

# ACCOUNTABILITY BOARD

<b>10:00</b>	<b>Friday, 12 January 2024</b>	<b>MidKent College Oakwood Park, Tonbridge Rd, Maidstone ME16 8AQ</b>
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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	Chair
Cllr Kevin Bentley	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Lauren Edwards	Medway Council
Cllr Keith Glazier	East Sussex County Council
Cllr Andrew Jefferies	Thurrock Council
Cllr Tony Cox	Southend-on-Sea City Council
Vacant	Further Education/ Skills representative
Abbie Kemp/Thomas Wolfenden	Higher Education representative

### For information about the meeting please ask for:

Lisa Siggins, Secretary to the Board

**Telephone:** 033301 34594

**Email:** [democratic.services@essex.gov.uk](mailto:democratic.services@essex.gov.uk)

## Essex County Council and Committees Information

All Council and Committee Meetings are held in public unless the business is exempt in accordance with the requirements of the Local Government Act 1972.

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 Midkent College Oakwood Park, Tonbridge Road Maidstone ME16 8AQ. 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.

## **Officers and members of the public:**

### **Online:**

You will need the Zoom app which is available from your app store or from [www.zoom.us](http://www.zoom.us). The details you need to join the meeting will be published as a Meeting Document, on the Meeting Details page of the Council's website (scroll to the bottom of the page) at least two days prior to the meeting date. The document will be called "Public Access Details".

### **By phone:**

Telephone from the United Kingdom: 0203 481 5237 or 0203 481 5240 or 0208 080 6591 or 0208 080 6592 or +44 330 088 5830.

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### **In person:**

Midkent College Oakwood Park, Tonbridge Road Maidstone ME16 8AQ .You will be asked to sign in and to not speak during the meeting without the express permission of the Chair. Late arrivals will not be guaranteed entry to the meeting.

## **Accessing Documents**

If you have a need for documents in, large print, Braille, on disk or in alternative languages and easy read please contact the Democratic Services Officer before the meeting takes place. For further information about how you can access this meeting, contact the Democratic Services Officer.

The agenda is also available on the Essex County Council website, [www.essex.gov.uk](http://www.essex.gov.uk) From the Home Page, click on 'Running the council', then on 'How decisions are made', then 'council meetings calendar'. Finally, select the relevant committee from the calendar of meetings.

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.

**Pages**

<b>1</b>	<b>Welcome and Apologies for Absence</b>	
<b>2</b>	<b>Minutes of the previous meeting</b>	<b>6 - 17</b>
	To approve the minutes of the meeting held on 22nd September 2023.	
<b>3</b>	<b>Declarations of Interest</b>	
	To note any declarations of interest to be made by Members in accordance with the Members' Code of Conduct	
<b>4</b>	<b>Questions from the public</b>	
	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 ( <a href="mailto:hello@southeastlep.com">hello@southeastlep.com</a> ) 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	
<b>5</b>	<b>Operations Update</b>	<b>18 - 42</b>
<b>6</b>	<b>SELEP Finance Update</b>	<b>43 - 53</b>
<b>7</b>	<b>Growing Places Fund Programme Update - REPORT TO FOLLOW</b>	

- 8            **Sovereign Harbour Repayment Schedule Change -  
REPORT TO FOLLOW**
- 9            **Better Queensway GBF Project Update -REPORT TO  
FOLLOW**
- 10           **GBF Funding Decisions - REPORT TO FOLLOW**
- 11           **Local Growth Fund Programme Update - REPORT  
TO FOLLOW**
- 12           **Queensway Gateway Road LGF Project Update -  
REPORT TO FOLLOW**
- 13           **Grays South LGF Project Update -REPORT TO  
FOLLOW**
- 14           **Date of Next Meeting**
- To note that the next meeting will be held on Friday 16th  
February, venue to be confirmed.
- 15           **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.**

**16 Urgent Exempt Business**

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

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**Minutes of the meeting of the SELEP Accountability Board, held at the Launchpad - Southend Airport Business Park, Rochford SS4 1YH on Friday, 22 September 2023**

**Present:**

Simon Cook	Chair
Cllr Kevin Bentley	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 Andrew Jefferies	Thurrock Council
Abbie Kempe	Higher Education Representative

**Also Present:**

Line Bannister	Essex County Council (Legal Services)
Bernard Brown	Member of the public
Lee Burchill	Kent County Council
Paul Chapman	Essex County Council
Alex Colbran	East Sussex County Council
Mirco Cordeiro	East Sussex County Council
Howard Davies	SELEP
Simon Dedman	BBC
Helen Dyer	SELEP
Sunny Ee	Medway Council
Zoe Gordon	SELEP
Jessica Jagpal	Medway Council
Keri Lawrence	SELEP
Ian Lewis	Castle Point Borough Council (Opportunity South Essex)
Iain McNab	DLUHC
Gary MacDonnell	Essex County Council
Piers Meyler	Member of the public
Kevin Munnelly	Thurrock Council
Michael Neumann	Essex County Council (as delegated S151 Officer for the Accountable Body)

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Rebecca Newby	East Sussex County Council
Lorna Norris	Essex County Council
Ben Phillips	East Sussex County Council
Vivien Prigg	Essex County Council
Leslie Rickerby	SELEP
Tim Rignall	Southend-on-Sea City Council
Helen Russell	SELEP
Steve Samson	Kent County Council
Lisa Siggins	Essex County Council

## **1 Welcome and Apologies for Absence**

- Cllr Tony Cox substituted by Cllr John Lamb

## **2 Minutes of the previous meeting**

The minutes of the meeting held on Friday 16 June 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 Helen Russell 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 the SELEP transition arrangements, risk management, compliance with the Assurance Framework and performance against governance KPIs.

The Board were advised that the Risk Register will remain under regular review as the transition planning process progresses.

Helen advised that 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 and that the Board were now recommended to agree to the appointment of the nominated U9 representatives to share the Higher Education co-opted position on the Board.

**Resolved:**

1. **To 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 of the report;
2. **To Note** the summary of, and reflection on, the Government guidance for the Transfer of LEP core functions to local authorities at Section 5 of the report;
3. **To Note** the updated Risk Register in light of decisions taken by the Strategic Board and Government guidance at Section 6 and Appendix A of the report;
4. **To Note** the update on Assurance Framework compliance monitoring at Section 7 of the report;
5. **To 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 of the report;
6. **To Note** the update on Governance KPIs at Appendix B 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 update to the 2023/24 revenue budget and the impact for the funding position to support costs in future years.

Cllr Lamb highlighted the need to ensure that the Growing Places Fund (GPF) funding currently allocated to projects is repaid in accordance with the loan agreements which are in place. Lorna indicated that, to date, the repayment rate has been good and that the remaining GPF loans are actively monitored by SELEP and the Board. Lorna also indicated that, of the loans due to make repayments during 2023/24, only one is currently showing as Amber (medium) risk and that should any changes to the repayment schedule be required this will be subject to consideration by the Board.

**Resolved:**

1. **To Approve** the proposed 2023/24 updated SELEP revenue budget set out in Table 1 of the report, including the updated drawdown from the Operational Reserve of £650,000 to fund the planned net expenditure.
2. **To Note** the update on the funding risks and reserves set out in sections 3.9 and 3.10 of the report respectively.



## 7 Growing Places Fund Programme update

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

Cllr Glazier acknowledged the update and recommendation on the Barnhorn Green Commercial and Health Development project and reinforced the importance of confirming the position with regard to inclusion of the project in the GPF programme through provision of the required information at the January 2024 Board meeting.

Cllr Edwards queried how the repayments made against the existing GPF loans would be managed post SELEP. Helen indicated that this formed part of the consideration of the options for deployment of the GPF funding post SELEP which are being developed for consideration by the Strategic Board in October 2023.

Cllr Bentley asked where the risk associated with the GPF funding would sit moving forward. Helen indicated that this depended upon the option selected by the Strategic Board for future deployment of the funding but that it would likely sit with the Upper Tier Local Authorities.

Abbie Kempe queried whether responsibility for any required monitoring and evaluation would sit with Upper Tier Local Authorities post SELEP. Helen indicated that work was ongoing to determine this. It had been hoped that clearer advice would have been received from Government which would have helped to address this issue. Helen Russell indicated that future responsibilities would be determined by decisions taken by Strategic Board and further advice sought from Government.

### **Resolved:**

1. **To Note** the updated position on the GPF programme.
2. **To Agree** that a project update, change request and proposed revised repayment schedule for the Barnhorn Green Commercial and Health Development project should be presented at the Board meeting on 12 January 2024. Noting that if this requirement is not met or the revised proposals are not approved by the Board, the project will be automatically removed from the GPF programme.

## 8 Getting Building 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 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, provided an update on high risk projects and provided an update on GBF spend to date.

The Board were advised that only one high risk project had been identified – Better Queensway. It was noted that Sanctuary Housing Association had taken the decision to withdraw from the project and therefore it was proposed that Southend-on-Sea City Council were allowed time to investigate alternative delivery models before a final decision on the status of the GBF funding is taken by the Board.

Cllr Bentley queried whether the Variance shown in Table 1 in the report was actual variance following completion of project delivery, meaning that the funding was available for reallocation to alternative projects. Helen indicated that the Variance was purely showing slippage against planned spend in 2023/24 and that the full funding allocation was still required to support project delivery.

Cllr Lamb indicated that Southend-on-Sea City Council were working hard to progress the Better Queensway project and were disappointed by the decision of Sanctuary to withdraw from the project. Alternative delivery models are being considered with a view to still being able to deliver the project.

Cllr Bentley spoke in support of the Better Queensway project and suggested that it may be helpful for the Board to receive a presentation on the project at a future meeting.

**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 2 of the report.
2. **To Agree** that GBF spend on project delivery in 2022/23 totalled £15.508m, as set out in Table 1 and Appendix A of the report.
3. **To Note** the update on the Better Queensway project at Section 6 of the report.
4. **To Agree** that:
  - 4.1. a full update on the Better Queensway project which provides information on the chosen delivery route and associated delivery timetable, the status of the GBF funding, and which contains the required assurances regarding the ongoing delivery of the wider project should be provided at the January 2024 Board meeting; and
  - 4.2. the GBF funding allocation can be retained against the Better Queensway project for a further maximum period of 7 months (to 31 January 2024).
5. **To Agree** that the GBF funding allocation can be retained against the following projects for a further maximum period of 3 months (to 30 September 2023):

5.1. No Use Empty South Essex

5.2. ASELA LFFN – Phase 3

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

## 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 asked to consider the A289 Four Elms Roundabout to Medway Tunnel project following the removal of the HIF funding. They were advised that Medway Council are actively seeking alternative funding to enable them to bring forward the works detailed in the LGF Business Case and therefore it was proposed that additional time is allowed for them to pursue this funding.

Cllr Gough indicated his support for deferring a final decision on the A289 Four Elms Roundabout to Medway Tunnel project to the January 2024 Board meeting but indicated that this needed to be a hard deadline. Cllr Gough also indicated that a similar approach should be applied to all projects to ensure that all key decisions are taken sooner rather than later.

Cllr Gough queried the purpose of the updates on the High risk projects which are due to be presented at the November 2023 Board meeting. Helen indicated that the intention is to reach a point where there is a clear position on all High risk projects, and where possible these decisions will be brought to the Board in November. However, where this is not possible, it is intended that the majority of decisions will be sought in January 2024.

Cllr Glazier spoke in support of Cllr Gough's statement with regard to the importance of timely decision making. Cllr Glazier indicated that the January 2024 Board meeting needs to be the cut-off point and that it is important that all parties understand this and are aware of what needs to be done to achieve this.

Cllr Jefferies spoke in relation to the Grays South project and indicated that informal Cabinet had already met and a decision had been taken on the project. However, a formal decision needs to be taken by Cabinet and this will be done in advance of the next Board meeting.

Cllr Bentley reiterated the importance of understanding who is carrying the risk in relation to the LGF programme moving forwards.

**Resolved:**

1. **To Agree** that LGF spend in 2022/23 totalled £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 £9.057m excluding DfT retained schemes and increasing to £9.142m including DfT retained schemes, as set out in Table 2 and Appendix A of the report.
3. **To Agree** that, following the removal of the Housing Infrastructure Fund funding, the £1.821m LGF awarded to the A289 Four Elms roundabout to Medway Tunnel project can be retained against the project whilst Medway Council takes steps to identify and secure alternative funding sources to enable delivery of the project. Noting that a further update on the project will be provided at the January 2024 Board meeting.
4. **To Note** the deliverability and risk assessment, as set out in Appendix D of the report.

**10 Hastings and Bexhill Movement and Access Package LGF project change**

The Board received a report from Helen Dyer, the purpose of which was to receive an update on the Hastings and Bexhill Movement and Access Package Local Growth Fund (LGF) project (the Project) and to consider a request to change the scope of the Project. In addition, the Board were asked to consider the updated completion date for the Project set out within the report.

The Board were advised that East Sussex County Council were seeking approval for a change of scope for the project, primarily due to cost increases meaning that the full project scope can no longer be delivered.

Cllr Glazier indicated that a significant proportion of the project has already been delivered. It was also confirmed that a high level of stakeholder engagement had been undertaken and, as a result, there is confidence that the proposed interventions are the most appropriate to take forward.

**Resolved:**

1. **To Agree** that the proposed change of scope for the Hastings and Bexhill Movement and Access Package can be implemented. Noting that the Independent Technical Evaluator has assessed the Project as offering High value for money with Medium certainty of achieving this.
2. **To Agree** the updated completion date of March 2026 (delayed from Summer 2025) for the Hastings and Bexhill Movement and Access Package.
3. **To Agree** that a review will be undertaken to determine if there is a compelling case for East Sussex County Council to retain LGF of up to

£630,488 against the Project to inform a decision at the November 2023 Board meeting.

## 11 **Queensway Gateway Road LGF Project Update**

The Board received a report from Richard Dawson, Head of Service - Economic Development, Skills and Infrastructure and Helen Dyer which was presented by Rebecca Newby, Team Manager, Major Projects & Growth, East Sussex County Council, 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).

Rebecca indicated that East Sussex County Council recognises the concerns SELEP and the Board have in ensuring that the final section of the road is delivered to enable the realisation of the benefits as set out within the project Business Case.

Rebecca also advised that since the last Board meeting East Sussex County Council and Sea Change Sussex have held constructive discussions and both parties remain committed to seeing the construction of the final connection to the A21. Work will be undertaken over the coming period to determine the extent of the additional funding package, delivery programme, and the legal agreements that will be required to support project delivery. Whilst additional funding will be required to complete the project, it is anticipated that delivery can be achieved within the amount estimated in the original Business Case of £15m.

Rebecca indicated that East Sussex County Council have engaged external consultants to help facilitate discussions between themselves and Sea Change Sussex, and to identify the steps and processes required to complete the project. An associated action plan is expected to be produced by the consultants towards the end of October/early November for review by both parties. The intended outcome of a jointly agreed action plan will enable East Sussex County Council to provide the necessary clarifications on the resources required to deliver the project, including provision of an indicative delivery programme at the January 2024 Board meeting.

Cllr Glazier spoke in support of the project and acknowledged the positive step forward taken since the last Board meeting. Cllr Glazier also explained the rationale for the recommendation made in the options report prepared by East Sussex County Council's Property team as outlined within the report.

Helen Dyer provided an update on risks from a SELEP perspective, highlighting the key areas of concern as set out in Section 9 of the report and reiterating the need for a full update on the project to be provided at the January 2024 Board meeting.

### **Resolved:**

1. **To Note** the latest update position on the delivery of the Project.

2. **To Note** that East Sussex County Council is working with its delivery partner to ascertain the extent to which further resource is required to complete the project.

3. **To Agree** that a clear delivery plan, including an indicative delivery programme, total project cost and funding package, should be provided at the January 2024 Board meeting.

4. **To Agree** that the Board will be provided with a further update on the Project at its meeting in November 2023.

## 12 **A13 Widening LGF Project Update**

The Board received a report from Kevin Munnely, Assistant Director Regeneration and Place Delivery, Thurrock Council and Howard Davies, SELEP Capital Programme Officer, the purpose of which was for the Board to receive an update on the delivery of the A13 Widening Local Growth Fund (LGF) project (the Project) which has been assessed as being High risk.

Kevin advised that the project is now predominantly complete and has been handed over to the Highway Authority. Kevin also summarised the key lessons learnt (as detailed in the report) and acknowledged the need for an updated Value for Money assessment to be undertaken.

Howard Davies proceeded to highlight the risks from SELEP's perspective as set out in Section 8 of the report and indicated that the revised Value for Money assessment was expected to be presented to the Board in November 2023.

Cllr Jeffries stated that an important lesson had been learnt through project delivery and that was to ensure that you are able to deliver a project before you start it.

Cllr Gough sought confirmation that a revised Value for Money assessment taking into account the increased total project cost would be provided at the November 2023 Board meeting and sought clarification as to whether there are mitigating factors which would offset the increase in total project cost given the low BCR (excluding consideration of the Lower Thames Crossing) previously reported for the project. Helen confirmed that, as part of the Value for Money assessment, Thurrock Council are looking at wider benefits that can be attributed to the project.

Cllr Bentley indicated that his understanding from the information provided was that a lot of the pre work had not been carried out effectively which presented challenges during delivery and that this was a lesson for everyone, including the SELEP Board or similar, moving forward.

### **Resolved:**

1. **To Note** the update on the project, including the lessons learnt.

2. **To Note** that an update including an updated Value for Money assessment will be brought to the November 2023 Board meeting.

### 13 London Gateway/Stanford le Hope LGF Project Update

The Board received a report from Kevin Munnely and Leslie Rickerby, SELEP Capital Programme Officer, 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 report included an update on progress of Phase 1 and progress on Phase 2 design options.

The Board were advised that good progress had been made in connection with the Phase 2 interchange design and that it was expected that the planning application would be submitted in October 2023. Kevin also indicated that Thurrock Council remain on track to submit the revised Business Case in time for consideration by the Board in February 2024 as required. Kevin did, however, point out that it would be a challenge to deliver the project within the currently available budget and therefore other funding options are being investigated, increasing the potential use of alternative LGF funding held by Thurrock Council.

Leslie provided an update on risks from a SELEP perspective as set out in Section 7 of the report, highlighting that there continued to be concerns regarding affordability, deliverability and Value for Money offered by the project. The report indicates that a budget gap has been identified but there is no clear indication as to how this gap will be bridged.

Leslie also reminded the Board that there remains a requirement for the revised Business Case for the project to be considered at the February 2024 Board meeting at the latest.

Cllr Jefferies advised the Board that the project had been considered by informal Cabinet and that a report would be taken to the Cabinet meeting in October 2023. Cllr Jefferies indicated that his intention was to be able to provide the required assurances to the Board at the next meeting.

Cllr Bentley sought confirmation that there was sufficient capacity within Thurrock Council to address the remaining issues identified within the report. Kevin confirmed that consultants are currently preparing the planning application and the Business Case and that conversations are ongoing regarding potential additional funding sources. Kevin indicated that Thurrock Council remain confident of meeting the timelines set out within the Board report.

#### **Resolved:**

1. **To Note** the update on project delivery set out within this report.

2. **To Note** that a further update on delivery of the Project and the status of the required Business Case will be brought to the November 2023 Board meeting.

#### 14 **Beaulieu Park Station LGF Project Update**

The Board received a report from Gary Macdonnell, Network Coordinator, Essex County Council and Leslie Rickerby, 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.

Gary advised that there had been a lot of positive movement on the project since the last Board meeting, with all construction contracts now in place to take the project through to completion. Gary also advised that, following discussions with Homes England, a proposed way forward has been agreed which will allow both the Beaulieu Park Station and Chelmsford North East Bypass projects to proceed.

Leslie provided an update on risks from a SELEP perspective as set out in Section 8 of the report, advising that whilst an approach to managing the Housing Infrastructure Fund (HIF) funding risk had been provisionally agreed with Homes England, this still needed to be formalised through a Deed of Variation.

Cllr Bentley paid tribute to all the Essex County Council officers involved with the project, stating that the project is a game changer – particularly in relation to housing growth in the South East. Cllr Bentley also outlined actions which had been taken with a view to preventing any future cost increases.

#### **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 November 2023 Board meeting which will include an update on all aspects of the Project.

#### 15 **A28 Sturry Link Road LGF Project Update**

The Board received a report from Kerry Clarke, Senior Programme Manager - Major Capital Programme Team, Kent County Council and Leslie Rickerby, which was presented by Lee Burchill, Major Capital Programme Manager, Kent County Council, the purpose of which was for the Board to receive an update on the A28 Sturry Link Road Local Growth Fund (LGF) project (the Project), which has been identified as High Risk.

Lee Burchill provided an update on the current position, advising that progress had been made since the last Board meeting with delegated authority now having been provided by the relevant Cabinet Member at Kent County Council



to proceed with the Compulsory Purchase Order (CPO), with the CPO now expected to be published at the end of October 2023.

Lee also indicated that a preferred supplier had been identified for the Design and Build contract and that the contractor was carrying out some early works whilst the contract is being formally agreed and signed. It is expected that the contract will be signed in the near future and definitely in advance of the next Board meeting.

Leslie provided an update on risks from a SELEP perspective, as set out in Section 9 of the report. It was noted that none of the expected actions (as outlined at the last Board meeting) had been completed in advance of the meeting. He advised that it is still expected that the completion date agreed by the Board (31 December 2026) will be met but this will continue to be monitored.

**Resolved:**

**1. To Note** the update on the project, specifically:

1.1. that conclusion of the negotiations between the developer and land owner of the Sturry site has been delayed.

1.2. the design and build contract is due to be signed in September 2023.

1.3. the delay to the publication of the Compulsory Purchase Order which is now expected by the end of October 2023.

1.4. the update on the status of the planning application for the North Hersden development, and the revised date for determination of the planning application (December 2023).

**2. To Note** that a further update will be brought to the November 2023 Board meeting which will provide a full update on the status of the Project.

**16 Date of Next Meeting**

The Board noted that the next meeting will be held on Friday 17 November 2023 to be held at Mid Kent College (Maidstone campus)

**17 Urgent Business**

None.

<b>Report title:</b> SELEP Operations Update	
<b>Report to Accountability Board</b>	
<b>Report author:</b> Keri Lawrence – Governance Officer	
<b>Meeting Date:</b> 12 January 2024	<b>For:</b> Information
<b>Enquiries to:</b> <a href="mailto:keri.lawrence@southeastlep.com">keri.lawrence@southeastlep.com</a>	
<b>SELEP Partner Authority affected:</b> 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 Risk Register at Section 6 and Appendix B;
  - 2.1.3. **Note** the update on Assurance Framework compliance monitoring at Section 7 and Appendix C;
  - 2.1.4. **Note** the update on Governance KPIs at Appendix D.

## 3. General Operations Update

- 3.1. SELEP continues to deliver against its 2023/24 Delivery Plan, including the Growth Hub service, various activity on skills, maximising the benefits of our major projects, production of comprehensive economic data and supporting our partnerships to deliver. In addition to these business as usual activities, SELEP is in a transitional period and therefore the work of the SELEP Secretariat is focused on ensuring the effective integration of SELEP functions into Upper Tier Local Authorities (UTLAs) by March 2024, as outlined in Section 4.
- 3.2. 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, but were informed at the mid-

year review that we will receive a draft report, prior to publication, as soon as internal sign off is complete.

### **4. SELEP Transition Update**

- 4.1. In July 2023 Strategic Board took a decision on the future of the LEP and that was to work towards full integration of all LEP functions into UTLAs or Functional Economic Areas (FEA) by the 31 March 2024. On the 4 August 2023, alongside a letter to confirm cessation of core funding, technical guidance on LEP integration was issued to LEPs and UTLAs by the Department for Levelling Up, Housing and Communities (DLUHC)
- 4.2. Since then, the LEP secretariat has worked with all six UTLAs, the Accountable Body and other partners (as appropriate) to develop a SELEP wide integration plan. Following presentation of a draft plan to October's Strategic Board meeting, a further developed Final Integration Plan was presented to and approved by the SELEP Strategic Board on the 8 December 2023.
- 4.3. The Final Integration Plan outlines key dependencies for a successful integration These are:
  - 4.3.1 Confirmation from Government of the geographical coverage of new Accountable Body arrangements
  - 4.3.2 Clarification from Government to Local Authorities, regarding their future functions and funding, expected to be received by January 2024 and that this includes the new English Devolution Assurance Framework.
  - 4.3.3 All required Local Authority formal decision making concluded by March 2024, ahead of the March SELEP Strategic Board meeting.
- 4.4. The dependency highlighted in 4.3.2 has subsequently been addressed with the publication of the further guidance and funding allocation for functional economic areas in 2024/25, which was received on the 19 December 2023 (please see section 5). However, a further point of dependency is clarity around the accountable body arrangements for the functional economic area, which is also highlighted as a dependency in the Integration Plan.
- 4.5. The risks and dependencies are mostly associated with timescales and capacity, however there are some clarifications needed from Government that could, albeit unlikely, require a change of approach, particularly in relation to the capital programme, Accountable Body status, and ongoing monitoring and evaluation requirements. Associated risks are outlined further in section 6 below.

- 4.6 At the December 2023 Strategic Board, Directors endorsed that the unallocated residual LEP budget should be utilised to resource the continued delivery of LEP functions within UTLAs from April 2024 onwards; including the redeployment of the SELEP team. There have been nine roles identified and submitted from across the UTLAs and whilst these roles do not fully align to the roles within the existing secretariat and the take up of them is subject to consultation outcomes, and within this choice of individuals, SELEP is working with Essex County Council's People Services (as the Accountable Body and current employer) will run a consultation in the New Year with the existing SELEP team to redeploy people into appropriate posts.
- 4.7 Please see section 3.9.5 in the SELEP Finance Update paper with reference to the allocation of SELEP unallocated residual funds to support the funding of these posts and as such the potential for continued employment of members of the LEP secretariat who are able and wish to secure these positions.
- 4.8 This is in alignment with the guiding principle of the Strategic Board's decision in July that it is the intention by all parties to retain the expertise, knowledge, networks and experience of the SELEP team. The decision on this will be presented to Accountability Board in February 2024.

### **5 Update on Government Guidance:**

- 5.1 As highlighted in the September Operations Update to this Board, SELEP and the UTLAs sought clarifications from Government on the 16 August, regarding several points contained in their technical guidance, issued on the 4 August, to further inform the development of the Integration Plan. On the 3 November, SELEP received some responses to these clarifications as set out in Appendix A.
- 5.2 The clarification provided regarding Accountable Body arrangements for the legacy SELEP activity, namely the capital programme, provides a positive indication that DLUHC will release Essex County Council from its obligations as accountable body for SELEP and that the six UTLAs will take on this role for their own geographies from April 2024. A letter was issued to DLUHC formally setting out this request with proposals for how it could be achieved. We await a response, however given the timescales, preparation work has commenced on this basis.
- 5.3 Government indicated in the letter of the 4 August that they will provide some further guidance including the allocation of revenue funding to local and combined authorities/functional economic areas in 2024/25 to support them to deliver the functions currently delivered by LEPs. This guidance was received on 19 December and can be found [here](#). It states that up to £240,000 will be made available to functional economic areas in 2024/25, subject to submission and approval of a business case. Further details will be provided in due course, but it is expected that the application will request:
- 5.3.1 Brief details of how the area intends to use the funding (in line with this guidance)

- 5.3.2 Confirmation from the accountable body that all upper tier local authorities in the area are included in delivery plans
- 5.3.3 Bank account details and S151 or S73 officer details for the accountable body
- 5.4 It is noted that this core funding is separate to any programme funding that may be provided to support the delivery of, for example, Growth Hubs or Careers Hubs. Funding for the delivery of government programmes as directed will be communicated to authorities by the responsible government department or body as per usual processes.
- 5.5 Funding beyond 2024/25 will be subject to future Spending Review decisions.

## 6 Risk Register

- 6.1 Integration: Overall, the most critical risks to timely integration are:
  - 6.1.1 Capacity with the SELEP Secretariat, Accountable Body and within UTLAs to action tasks at the required pace. (Risk 9)
  - 6.1.2 Lack of formal and/or timely response from Government regarding future accountable body arrangements for the existing capital programme and, as importantly, how they need to be implemented. (Risk 48)
  - 6.1.3 Breaks in continuity because of late confirmation of UTLA funding allocations, particularly in relation to Growth Hubs. (Risk 22)
- 6.2 Capital Programme:
  - 6.2.1 The risk of non-achievement of Outcomes/Outputs of the Capital Programme (Risk 19) continues to be classified as high risk, particularly in light of integration and the absence of the LEP post April 2024.
  - 6.2.2 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 The National Local Growth Assurance Framework will remain in force and will continue to apply up to a reasonable point before integration. 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.

- 7.2 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.
- 7.3 It is anticipated that an Internal Audit for 2023/24 will be undertaken by Essex County Council (as the Accountable Body) from January 2024 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. The audit outcome of 2022/23 recognised 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.
- 7.4 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. 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.
- 7.5 DLUHC held an assurance conversation with the SELEP Secretariat and the Accountable Body on the 11 December 2023 as part of a light touch Mid-Year Review. We are yet to receive a note of the discussion, but no new issues were raised at the meeting and SELEP was thanked for its proactive response to LEP integration. The discussion considered:
  - 7.5.1 SELEP's performance and delivery in the last 6 months;
  - 7.5.2 SELEP governance and compliance;
  - 7.5.3 SELEP strategy, and developments in regard to integration pathways;
  - 7.5.4 Activities that have been undertaken, any risks identified, and any mitigations, including allocation of LGF/GBF.
- 7.6 The matter of Board diversity was discussed and SELEP confirmed it continues to work to achieve this but given the circumstances of imminent LEP transition, which will result in closure of SELEP in 2024, the main priority at present is to ensure the Board functions, is quorate and able to take all necessary remaining decisions to complete integration of LEP functions into local authorities by April 2024.
- 7.7 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.

### **8 Key Performance Indicators**

- 8.1 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 D.
- 8.2 All KPIs are delivering in line with targets except for those related to Federated Board publication of minutes and papers as 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 integration gather pace across the area.

### **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. 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.
- 9.2 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.
- 9.3 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.
- 9.4 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.)
- 9.5 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.
- 9.6 The S151 Officer of the Accountable Body is required to provide the following confirmation to Government on an annual basis:
  - 9.6.1 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

- 9.6.2 That SELEP's Local Assurance Framework is compliant with the minimum standards as outlined in the *National Local Growth Assurance Framework (2021)*.
- 9.7 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.
- 9.8 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.
- 9.9 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.
- 9.10 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).
- 9.11 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. Monitoring of all GBF projects will be required on-going and any reporting requirements complied with by Partners in line with the agreed arrangements.
- 9.12 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.
- 9.13 Government are expected to continue to request reporting on either the LGF or GBF programmes following closure of the LEP for at least 12 months; as such, it is expected that this will be a key consideration of any transition agreements with Local Partners and Government.

## **10 Financial Implications (Accountable Body comments)**

- 10.1 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, although this remains to be confirmed. On-going funding, beyond 2024/25 also remains subject to confirmation through future spending reviews.

- 10.2 The finance update in agenda item 6 provides an updated forecast of the revenue spend for 2023/24. 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 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 update report.

### **12 List of Appendices**

- 12.1 [SELEP Final Integration Plan](#)
- 12.2 Appendix A - Clarifications from DLUHC to SELEP Queries on LEP Integration Technical Guidance
- 12.3 Appendix B - Extract from Risk Register
- 12.4 Appendix C – Assurance Framework Compliance Monitoring
- 12.5 Appendix D – Governance and Transparency KPIs

### **13 List of Background Papers**

- 13.1 [Strategic Board 8 December 2023 – Final Integration Plan](#)
- 13.2 [Accountability Board 22 September 2023 -Operations Update](#)

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
<b>Accountable Body sign off</b>  Michael Neumann  (On behalf of Nicole Wood, S151 Officer, Essex County Council)	04/01/2024

## Appendix A – Clarifications from DLUHC to SELEP Queries on LEP Integration Technical Guidance

August Guidance	Issue raised	Response
<p>Local Growth Fund and Getting Building Fund. Where a LEP ceases to operate, its Accountable Body will subsume any loan books and be responsible for ongoing monitoring requirements.</p>	<p>The Accountable Body, Essex County Council and the other UTLAs agree that it is not practical or desirable that one Accountable Body remains for the LEP area, once the LEP has closed and its governance arrangements ceased.</p> <p>It was requested that Government release ECC as Accountable Body and agree to six, or three (as to be decided by UTLAs) Accountable Bodies from April 2024. (It should be noted that a formal letter has been sent to DLUHC in relation to this).</p> <p>It was also requested that Government clarify what the expectations of an Accountable Body are going forward.</p>	<p>Provided it is in line with local agreements to be set out in the integration plan, Essex can be released from role if the geography is agreed but best to wait till the end of the financial year to reduce complications (as the LEP is still the delivery body until then). The LEP team will ask other area teams and assurance about actual process for this.</p> <p>In response to future expectations: UTLAs will receive and distribute the 24/25 funding allocation for the whole area (in line with agreements made as part of their integration plans) and be responsible for any M&amp;E/assurance requirements. Monitoring of GBF and LGF continues to March 25.</p>
<p>The National Local Growth Assurance Framework (NLGAF) will remain in force and will continue to apply up to a reasonable point before integration. In principle, the LEP should adhere to the requirements for as long as they are applicable. For all LEPs that have</p>	<p>It was requested that Government clarify what they consider a 'reasonable point'.</p> <p>It was also requested that Government clarify what framework,</p>	<p>This has not been directly clarified. However, the following was stated: On LEP assurance and associated requirements for 2023/24 we have set out that a light-touch Annual Performance Review (APR) assurance cycle will take place in 2023/24 where LEPs are still operational.</p> <p>Government will publish an Assurance Framework in due</p>

<p>integrated into local institutions, or do so in 2023-24, the English Devolution Accountability Framework (EDAF), 2023 applies to the integrated organisation.</p>	<p>if any, local authorities will need to comply with, if devolution deals are not in place by March 2024.</p>	<p>course setting out the assurance process required to be delivered. We understand this will be an amended version/ amendment to the EDAF and UTLAs will need to adhere to this as of 1<sup>st</sup> April 2024.</p> <p>No date has yet been provided for when we will receive this. A reasonable expectation would be January 2024, alongside the further guidance promised.</p>
<p>In areas where there is no devolution deal, government expects local authorities to work together to ensure seamless Growth Hub provision.</p>	<p>It was requested that Government confirm the allocation of funding for 2024/25 at the earliest opportunity to enable not only an effective establishment of Accountable Body functions but also the time for considered procurement to ensure continuity of service, where needed.</p>	<p>Not clarified directly; however, the response stated: The level of funding for 2024/25 will be subject to future Department for Business and Trade spending decisions. We will inform those MCAs/Local Authorities delivering Growth Hubs, and LEPs and their Accountable Bodies where integration has yet to take place, once decisions are made.</p>
<p>Wherever possible, government expects local authorities to work together to deliver LEP functions within potential devolution deal geographies (whole county or functional economic areas with a minimum population of 500,000, in line with the principles set out in the Levelling Up White Paper)</p>	<p>What support is there from Government to aid local discussions about functional economic areas, as per the guidance thresholds.</p>	<p>No FEA further guidance, but Government will not provide funding to areas that intend to deliver LEP core functions at a lower-level geography (i.e., below whole county or functional economic area).</p>

## Appendix B: Risk Register 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	<b>Non achievement of Outcomes/Outputs of the Capital Programme</b>	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	<b>Growth Hub Service delivery</b>	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	<b>Uncertainty in application of LGF grant awarded to Hadlow College</b>	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	<b>COVID-19 - Secretariat Risk</b>	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	<b>COVID-19- Board Risk</b>	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	<b>COVID-19 - Work Plan Risk</b> 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	<b>Getting Building Fund - programme delivery</b>	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	<b>Risk of damage to SELEP reputation from delays or non-delivery of projects or perception thereof</b>	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



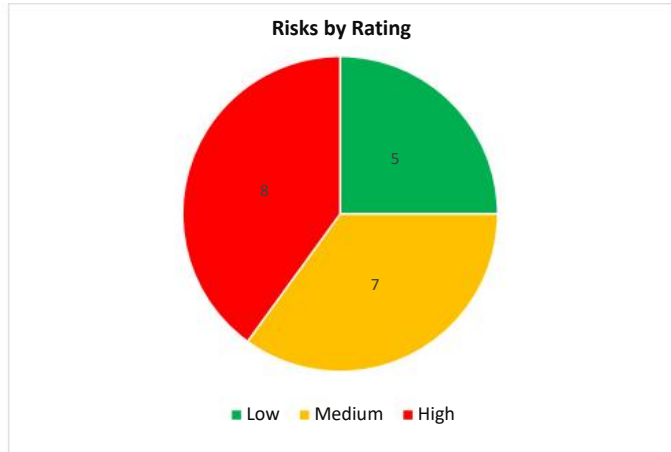
South East LEP

Risk Register - scoring matrix

Likelihood	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





**SOUTH EAST**  
LOCAL ENTERPRISE  
PARTNERSHIP

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# **ASSURANCE FRAMEWORK MONITORING**

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**Updated December 2023**



## ONGOING ACTIONS

### INCORPORATION

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

### BOARD COMPOSITION

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

### DECLARING INTERESTS

Requirement	Status
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 board members.	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 recovering funding	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

Requirement	Status
For each Federated Board to apply the prioritisation process as approved by the Strategic Board.	COMPLETE/ONGOING
To have a delivery plan in place for the year.	COMPLETE/ONGOING
To create and maintain a log of SELEP engagement activities.	COMPLETE/ONGOING
To hold Annual General Meetings open to the public to attend	COMPLETE/ONGOING
To collaborate across boundaries, with other LEPs and the LEP network, and be open to peer review	COMPLETE/ONGOING
Review of Assurance Framework to be a standing item on the last Strategic Board meeting of each calendar year.	COMPLETE/ONGOING
To ensure that all policies are refreshed annually according to the requirements in the Assurance Framework.	COMPLETE/ONGOING

## ACCOUNTABLE BODY

Requirement	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 authority that the value for money statement is true and accurate.	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

## Appendix D - 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
17/11/23	Y
12/01/24	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	22/09/23	Y
Strategic Board	24/06/22	Y	21/10/22	Y	09/12/22	Y	10/02/23	Y	07/07/23	Y	13/10/23	Y	08/12/23	Y
SE	06/06/22	Y												
KMEP	22/11/22	Y	21/03/23	Y	20/06/23	Y	19/07/23	Y	06/09/23	Y	03/10/23	Y	05/12/23	Y
OSE														
TES	05/12/22	Y	06/02/23	Y	15/05/2023	Y	03/07/23	Y	09/10/23	Y	04/12/23	Y		

### Draft Minutes

Are all draft minutes published within 10 clear working days following 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)?	Meeting date	Met (Y/N)?
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	22/09/23	Y		
Strategic Board			24/06/22	Y	21/10/22	Y	09/12/22	Y	10/02/23	Y	07/07/23	N	13/10/23	Y	08/12/23	Y
SE			06/06/22	Y												
KMEP	22/11/22	Y	21/03/23	Y	20/06/23	Y	19/07/23	Y	06/09/23	Y	03/10/23	Y	05/12/23	Y		
OSE																
TES	03/05/22	Y	20/06/22	Y	17/10/22	Y	05/12/22	Y	15/05/23	Y	03/07/23	Y	09/10/23		04/12/23	Y

### 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)?	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	Y	22/09/23	Y		
Strategic Board	18/03/22	Y			24/06/22	Y	21/10/22	Y	10/02/23	Y	07/07/23		13/10/23	Y		
SE					06/06/22	Y										
KMEP	14/06/22	N	20/09/22	N	22/11/22	Y	21/03/23	N	19/07/23	Y	06/09/23	Y	03/10/23	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	09/10/23	Y		

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**Registers of Interest- Board Members**

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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

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**Registers of Interest - Officers**

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Are registers of interest in place for all officers?

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



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**Declarations of interests in meetings**

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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

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**Business Case Endorsement**

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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.

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**Publication of Business Cases**

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

<b>Meeting date</b>	<b>Met (Y/N)?</b>
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

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

<b>Report title:</b> Updated 2023/24 Revenue Outturn Forecast and allocation of Reserves on the closure of SELEP	
<b>Report to</b> Accountability Board	
<b>Report author:</b> Lorna Norris, Senior Finance Business Partner	
<b>Date:</b> 12 January 2024	<b>For:</b> Decision
<b>Enquiries to:</b> <a href="mailto:lorna.norris@essex.gov.uk">lorna.norris@essex.gov.uk</a>	
<b>SELEP Partner Authority affected:</b> Pan SELEP	

## 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 outturn forecast and the impact for the funding position to support SELEP integration costs into 2024/25. Additionally, the report recommends an approach for the distribution of the anticipated residual SELEP funds to the six upper tier SELEP Partner Authorities, to support delivery of LEP functions from April 2024.

## 2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Note** the update on the forecast revenue outturn and reserves for 2023/24
- 2.1.2 **Agree** the approach for allocating any residual balances in the Operational Reserve to the SELEP Upper Tier Local Authority partners as set out in section 3.9.3
- 2.1.3 **Agree** the approach for allocating the Redundancy Reserve as set out in section 3.9.7
- 2.1.4 **Agree** that any uncommitted earmarked reserves at the end of 2023/24 will be appropriated to the Operational Reserve to be allocated as agreed in section 2.1.2

## 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. Following this announcement, the SELEP budget was updated in September 2023 to reflect receipt of the additional income; the latest forecast spend against the updated budget is set out in Table 1. This indicates an overall forecast net under spend against the budget in the net cost of services of £426,000; this reduction is primarily due to the increase in anticipated income from interest received on the Capital balances held by the Accountable Body on behalf of SELEP and the lower than anticipated costs of the COVID-19 Skills Support programme (as reported to the SELEP Strategic Board in October 2023 [here](#)). This reduction in net spend is partially offset by additional costs arising in respect of the Secretariat and the continuation of data tool contracts to support analysis across the partnership. A summary of key movements in the forecast are set out in Table 2.
- 3.3. The updated budget did not incorporate any changes to the assumed amount of external interest anticipated to be received on the capital balances held by Essex County Council, as the Accountable Body, on behalf of SELEP; however, as indicated at the time, this income is now anticipated to be understated due to the combined impact of the length of time the Capital balances in respect of the Growing Places Fund (see section 3.7.6) and the Getting Building Fund (see section 3.7.7) continue to be held by the Accountable Body; and the increased value of interest rates on investments across the financial year. The external interest forecast continues to be monitored and an update will be provided in the next Finance update to the Board.
- 3.4. The impact of the movements in the forecast position is for a forecast appropriation to the Operational reserve of £23,000. The impact of this is considered further in section 3.9.

Table 1: 2023/24 Updated Revenue Forecast

	Updated Forecast	Latest Budget	Variance	Variance
	£000	£000	£000	%
Staff salaries and associated costs	732	691	40	6%
Staff non salaries	7	7	0	1%
Recharges (incl. Accountable Body)	93	93	-	0%
Redundancy & associated support costs	-	-	-	-
<b>Total staffing</b>	<b>832</b>	<b>791</b>	<b>40</b>	<b>5%</b>
Meetings and admin	95	91	3	4%
IT and Data Tools	18	3	15	613%
Chair and Deputy Chair Allowance including oncosts	3	3	-	0%
Consultancy and project work	62	62	-	0%
COVID-19 Support Programmes	39	134	(95)	-71%
Grants and contributions to third parties	402	402	-	-
<b>Total other expenditure</b>	<b>618</b>	<b>694</b>	<b>(76)</b>	<b>-11%</b>
<b>Total expenditure</b>	<b>1,449</b>	<b>1,485</b>	<b>(36)</b>	<b>-2%</b>
Grant income	(725)	(725)	-	-
Contributions from partners	-	-	-	-
External interest received	(500)	(110)	(390)	355%
<b>Total income</b>	<b>(1,225)</b>	<b>(835)</b>	<b>(390)</b>	<b>47%</b>
<b>Net cost of services</b>	<b>224</b>	<b>650</b>	<b>(426)</b>	<b>-66%</b>
<b>Funds transferred (to)/from the Operational Reserve (not charged to services)</b>				
Funds transferred from Earmarked Reserves	(247)	(247)	-	-
Net Deficit (Surplus) on provision of services	(23)	403	(426)	-106%
<b>Net Contributions to/(from) Operational reserves</b>	<b>23</b>	<b>(403)</b>	<b>426</b>	<b>-106%</b>
<b>Final net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Table 2: Summary of Movements in the Budget

	£'000
<b>Latest Budgeted Contribution from the Operational Reserve</b>	<b>403</b>
<b>Movements in Net Cost of Services</b>	
Staff Salaries and Accountable Body Recharges	40
Reduction in Covid Support Programme costs	(95)
IT and Data Tools	15
Other net movements	3
Increase in external interest received	(390)
<b>Total Movement in Net Cost of Services</b>	<b>(426)</b>
<b>Movement in Contributions to the Operational Reserve</b>	<b>-</b>
<b>Total Net Movements</b>	<b>(426)</b>
<b>Proposed Updated Net Contribution (to) / from the Operational Reserve</b>	<b>(23)</b>

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 incorporated in Table 1; the Growth Hub grant has stringent 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 the Department for Business and Trade (DBT) that awarded the funding 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. Capital Funds Update

3.7.1. 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; the majority of these 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 meeting agenda.

3.7.2. The capital fund balances 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 3.3.

3.7.3. As SELEP is planning to close by the end of March 2024, it is necessary to ensure that the Board has determined how any residual grant balances are to be managed. It is currently assumed that all remaining Getting Building Funding (GBF) will be transferred to the SELEP Partner Authorities, subject to the decisions of the Board set out in agenda item 10; however, it is planned

that Growing Places Fund (GPF) balances will need to be allocated, subject to the decisions of the Board set out in agenda items 7 and 8. The forecast position for 2023/24, set out in Table 3, therefore assumes that there will be no residual Capital Balances held at the end of 2023/24.

*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 Funding Redistributed* £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) (*see note)	(12,360)	(5,315)	2,750	14,925	-
Getting Building Fund (GBF)	(3,791)	-	3,791	-	-
<b>Total Funds</b>	<b>(16,151)</b>	<b>(5,315)</b>	<b>6,541</b>	<b>14,925</b>	<b>-</b>

Notes to Table 3:

- 3.7.4. **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 11).
- 3.7.5. **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 11 for further details.
- 3.7.6. **Growing Places Fund (GPF) \*** – GPF is a recyclable loan scheme with a balance brought 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 residual balance of £14.925m. Table 3 assumes that this funding will be distributed in full in 2023/24, but remains subject to decisions of the Board in agenda items 7 and 8 to agree: Amendments to planned payments and repayments of GPF in 2023/24; and the approach to the distribution of the residual GPF funding to SELEP Partner Authorities.
- 3.7.7. **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 31/03/22.

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 and is subject to decisions set out in agenda item 10. It is assumed that the full value of GBF will be allocated in 2023/24.

### **3.8. Future Funding Risks**

3.8.1. 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 be integrated into 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; an integration plan was agreed at the December Strategic Board meeting (see Agenda item 5).

3.8.2. 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 transferred to the respective upper tier Local Authority that is accountable to SELEP for delivery through the respective funding agreements in place.

3.8.3. As part of the integration planning, the Accountable Body continues to work with the SELEP CEO to consider the overall position to ensure sufficient funding 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 2023/24 and meeting Audit requirements of residual funding streams;
- Other risks being managed by the Accountable Body on behalf of SELEP

3.8.4. 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; these are subject to review as part of the transition planning for SELEP. The latest reserves position is set out in 3.9 below; any proposals with respect to future application of reserves is subject to a decision by the Board see section 3.9.3 below.



3.8.5. 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 integration 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.

### 3.9. Reserves

- 3.9.1. The proposed updated budget set out in Table 1 includes a total reduction in available reserves of £224,000 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 are still to be received from the respective Government department.
- 3.9.2. Table 4 summarises the impact on the Operational Reserve of the forecast position set out in Table 1, with a net increase of £23,000. The proposed budget forecasts that £1.485m remains at the end of March 2024 to support the transition to new arrangements. At the December meeting of the Strategic Board, a decision was endorsed with respect to the utilisation of any uncommitted residual reserves at the end of 2023/24 to be made available to the Partner Authorities in SELEP to support resourcing of LEP functions that are planned to be transferred from April 2024 and as such and where possible, the retention of the LEP team, subject to agreement of this Board.
- 3.9.3. Final decisions with respect to allocations of the reserve will be brought forward for consideration by the Board in February 2024, however, to support planning in the Partner Authorities, the Board is recommended to agree an approach for distribution of the Operational Reserve. Whilst a number of options could be considered by the Board in this respect, the Accountable Body recommends that funding is distributed in the same manner as contributions have been made to SELEP by Partners historically, i.e. on a per capita basis, to enable a parity approach to the distribution of the residual funds. Partners that are considering joint delivery arrangements as part of a functional economic area, for example, could consider pooling their allocations to support future delivery, but this would be for local determination by respective Partners.
- 3.9.4. Table 5 sets out an exemplification of allocating the Operational Reserve for each partner based on the current forecast position set out in Table 4, applying a per capita distribution. If the Board agree to apply this approach, the final allocation to each authority will be determined based on the final outturn position at the close of SELEP, currently planned to be 31 March

2024. Should SELEP not be closed by the 31 March or if any roles are required to extend beyond this period, this may reduce the available funding exemplified in Table 5.

- 3.9.5. It is expected that Partner Authorities ring fence these funds to support and resource the continuation of LEP and economic growth activities in 2024/25 and beyond. In December 2023 the Strategic Board endorsed the utilisation of uncommitted SELEP revenue residual funds in 2024/25 to support the resourcing of LEP functions by the Partner Authorities, and where possible the retention of the current SELEP secretariat, subject to the decision making of this Board. For those Partners that have indicated to SELEP a commitment to roles<sup>1</sup> to support delivery of LEP functions post April 2024 (see section 4.6 in Agenda item 5), the forecast figures in Table 5 anticipate that a per capita share, particularly if considered across the functional economic areas, are expected to be sufficient for Partner Authorities, where they are seeking to recruit, to fund the roles that have been put forward, for a minimum period of 12 months. Additionally, Government has also advised that it will provide up to £240,000 per local or combined authority area delivering functions over a functional economic area that meets the geographical requirements<sup>2</sup>.
- 3.9.6. The Accountable Body will facilitate the transfer of any reserve balances to the Partner Authorities within a SELEP transition agreement, as set out in the Integration Plan agreed by the Strategic Board in December 2023.
- 3.9.7. With respect to the Redundancy Reserve which has been earmarked for use to meet any redundancy costs of the SELEP Secretariat, it is proposed that where this is not required to meet any immediate redundancy costs, this funding should be transferred to the Partner Authority that holds the financial liability for the continued employment of members of the SELEP Secretariat, in support of SELEP functions that have transferred to a SELEP Partner Authority, for the period to 31 March 2025.
- 3.9.8. With respect to any residual reserves not required to support the SELEP transition or the residual activities and risks of the Accountable Body following closure of SELEP, it is recommended that any remaining balance will be appropriated to the Operational Reserve for distribution in accordance with the agreed approach for that reserve.
- 3.9.9. 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. An updated position and final recommendations on the appropriation of reserves will be brought to the February meeting of the Board for determination.

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<sup>1</sup> subject to funding confirmations and approvals

<sup>2</sup> [Guidance for local authorities delivering business representation and local economic planning functions - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/guidance-for-local-authorities-delivering-business-representation-and-local-economic-planning-functions) – Funding allocations are subject to final business case approval and the approval of integration plans.

*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
<b>Operational Reserve</b>	(1,462)	(247)	224	(1,485)	(23)
<b>Reserves Earmarked for future use</b>					
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)	-
<b>Total Reserves</b>	<b>(3,204)</b>	<b>(247)</b>	<b>472</b>	<b>(2,979)</b>	<b>224</b>

*Table 5: Exemplification of the Allocation of the Forecast Operational Reserve Balance on a per capita basis*

Local Authority	Population (as per 2021 census)	Budgeted Operational Reserve allocation £'000	Forecast Operational Reserve allocation £'000
East Sussex	545,847	136	190
Essex	1,503,521	373	524
Kent	1,576,069	392	549
Medway	279,773	69	97
Southend	180,686	45	63
Thurrock	176,000	44	61
<b>Total</b>	<b>4,261,896</b>	<b>1,059</b>	<b>1,485</b>

### **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 delivery of the Integration 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.
- 4.5. It will be necessary to ensure that the transfer of any residual accountabilities for delivery, management and oversight of SELEP funding to the Local Authority partner authorities is managed to the satisfaction and agreement of the Accountable body and Government.

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

- 5.1 A legal agreement with the six upper tier local authority partners within SELEP will be needed to transfer effectively the accountabilities for SELEP funds that are currently managed by the Accountable Body and to transfer any residual revenue and capital funds, in accordance with the decisions of the Board.

### **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.

### **List of Appendices**

None

### **List of Background Papers**

October Strategic Board update on the Covid-19 Recovery Funds: [Strategic Board - The South East Local Enterprise Partnership \(southeastlep.com\)](https://southeastlep.com)

December Strategic Board update on the SELEP Integration Plan: [SELEP Strategic Board - The South East Local Enterprise Partnership \(southeastlep.com\)](https://southeastlep.com)

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>  Michael Neumann  (On behalf of Nicole Wood, S151 Officer Essex County Council)	  04/01/2024