

Report to Accountability Board	Forward Plan reference number: FP/AB/031
Date of Accountability Board Meeting: 8 th February 2016 Date of report: 31 st March 2013	
Title of report: Finance Update – SELEP Core Budget	
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1. Purpose of report

- 1.1. The purpose of this paper is to present the Secretariat budget for 2016/17 to Accountability Board for approval.

2. Recommendations

- 2.1. **TO APPROVE** the SELEP Secretariat revenue budget for 2016/17 as at table 1.

3. Background

- 3.1. At the meeting of the SELEP Strategic Board on 11th March 2016 a number of options on the business plan were presented by the Interim Director. The Strategic Board agreed that the mid-point, balanced resourcing plan should be applied.
- 3.2. The resourcing options had been worked up with the support of the Accountable Body and included a full review of all costs and potential income streams. This included retaining LGF monies until projects were ready, which could allow the SELEP to earn £206,000 of external interest and incorporates the interest accrued from GPF/SEFUND monies.
- 3.3. Table 1 overleaf shows the budget based on that requirement from Strategic Board. The Accountability Board are asked to approve this budget as the operating budget for the SELEP Secretariat. Previous year's budget figures are shown for comparison purposes.
- 3.4. Since Accountability Board's last meeting in February it has been confirmed that the full value of Government Grant for the general running costs of the Secretariat would be £500,000 as in the last three years.
- 3.5. The proposed budget has reduced by £139,000 from 2015/16. This is equivalent to 13% of 2015/16 operating budget. Given the pressures on local authority budgets and indications from Government that central support is likely to taper, it was prudent that the Secretariat went through a cost cutting exercise. The bulk of the

saving is due to the deletion of the Deputy Director post but a number of smaller savings have been applied to sector support budgets and general running costs.

- 3.6. At the recent LEP Network event it was announced that £20 million of Core Funding would be available for LEPs in 2017/18. In previous years the Core Funding has been a fixed £250,000 per LEP, however the 2017/18 pot will work on a challenge and bid process and therefore SELEP will have the opportunity to secure a proportion of funding more in line with its size in comparison to other LEPs.

Table 1

	16/17 Budget £000s	15/16 Budget £000s	Movement - £000's	Movement - %
Staffing - Secretariat	481	576	(95)	-16%
Staffing - Accountable Body	107	84	23	27%
Total Staffing	588	660	(72)	-11%
Meetings and administration	40	45	(5)	-11%
Chairmans Allowance	20	20	-	0%
Consultancy and Sector support	258	320	(62)	-19%
Total non staffing	318	385	(67)	-17%
Total expenditure	906	1,045	(139)	-13%
Contributions from reserves	-	(345)	345	-100%
Grant income	(500)	(500)	-	0%
Other OLA contributions	(200)	(200)	-	0%
External interest earned	(206)	-	(206)	0%
Total income	(906)	(1,045)	139	-13%
Net position	-	-	-	-

- 3.7. The South East LEP has also been awarded a specific Government Grant for the revenue costs of the Growth Hubs of £656,000. As this is a specific grant it will be held separately from the general budget and cannot be used to support the general costs of the Secretariat. The accountable Body will transfer £599,000 of the grant to local authority partners to support the Growth Hubs in operation in Essex, Kent and Medway and East Sussex.
- 3.8. The current forecast is that the SELEP reserve will be valued at £226,000 at the end of financial year 2015/16. A full review of the reserves will be conducted as part of the year-end process. This will include a reassessment of the potential severance cost liability that the SELEP is holding. This review will take place after the forthcoming recruitment of the Director and Capital Programme Manager. Potentially the staffing mix of the Secretariat could change. Previous severance cost assessments have been made on the basis that minimal Local Government service had been accrued. This was due to a number of staff moving into the sector and/or being in place on a seconded basis. As the Secretariat contains more directly employed staff and potentially with longer service histories it will be necessary to increase the monies held in the reserve to cover severance costs.

- 3.9. An update on the reserves will be presented to Accountability Board, along with the provisional outturn position for financial year 2015/16 at the June meeting.

4. Financial Implications

- 4.1. It is currently assumed that SELEP will be able to earn £206,000 of external interest through a combination of holding LGF monies for a longer period and GPF/SEFUND monies. There is a risk that rates won't be sufficient to achieve this target.
- 4.2. In addition, changes to how the GPF monies are held as a result of the ongoing work on SEFUND would also affect the levels of interest earned.
- 4.3. The Accountable Body advises that the Secretariat work closely with the ECC Treasury Management team to review interest rates received and forecast rates for the coming year on an at least quarterly basis.

5. Legal Implications

- 5.1. None at present.

6. Staffing and other resource implications

- 6.1. None

7. Equality and Diversity implications

- 7.1. None

8. List of Appendices

- 8.1. None

(available at www.essex.gov.uk if not circulated with this report)

9. List of Background Papers

- 9.1. 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 Suzanne Bennett	 31 st March 2016

On behalf of Margaret Lee	
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