

Forward Plan reference number: (N/A)

Report title: SELEP Operations Update	
Report to Accountability Board	
Report author: Suzanne Bennett Chief Operating Officer	
Date: 23 October 2020	For: Information
Enquiries to: Suzanne.bennett@southeastlep.com	
SELEP Partner Authority affected: Pan-LEP	

1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report includes details on risk management and updates on items of governance. The financial update is in a separate report.

2. Recommendations

- 2.1. The Board is asked to:
 - 2.1.1. **Note** the new 2020 Assurance Framework as agreed by the Strategic Board and the updated Assurance Framework monitoring; and
 - 2.1.2. **Note** the Risk Register at Appendix C.

3. Assurance Framework update

- 3.1. The Framework Agreement requires this Board to be consulted on any changes to the Assurance Framework before they are presented for approval by the Strategic Board. The changes to the Assurance Framework were presented to this Board at the September 2020 meeting.
- 3.2. The Assurance Framework was updated to reflect recent developments around COVID-19 Recovery Funding and the new Getting Building Fund introduced by Government in response to the COVID-19 pandemic.
- 3.3. The updated Assurance Framework has now been approved by the Strategic Board at their October 2020 meeting.
- 3.4. The current version of the Assurance Framework can be found [here](#).
- 3.5. There have still been no updates to the National Assurance Framework and there have been no indications from Government that an update is in the pipeline.

4. Assurance Framework Monitoring

- 4.1. It is the role of the Accountability Board to oversee the implementation of the requirements of the Local Assurance Framework (LAF). To receive grant funding from central Government, SELEP must have in place a LAF which demonstrates full compliance with the National Assurance Framework, published by central Government in January 2019.
- 4.2. An assessment has been made of compliance to the requirements of the current Assurance Framework. The following actions are required:

Increasing gender diversity to 50/50 by 2023	This has been indicated by Government as a target in the National Assurance Framework.
Framework agreement signed	Completion by final few parties is now being sought as a matter of urgency. All parties have agreed to enter into the Framework Agreement.
LIS	Current indications are that HMG will be changing the policy on Local Industrial Strategies to Recovery and Renewal Plans but further details have yet to be shared. A locally driven Recovery and Renewal Plan is being advanced in the interim.
A formal agreement between SELEP Ltd and the Accountable Body for services provided	The Service Level Agreement is being developed but the completion date is currently unknown due to resourcing and prioritising during the Covid-19 Crisis. It is not anticipated that the lack of this agreement will create any issues in the operations of the LEP.
2020/21 Delivery Plan	The 2020/21 Delivery Plan was presented to the October Strategic Board meeting and is available here .
2019/20 Annual Report	The Annual Report was presented to the 2 October Strategic Board meeting and is available here .

- 4.3. The Board will be updated on progress against these actions at each meeting. There are ongoing actions that involve keeping deadlines relating to publishing or maintaining up-to-date information, which will continue to be reviewed. More detail can be found at Appendix A.

5. Key Performance Indicators

- 5.1. We are tracking a number of KPIs to ensure there is compliance with the governance requirements in the Assurance Framework. These can be found at Appendix B.

6. Risk Register

- 6.1. The Secretariat Management Team continue to manage a large number of risks during this time of uncertainty; there are seven high-rated risks and five medium-rated risks on the register.
- 6.2. Risk number 36 that related to the lack of ability to plan during the first phase of the crisis has been downgraded to low. Since the last report to Board the Secretariat has been able to spend time planning for the remainder of this financial year and beyond. A Delivery Plan for the final two quarters of the year has been approved by Strategic Board and agreement given to pushing forward with a locally shaped Recovery and Renewal Plan as no further guidance has been provided by HM Government (HMG).
- 6.3. The Secretariat has been collating data on the secondary economic impacts of the lockdown since the start of the crisis and that economic impact work continues. The true impact of the crisis on the economy is yet to be known but this collection of data is assisting with our planning.
- 6.4. A risk to the Team and Service Delivery that had been previously ranked as low is now considered to have a higher likelihood of occurring and therefore is now ranked as a medium risk. This is risk 17 – Increased workload due the end of EU Exit Transition. HMG has begun a series of national campaigns to raise awareness of the requirement for changes in processes following the end of the EU Exit Transition but it is likely that they will again look to Growth Hubs to both pass out messages and provide information and intelligence back to the centre. This will require oversight and administration and increase the workloads of the team.
- 6.5. Whilst there has been uptick in the number of infections and part of the region (at time of writing) has entered into Tier Two restrictions, the risk of infection and large scale absences from the team continues to be managed and the Secretariat have now been instructed to attend only virtual meetings and events again.
- 6.6. The seven high rated risks remain the same as the last report to Board and details can be found at Appendix C.
- 6.7. There are three risks that are currently scored at 25, the highest score available. The first is risk 19, the non-delivery of outputs and outcomes expected of the capital programme. The bulk of projects were devised and evaluated before the Covid-19 crisis and it is not yet understood whether the assumptions used will still be valid in the new economy. The team continues to work with project delivery organisations to understand the impacts of the

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crisis on the programme and is in communication with HMG officials to ensure they understand the economic impact on our programme delivery.

- 6.8. The other two risks scored at 25 are related to the cliff edge in LEP funding beyond 31 March 2022. It has recently been announced that the Spending Review this year will only cover a single year and therefore it is expected that details on UK Shared Prosperity Fund or any other successor funds to both Local Growth Fund and the European Structure Funds won't be forthcoming this year.
- 6.9. As detailed in the Finance Update Report to this Board (Agenda item 11), a balanced operational budget is proposed for 2021/22 but based on current assumptions of revenues available, this will not be possible for financial year 2022/23 and considerations are being given to how both the cost base and the activities of the Secretariat can be reduced.
- 6.10. As stated above, work is beginning on the Recovery and Renewal Plan but without access to funding to support the interventions that will be identified as part of that plan, it is highly unlikely that the strategy will be realised.
- 6.11. The Secretariat is working with the Chair, Deputy Chair and other members of Strategic Board to continue to raise this issue with HMG. All LEPs are facing this same risk and the LEP Network is also lobbying HMG for future multi-year funding packages for LEPs.

7. Accountable Body Comments

- 7.1. 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.
- 7.2. The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 7.3. A requirement for the release of the Local Growth Fund (LGF) grant to SELEP for 2020/21, was that the S151 officer of the Accountable Body had to provide confirmation to the Government, by the 28th February 2020, that the SELEP has the following in place:
 - 7.3.1. the processes to ensure the proper administration of its financial affairs;
 - 7.3.2. compliance with the minimum standards as outlined in the National Assurance Framework (2016) and the Best Practice Guidance (2018); and
 - 7.3.3. whether or not SELEP was expected to be compliant with the new National Local Growth Assurance Framework (2019) by 1 April 2019.

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- 7.4. This confirmation was provided to the Government, by the S151 Officer on the 28 February 2020.
- 7.5. The S151 Officer of the Accountable Body is required to ensure that their oversight of the proper administration of financial affairs within SELEP continues throughout the year.
- 7.6. In addition, the S151 Officer is required to provide an assurance statement to Government as part of the Annual Performance Review and, by 28 February each year, they are required to submit a letter to the MHCLG's Accounting Officer. This must include information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the SELEP to be properly administered.
- 7.7. At present, no significant issues are arising with regards to the financial affairs of SELEP, however a number of risks to the future financial position of SELEP which are noted in this report and considered further in the Finance update (agenda item 11).

8. Financial Implications (Accountable Body comments)

- 8.1. The 2020/21 Core funding has been received by the Accountable Body And the full allocation of LGF has now been received, with the final £25.9m transferred in September 2020.
- 8.2. There continues to be a significant impact on interest earned on existing SELEP capital balances, due to the drop in interest rates in April 2020 to 0.1% in response to the Covid-19 crisis. This has had and will continue to have a substantial impact on the operational budget of SELEP if this interest rate (average interest %earned) is maintained throughout the year, with a further risk of interest rates becoming negative to be considered. The impact of this risk is considered further in the Finance update report (agenda item 11).
- 8.3. A longer term funding risk remains relating to the receipt of future funding from Government and the continued confirmation of funding on an annual basis; this undermines future planning and is counter-intuitive to the expectations of Government within the National Assurance Framework for planning and prioritisation of investment. This risk regarding uncertainty of future funding is now exacerbated in light of the Covid-19 Crisis and the subsequent economic impact.
- 8.4. Essex County Council, as the Accountable Body for the SELEP, is only able to meet funding commitments made by the SELEP, where it is in receipt of sufficient funding to do so and any spend is in line with the requirements of the Local Assurance Framework and any conditions associated with individual funding allocations.

9. Legal Implications (Accountable Body comments)

9.1. There are no legal implications arising out of this report

10. List of Appendices

- 10.1. Appendix A – Assurance Framework monitoring
- 10.2. Appendix B - Governance and Transparency KPIs
- 10.3. Appendix C – Extract of Risk Register

11. List of Background Papers

- 11.1. None

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

Role	Date
Accountable Body sign off Peter Shakespear (On behalf of Nicole Wood, S151 Officer, Essex County Council)	09/11/20