

Report to Accountability Board	Forward Plan reference number: FP/AB/100
Date of Accountability Board Meeting:	26th May 2017
Date of report:	9th May 2017
Title of report:	Specific Grants 2017/18
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1. Purpose of report

- 1.1 The purpose of this report is to inform the Accountability Board (the Board) of specific revenue grants available for utilisation in financial year 2017/18 and to request the Board's approval for the setting of budgets for each grant.

2. Recommendations

- 2.1 Board is asked to:

2.1.1 **Approve** the budgets and grant drawdowns as detailed in tables 1 through 7 below.

2.1.2 **Note** the grants available and the restrictions to those grants where applicable.

3. Background

- 3.1 As indicated in the budget report to Board in March, a number of specific revenue grants are made available to SELEP as Government seeks to support the Partnership in specific areas of work. As grant offer letters and determinations were not supplied until towards the end of March, it was not possible to include these grants within the general budget setting report and therefore approval is now sought for the drawdown and spend of these grants.

- 3.2 Currently there is a total of six grants available in 2017/18, they are:

- Core funding for the Secretariat
- Growing Places Fund – Revenue
- Enterprise Zone Commercial Funding
- Growth Hubs
- Transport: Delivery Excellence
- Enterprise Co-ordinator Funding

- 3.3 Details on each individual grant can be found below, along with the budget requested to be set for each grant.

- 3.4 In total it is expected that almost £2.2 million will be draw down and utilised in year. This will be funded from receipts in year of £1.4 million and £800,000 draw down of funds held from earlier years. The summary of grant movements can be found in Table 1 below.

Table 1 – Summary of Specific Grant Movement for 2017/18

Name of Grant	Core Funding £'000	GPF Revenue £'000	EZ Commercial Funding £'000	Growth Hubs £'000	TDE Funding £'000	Co-ordinator Funding £'000	Total £'000
Brought forward (April 2017)	-	(2,725)	(27)	-	(26)	-	(2,778)
Additional receipts expected in year	(500)	-	-	(656)	-	(236)	(1,392)
Draw downs planned in year	500	739	27	656	26	236	2,184
Balance to carry forward (March 2018)	-	(1,986)	-	-	-	-	(1,986)

Core Funding

- 3.5 The Department for Business, Energy and Industrial Strategy (BEIS) makes available grants to support Secretariats of Local Enterprise Partnerships. This funding requires a 50% match to be made, which is provided through a cash match of £200,000 contribution from Local Authority partners and £50,000 in non-cash match through Board member time. LEPs have to bid for this funding on an annual basis and as in previous years it has been a fixed value for all LEPs regardless of size.
- 3.6 We have now had confirmation that our bid for 2017/18 was successful and the funds have been transferred; currently there is no commitment to further funding in future financial years. SELEP and the Accountable Body will continue to lobby Government for multi-year commitments and for funding levels to reflect the relative disparities in size of LEPs.
- 3.7 It is planned that the full value of the grant awarded in year will be drawn down and utilised to support the general SELEP budget as agreed by Accountability Board at their meeting on 31st March 2017
- 3.8 Board is asked to approve the drawdown of £500,000.

Table 2 – LEP Core Funding

Core Funding	£000
<u>Expenditure</u>	
Spend as per Secretariat budget	500
<u>Income</u>	
Grant draw down	(500)
Net position	-

Growing Places Fund Revenue

- 3.9 When the original GPF award was made in 2011/12 by the Department of Communities and Local Government (DCLG), an element of revenue was included alongside the capital grant. The total original revenue award was £3.7 million.
- 3.10 In the intervening period an award of £1.245 million revenue was made by the then SELEP Board to Harlow District Council to support the Harlow Enterprise Zone. This was made up of a grant of £245,000 to cover set up costs and £200,000 per year for five years to support administrative costs in the early years of the functioning of the Enterprise Zone.
- 3.11 2017/18 is the final year that Harlow District Council is able to access this funding. There is £239,000 remaining funding available to be drawdown in the year. Harlow District Council claim the

funding retrospectively and provides evidence to ensure only those costs agreed by the Board in the original approval are claimed.

- 3.12 At the start of 2017/18 £2.7 million of GPF grant was still remaining. In previous years it was assumed that the remaining revenue element of the grant, less any outstanding amounts committed to Harlow District Council, would transfer to the SEFUND vehicle. Given that SEFUND is no longer being taken forward, a proposal was made to, and agreed by, the Strategic Board that this funding would be used to support specific sectoral bids from across the SELEP.
- 3.13 A paper is being presented to the June meeting of the Strategic Board to agree how this funding will be allocated but the maximum value of support to be offered in this year is proposed to be capped at £500,000. This will allow further support to be offered in future years.
- 3.14 The budget and proposed draw down has been set on that basis; should Strategic Board require a different value this will be reflected in the next report to the Board. Any bids will have to fit with the criteria agreed by Strategic Board in June to be awarded any monies.
- 3.15 Board is asked to approve the budget for the GPF Revenue Grant and the drawdown of £739,000

Table 3

GPF Revenue	£000
<u>Expenditure</u>	
Harlow EZ Support	239
Other Sector Support	500
Total Expenditure	739
<u>Income</u>	
Grant draw down	(739)
Net position	-

Enterprise Zone Commercial Funding

- 3.16 In 2016/17 the DCLG made available some funding to support the latest round of Enterprise Zones. This funding is focussed upon Enterprise Zones being able to buy in support to build their commercial offer.
- 3.17 The DCLG indicated that they would distribute this funding via LEP Accountable Bodies as they preferred to deal directly with Local Authorities and in the case of some Enterprise Zones that would not be the case if the funding went directly. This means that this money will be passported through SELEP/Essex County Council (ECC) (as the Accountable Body) directly to the relevant Local Authorities who bid for support, in this case Medway Council and Maidstone Borough Council.
- 3.18 The monies were received by ECC in March 2017 but couldn't be spent until financial year 2017/18 and so the monies will be passed to the relevant authorities in quarter 1 of this year. Grant agreements will be put into place to allow the transfer of this funding.
- 3.19 Further bidding rounds are due to be open later this year. The funding is required to be matched and the relevant authorities involved in the North Kent Enterprise Zone are discussing whether future bids will be made. This funding is not open to the Enterprise Zones from earlier rounds.
- 3.20 Board is asked to approve the budget for the EZ Commercial Funding Grant and the drawdown of £27,000

Table 4

EZ Commercial Funding	£000
<u>Expenditure</u>	
Payments to Medway/Maidstone	27
<u>Income</u>	
Grant draw down	(27)
Net position	-

Growth Hubs

- 3.21 As in the previous two financial years, BEIS has again made available funding for Growth Hubs. This funding was agreed in principle on a two-year basis in March 2016, but final confirmation that the value would remain at £656,000 for this financial year wasn't issued until March 2017.
- 3.22 In line with the allocation methodology agreed for Growth Hubs by Strategic Board at its meeting on 20 March 2015, £600,000 will transfer to local areas to support the running of the three local Growth Hubs and £56,000 will be used to support the central virtual Growth Hub that is required by BEIS.
- 3.23 The grant is paid to SELEP in quarterly instalments and then passed to partners. The full amount of grant was utilised in 2016/17 and is expected to be utilised again this year. BEIS have made clear that they will clawback any unspent monies and the grant is subject to full audit each year.
- 3.24 It should be noted that there is no further funding committed beyond March 2018. Government has signalled their intention that Growth Hubs should be moved to a 'self-sustaining' model whilst remaining a free at point of use service to businesses in the local areas. Work is ongoing with both the local partners and across the national Growth Hub grouping to identify how this could be done, along with lobbying of Government for funding to be tapered out rather than the continuing with the cliff-edge approach that is currently planned.
- 3.25 Further updates on this and potential operating models will be given to the Strategic Board over the coming year.
- 3.26 Board is asked to approve the Budget for the Growth Hub Revenue Grant and the drawdown of £656,000

Table 5

Growth Hubs	£000
<u>Expenditure</u>	
Payments to Local Growth Hubs	600
Central Growth Hub costs	56
Total Expenditure	656
<u>Income</u>	
Grant draw down	(656)
Net position	-

Transport: Delivering Excellence Grant

- 3.27 As the Local Growth Deals were being rolled out, the Department for Transport (DfT) recognised that support was needed in local areas to ensure that best practice was adopted for the management of the programmes across LEPs.
- 3.28 To enable LEPs to fund some support in developing their programme management the Transport: Delivery Excellence (TDE) Grant was established. In 2015/16 and 2016/17 SELEP has worked with the consultancy Local Partnerships (a joint venture between HM Treasury and the Local Government Association) who were leading the drive for best practice across the country.
- 3.29 As at 31st March 2017, £26,000 of grant remains unspent. £15,000 of that is already committed to work underway but not yet delivered by Local Partnerships. The remaining £11,000 will be used to support further developments of the LGF programme management and the Programme Manager will be considering how this can be best achieved with the small amount of funding left available. It is expected the full amount will be spent in year.
- 3.30 The Board is asked to approve the budget for the Transport: Delivering Excellence Grant and the drawdown of £26,000

Table 6

TDE Grant	£000
<u>Expenditure</u>	
Committed to date	15
Support to LGF programme	11
Total Expenditure	26
<u>Income</u>	
Grant draw down	(26)
Net position	-

Enterprise Co-ordinator Funding

- 3.31 The Careers and Enterprise Company (CEC), established in 2015, has been charged by Government to transform the provision of careers education and advice for young people to ensure that when they leave school they are ready for the workplace. The CEC is supporting the establishment of an Enterprise Adviser and Co-ordinator Network to deliver this change by connecting schools and colleges with employers.
- 3.32 The CEC and Local Authorities are co-funding Enterprise Co-ordinators. Enterprise Co-ordinators are trained professionals who work with clusters of 20 schools and FE colleges to form a strategic link with an Enterprise Adviser per school (a senior business volunteer) to build careers plans and make connections to local and national employers.
- 3.33 Within the SELEP area the CEC funding goes directly to Kent County Council, West Kent Partnership and East Sussex County Council leading the projects within their areas, but funding to cover the three upper tier authorities across Greater Essex will come via SELEP. Again the monies will be passported directly to local areas on receipt by the Accountable Body. Claims are made retrospectively and there have been some delays to the establishment of the process that means

that no claims for academic year 2016/17 (ending 31 August 2017) were able to be made in financial year 2016/17 (ending 31 March 2017) but these claims are now being submitted.

- 3.34 Currently it is thought that the scheme will continue into academic year 2017/18 and the budget has been built on that basis. The grant will fund 50% of the cost of the six Enterprise Co-ordinators operating in Greater Essex. In addition to local authority match funding, the SELEP secretariat is exploring alternative sources of match for Enterprise Co-ordinators across the SELEP area for 2017/18.
- 3.35 The Board is asked to approve the budget for the Enterprise Co-ordinators Grant and the drawdown of £236,000

Table 7

Enterprise Co-ordinator Funding	£000
<u>Expenditure</u>	
Payments to ECC/Southend/Thurrock	236
<u>Income</u>	
Grant draw down	(236)
Net position	-

4. Financial Implications

- 4.1 The report is authored by the Accountable Body and the recommendations made are considered appropriate.
- 4.2 The end date of Growth Hub specific funding is a significant risk. Local areas should be working up plans now for the funding of the future provision or the withdrawal of this service. Whilst the SELEP/Accountable Body does not have contracts for supply of goods and services or employment, in respect to Growth Hubs, which extend beyond the end of the funding date, the Accountable Body is aware that partners do.
- 4.3 Proposals developed with regard to the approach for allocating GPF to projects will need to take into account the requirements of the SELEP Assurance Framework.

5. Legal Implications

- 5.1 As appropriate, funding will be transferred to respective partners under a grant agreement or Service Level Agreement (SLA) with the SELEP Accountable Body.

6. Staffing and other resource implications

- 6.1 None at present.

7. Equality and Diversity implications

- 7.1 None at present.

8. List of Appendices

8.1 None.

9. List of Background Papers

(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	
Lorna Norris	17.05.2017
On behalf of Margaret Lee	