being addressed by the relevant officers. The Secretariat will continue to communicate with officers to improve and maintain compliance and ensure that this stays on track as conversations around devolution gather pace across the area.

8. Risk Register

- 8.1. The allocation of LEP core funding for 2023-24 has been confirmed at £250,000 for 2023-24. The funding condition requiring LEPs to secure 50% local match funding has been removed this year, although LEPs retain the option to do this. It is anticipated for funding to be provided to each LEP in mid-June 2023 via a Section 31 payment to the Accountable Body. Please see Agenda Item 6 for more details on the financial position of the LEP.
- 8.2. Government has indicated that 2023/24 will be the last year for LEP funding and that LEP responsibilities will return to local authorities thereafter. This opens the requirement for a comprehensive set of conversations with the Strategic Board, Local Authorities and all other partners to determine how the area of work currently covered by the SELEP Secretariat is delivered in the future, whilst also putting the measures in place to close the SELEP operation

at the appropriate time and to make the requisite changes to governance arrangements and our contractual agreements. The detail and implications of transition arrangements will be discussed at future Board meetings and early planning will be reported to the Strategic Board in July 2023. Pan-LEP officer meetings in May and a SELEP Special Board Workshop Session in June will inform the development of the July Board meeting material.

- 8.3. The risk related to the workload and wellbeing of the Secretariat (risk number 9) continues to be rated as a high risk. 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.
- 8.4. Relating to 8.2, above, there is a vastly increased risk around the retention of SELEP staff, all of whom will be affected by the recent Government announcement. Recent resignations have occurred owing to this uncertainty, and the Board should consider that SELEP's output will reduce commensurately should more members of the Secretariat vacate their roles. The Board may also wish to consider what measures can be taken by partner authorities to retain the expertise of the SELEP Secretariat in those organisations which will be charged with delivering the strategic economic growth agenda into the future.
- 8.5. 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 in order to take funding decisions related to the Getting Building Fund (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 continue to spend their GBF funding allocations into Q1 2023/24. There remains a risk that GBF spend will not be completed by 30 June 2023 as required by the Board.
- 8.6. There is also a risk that, due to the impacts of the COVID-19 pandemic. Brexit and other delays to delivery, the forecast project outcomes will not be achieved or will be achieved over a longer time period than originally expected. The Capital Programme Team will be working with local partners to understand the impact on the realisation of forecast project outcomes and will re-profile these outcomes as required. The Board will receive updates on this process at future meetings.
- 8.7. 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 7), 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.

- 8.8. Risk 46, rated as medium, is a reputational risk related to the increasing numbers 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.

9. Accountable Body Comments

- 9.1. 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.
- 9.2. 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.
- 9.3. The S151 Officer of the Accountable Body is required to provide the following confirmation to Government on an annual basis:
- 9.3.1. That all the necessary checks have been undertaken to ensure that the SELEP has in place the processes to ensure the proper administration of their financial affairs and that they are being properly administered; and
 - 9.3.2. That the SELEP's Local Assurance Framework is compliant with the minimum standards as outlined in the *National Local Growth Assurance Framework* (2021).
- 9.4. This confirmation was provided by the S151 Officer on the 28 February 2023.
- 9.5. The S151 Officer of the Accountable Body is required to ensure that their oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 9.6. 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 in order for SELEP to be properly administered.
- 9.7. 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).
- 9.8. 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. A number of GBF projects are now reported as high risk of delivery by end of June 2023, but mitigations are identified and no projects have requested an extension to spend beyond this timeline.

- 9.9. 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. Financial Implications (Accountable Body comments)

- 10.1. Government have indicated that a further reduced core funding allocation of £250,000 may be made available to SELEP for 2023/24; this remains subject to confirmation that the application submitted by the SELEP has been successful. The delay in confirmation of funding means that SELEP are unable to effectively utilise this funding, without assurance of receipt.
- 10.2. The agreed budget for 2023/24 makes no assumption with respect to receipt of Core Funding and is sufficient to meet the current obligations for the SELEP. 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.
- 10.3. 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.
- 10.4. 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.

11. Legal Implications (Accountable Body comments)

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

12. List of Appendices

- 12.1. Appendix A – Assurance Framework Compliance Monitoring
- 12.2. Appendix B - Governance and Transparency KPIs
- 12.3. Appendix C – Extract from Risk Register

13. List of Background Papers

13.1. None

(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)	 07/06/2023