

Forward Plan reference number: (FP/AB/227 and FP/AB/228)

Report title: SELEP Operations Update	
Report to Accountability Board	
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Date: 22 May 2019	For: Decision
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SELEP Partner Authority affected: – Pan-LEP	

1. Purpose of Report

- 1.1. The purpose of this report is for the Accountability Board (the Board) to be updated on the operational activities within the Secretariat to support both this Board and the Strategic Board. The report includes a financial update on the revenue budget by the Accountable Body and updates on items of governance.

2. Recommendations

- 2.1. The Board is asked to:

- 2.1.1. **Approve** the final provisional outturn for the South East LEP revenue budgets for 2018/19 in Table 1;
- 2.1.2. **Approve** the contribution of **£236,000** to General Reserves in Table 1;
- 2.1.3. **Approve** the recommended increase in the minimum level of reserves to £165,000, held to meet the costs of closure should SELEP cease to function;
- 2.1.4. **Approve** the 2019/20 revenue budgets for the specific grants summarised in Table 4 (detail can be seen in Appendix B), noting that any material change will be reported to the Board at the first opportunity;
- 2.1.5. **Note** the current forecast **underspend** of **£178,000** against total revenue budget for 2019/20, and that this is offset by an equivalent reduction in the planned drawdown in reserves;
- 2.1.6. **Note** the risk register at Appendix C;
- 2.1.7. **Note** the Action Plan at Appendix D agreed with Government to address the findings of the Annual Performance Review;
- 2.1.8. **Note** the update on the LEP Review and Assurance Framework; and

- 2.1.9. **Note** the update on the recent compliance checks performed by the Cities and Local Growth Unit.

3. Finance Update

3.1. 2018/19 Provisional Outturn

- 3.1.1. Table 1 overleaf details the total revenue spend by the SELEP in financial year 2018/19. In addition to the Secretariat budget, this table includes all specific revenue grants such as Growing Places Fund (GPF), Transport: Delivery Excellence (TDE), the grant from the Careers Enterprise Company (CEC) to support the Enterprise Advisors and the pan LEP Energy Strategy grant.
- 3.1.2. At the end of the financial year, income exceeded expenditure resulting in a surplus of **£236,000**. The budgeted position was a deficit of £385,000, to be funded from reserves, which means there is a variance of £621,000 against that original budgeted position.
- 3.1.3. The £621,000 is made up of an expenditure under spend of £673,000, partly off-set by income under-recovery of £51,000. The bulk of this net under spend is explained by reduced spend on GPF Revenue Grant items and the consequent reduction in draw down of specific grant to fund that spend. Further details can be found below at paragraph 3.1.5.
- 3.1.4. The Board is requested to approve the transfer of the surplus of £236,000 to the SELEP General Reserve. Further details on the reserve can be found at paragraph 3.1.9.

Table 1 – SELEP Consolidated revenue position 2018/19

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %	Third Quarter Forecast £000	Forecast Movement £000
Staff salaries and associated costs	630	760	(130)	-17%	620	10
Staff non salaries	26	32	(6)	-20%	32	(6)
Recharges (incl. Accountable Body)	130	145	(15)	-10%	145	(15)
Total staffing	785	937	(152)	-16%	797	(12)
						-
Meetings and admin	56	71	(15)	-21%	79	(23)
Chairman's allowance	20	20	-	0%	20	-
Consultancy and projects	457	610	(153)	-25%	446	11
Local Area Support	150	150	-	0%	150	-
Grants to third parties	1,234	1,588	(354)	-22%	1,588	(354)
Total other expenditure	1,918	2,439	(521)	-21%	2,283	(365)
Total expenditure	2,703	3,376	(673)	-20%	3,080	(377)
Grant income	(1,856)	(2,317)	461	-20%	(2,321)	465
Contributions from partners	(200)	(200)	-	0%	(200)	-
Other Contributions	(24)	-	(24)	0%	(4)	(20)
External interest received	(860)	(474)	(386)	81%	(883)	23
Total income	(2,940)	(2,991)	51	-2%	(3,408)	468
						-
Net expenditure	(236)	385	(621)	-161%	(328)	92
						-
Contributions to/(from) reserves	236	(385)	621	-161%	328	(92)
						-
Final net position	-	-	-	0%		-

3.1.5. The £236,000 under spend is a movement of **£92,000** from the forecast under spend of £328,000 reported to the February 2019 Board meeting. The movement is set out in Table 1 above; the most significant movement relates to a lower than forecast spend on GPF Revenue Grant items, specifically in relation to the Sector Support Fund grants where approved funding profiles and delay in agreements for the Sector Support Funding (SSF) resulted in a lower than expected spend and consequent a lower than anticipated drawdown of grant of £398,000 (See Appendix A). Funding not drawn down for projects with agreement in principle for 2018/19 will be brought forward into 2019/20, in addition to the £500,000 budgeted for that financial year.

3.1.6. Other movements include a reduction in the forecast external interest received of £23,000 due to interest rates being lower than anticipated in the final quarter. This is due to grant payments made earlier than anticipated in the forecast. Overall, however, the total amount of interest received in year was £386,000 more than budgeted, due primarily to the slippage in the spend of the Local Growth Fund, as reported to the Board in April 2019.

3.1.7. Due to the higher than anticipated levels of interest received, it was decided to fund the Accountable Body costs, including legal costs, from external interest receipts rather than the GPF grant. This net position is offset against the surplus on the Secretariat budget. A

summary of the Secretariat budget can be found in Appendix A.

- 3.1.8. The following table (Table 2) summarises the use of grants applied in 2018/19 and reconciles to the Grant Income line included in Table 1. A summary position against each of the specific revenue grants can also be found in Appendix A.

Table 2: 2018/19 Grant Income Summary

	Provisional Outturn £000	Final Budget £000	Variance £000	Variance %
General Grants (Secretariat Budget)	(500)	(500)	(0)	0%
<u>Specific Grants:</u>				
GPF Revenue Grant	(500)	(948)	448	-47%
Enterprise Zone - Commercial Funding	(23)	(23)	-	0%
Growth Hub	(656)	(656)	-	0%
Transport: Delivery Excellence (TDE)	(10)	(10)	(0)	0%
Careers Enterprise Company (CEC)	(124)	(88)	(36)	0%
Energy Strategy Grant	(43)	(92)	49	100%
Total Grant Income	(1,856)	(2,317)	461	-19.9%

- 3.1.9. Table 3 below shows that the General Reserve will total **£747,000** as at the 31st March 2019, if the Board approves the further contribution of £236,000, as recommended in this report.

Table 3 – General Reserves Summary

	£000
Opening balance 1st April 2018	511
Changes in year	
Updated contribution to reserves	236
Total	236
Balance at 31st March 2019	747
Minimum value of reserve	100

- 3.1.10. The Board has previously agreed that the general reserve should always have a minimum funding level of £100,000. This is to ensure that any costs of closure, should the LEP cease to function, will be covered. Given the increase in the size of the Secretariat since the minimum level was calculated, it is recommended that the minimum level should increase to £165,000. This value will be further reviewed in advance of the SELEP becoming incorporated, to reflect any additional cost risks arising from the change in status; this will then be considered as part of the budget setting for 2020/21.

3.2. 2019/20 revenue budget update

- 3.2.1. The 2019/20 revenue budget for the SELEP Secretariat was set by Accountability Board at its November 2018 meeting. At that time Central Government and other agencies had not confirmed details for a number of specific revenue grants that are applicable in this financial year.
- 3.2.2. Some of this detail has now been received and the position for each grant can be found below. The Board is recommended to approve the expenditure budgets for the specific grants set out in Table 4 and in detail in Appendix B, noting that any material change will be reported to the Board at the first opportunity. A brief summary of each grant is set out below.

Table 4 – Summary Specific Grants 2019/20

Name of grant	Growing Places Fund (Revenue) £000	Growth Hub Revenue £000	Skills Analysis Panels (SAP) £000	Local Digital Skills Partnership Catalyst £000	Careers Enterprise Company £000	Energy Strategy £000	Total £000
Amount c/fwd from previous years	(2,065)	-	-	-	(35)	(49)	(2,149)
2019/20							
Income to be received in year	-	(656)	(75)	(75)	-	-	(806)
Expenditure	1,000	656	75	75	35	49	1,890
Net utilised in year	1,000	-	-	-	35	49	1,084
Amount to b/fwd to future years	(1,065)	-	-	-	-	-	(1,065)

Growing Places Fund Revenue Grant

- 3.2.3. The Growing Places Fund (GPF) grant was received from Government in financial year 2011/12. The vast majority of the £49.21m grant was awarded as capital to support the revolving infrastructure investment programme. However, a small element of the funding, £3.7m, was awarded as revenue. This funding has been used in the past to support some revenue costs of the GFP loan programme and it was agreed at Strategic Board in June 2017 that it would also be used to contribute to a Sector Support Fund, whereby small amounts of revenue grant can be applied for by the working groups of the SELEP. As at 1st April 2019, there was £2.1m of revenue grant remaining on the balance sheet for application in this and future years.
- 3.2.4. The Board is requested to approve a drawdown of the grant of £1.0m in 2019/20 and the setting of the equivalent budget. The detail can be seen in Appendix B and a summary is included in Table 5 below.
- 3.2.5. It was agreed by Strategic Board in June 2017, that a maximum of £500,000 would be available in each financial year for 2017/18, 2018/19 and 2019/20, the three years of the Sector Support Fund programme. By April 2019, £1.0m of Sector Support Fund allocations had been endorsed by Strategic Board and subsequently approved by the SELEP Chief Executive Officer; of this, £0.5m has been

transferred to the lead authorities during 2018/19, with the balance of £0.5m to be transferred during 2019/20, in addition to the £0.5m available to be awarded during this financial year.

Growth Hub Revenue Grant

- 3.2.6. The Department of Business, Energy and the Industrial Strategy (BEIS) confirmed in April that the SELEP Growth Hub would receive £656,000 of funding for 2019/20; this is at the same level as in 2017/18 and 2018/19.
- 3.2.7. The grant conditions and principles of funding for 2019/20 remain very stringent, as in 2018/19; and the Growth Hub programme will need to continue to ensure that it fits with the requirements. An application for the £656,000 with a plan for the Growth Hubs in 2019/20 was recently submitted to BEIS and has been approved.
- 3.2.8. The current proposed budget for the Growth Hub grant funded expenditure can be found in the grants summary in Table 5 and in detail in Appendix B.
- 3.2.9. In 2018/19, following the increased requirements of Central Government, a full-time post was established within the Secretariat to support the Growth Hub programme; the costs of the post will be met in part through the grant in this year.

Skills Analysis Panels (SAP) Grant

- 3.2.10. The Skills Analysis Panels (SAP) Grant has been allocated to SELEP for the purpose of building capacity, growing local capability sustainably and for producing high quality analysis to underpin the work of the SAP; the aim of the SAP is to help colleges, universities and other providers deliver the skills required by employers, now and in the future.
- 3.2.11. The aim of SAPs is to support new local partnerships comprising of local employers, skills providers and local government to pool knowledge on skills and labour market needs, and to work together to understand and address key local challenges.
- 3.2.12. £75,000 has been allocated to SELEP in 2019/20 which will be used to fund a role to support the implementation and delivery of the aims of the SAP.

Local Digital Skills Partnership Catalyst Grant

- 3.2.13. Local Digital Skills Partnership Catalyst Grant has been awarded to SELEP to fund a member of staff to project manage and coordinate the local digital skills partnership. £75,000 has been allocated to SELEP in 2019/20 for this purpose.

- 3.2.14. The partnership is a cross-sector collaboration, initiated by SELEP, to tackle local digital skills gaps.

Careers Enterprise Company Enterprise Co-ordinator Revenue Grant

- 3.2.15. The Careers Enterprise Company (CEC) was set up by the Department for Education in 2015 to transform the provision of careers education and advice for young people. The company helps broker relationships between employers and schools and colleges to support young people with decision making and career development.
- 3.2.16. The CEC supports a national network of Enterprise Advisors. These Advisors are senior business volunteers who work with local schools and colleges to help develop a practical careers plan. As part of this support, the CEC 50% funds Enterprise Co-ordinators who work in a local area and assist in linking Enterprise Advisors with schools and colleges. Match funding is provided by Local Authorities.
- 3.2.17. There are Enterprise Co-ordinators across the SELEP geography. In Kent and Medway and in East Sussex, the CEC grant is awarded directly to Local Authorities but for the Greater Essex area, CEC asked SELEP to act as distributor for the grant. The grant is claimed retrospectively and claims are made from Essex County Council, Southend Borough Council and Thurrock Council each term. When the funds are received by the Accountable Body from the CEC, they are passed straight on to the relevant Local Authority.
- 3.2.18. As the grant is claimed retrospectively, the total value of the grant for 2019/20 is not known at this time, however, £35,000 has been brought forward from 2018/19.

Energy Strategy Revenue Grant 2019/20

- 3.2.19. In 2017 BEIS made available funding to support LEPs in drafting an Energy Strategy for their area. Generally, £40,000 was available but BEIS encouraged joint bids. The South East LEP was successful in a joint bid with the Coast to Capital and Enterprise M3 LEPs and £120,000 was awarded (£40,000 per LEP). The South East LEP is the lead partner for the project and therefore received the funding.
- 3.2.20. The Energy Strategy was agreed and launched in the latter part of 2018/19.
- 3.2.21. Of the £120,000 grant, £49,000 remains in 2019/20 and will be used to meet the outstanding costs associated with the delivery of the Energy Strategy.
- 3.2.22. Table 5 below summarises the grant position for 2019/20 to date. It includes the general grants that are used to support the budget of the Secretariat; these are forecast to increase by £400,000 since the

budget was agreed in November 2018; this increase relates to the award of additional funding from the Government to support the implementation of the LEP Review recommendations - £200,000 for 2018/19, which has been received, and £200,000 for 2019/20 which remains subject to final confirmation by Government.

- 3.2.23. The 2018/19 allocation of the LEP Review capacity funding was withheld by Government until SELEP was able to confirm it would implement the requirements to reduce the Board composition in line with the LEP Review recommendations. As such, this funding was not received until April 2019, following the Strategic Board decision in February 2019.

Table 5: 2019/20 Grant Income Summary

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
General Grants (Secretariat Budget)	(900)	(500)	(400)	17%
<u>Specific Grants:</u>				
GPF Revenue Grant	(1,000)	(1,000)	-	0%
Growth Hub	(656)	(656)	-	0%
Skills Analysis Panels (SAP) Grant	(75)	(75)	-	0%
Local Digital Skills Partnership Catalyst Grant	(75)	(75)	-	0%
Careers Enterprise Company (CEC)	(35)	(35)	-	0%
Energy Strategy Grant	(49)	(49)	-	0%
Total Grant Income	(2,790)	(2,390)	(400)	16.7%

SELEP Secretariat Revenue Budget

- 3.2.24. The SELEP Secretariat revenue budget was agreed by Accountability Board at its meeting in November 2018. The first forecast of spend for the financial year can be seen at Table 6 below. The net expenditure is forecast to be £178,000 less than the agreed budget. This is primarily due to the additional £400,000 of general grants forecast to be received in respect of the LEP review; this is partly offset by an increase in staffing related expenditure due to the recognition for the need to create additional capacity to deliver the LEP review recommendations and a Local Industrial Strategy (LIS) during 2019/20.
- 3.2.25. As a result, the forecast has reduced the required drawdown on reserves to £222,000, as set out in Table 7, which would increase the forecast closing balance as at 31st March 2020 to £526,000. It is anticipated that additional costs may be incurred during the year in relation to the implementation of the LEP Review requirements, however, these are unquantified and therefore not forecast at this stage.
- 3.2.26. At the meeting of Strategic Board on 11 March 2016, it was agreed that the interest earned on the LGF and GPF balances held would be used to support the SELEP Secretariat revenue budget.

3.2.27. The forecast level of interest receipts has reduced by £146,000 since the budget was set. This is primarily due to an increase in the planned grant payment profile; this position is fluctuating during the year as a result of movement in interest rates and in the level of slippage in the Capital Programme position, as reported in the Capital Programme report (Agenda item 14). As such, the interest receipts profile will continue to be closely monitored.

Table 6 – Forecast Secretariat Revenue Spend

	Forecast Outturn £000	Latest Budget £000	Variance £000	Variance %
Staff salaries and associated costs	1,002	744	258	35%
Staff non salaries	39	39	-	0%
Recharges (incl. Accountable Body)	58	58	-	0%
Total staffing	1,099	841	258	31%
Meetings and admin	67	51	16	32%
Chairman's allowance	20	20	-	0%
Consultancy and project work	683	877	(194)	-22%
Local Area Support	150	150	-	0%
Total other expenditure	920	1,098	(178)	-16%
Total expenditure	2,019	1,939	80	4%
Grant income	(900)	(500)	(400)	80%
Contributions from partners	(200)	(200)	-	0%
Other Contributions	(4)	-	(4)	0%
External interest received	(693)	(839)	146	-17%
Total income	(1,797)	(1,539)	(258)	17%
Net expenditure	222	400	(178)	-44%
Contributions to/from reserves	(222)	(400)	178	0%
Final net position	0	(0)	0	0%

Table 7 – SELEP General Reserve

	Forecast Outturn £000	Latest Budget £000
Opening balance 1st April 2019	-748	-748
Planned Utilisation		
Planned withdrawal 19/20	-222	-400
Total	-222	-400
Balance remaining	-526	-348
Minimum value of reserve	165*	100*

* Note, the Minimum value of reserve will be £165,000 if the Board agree the recommendation at 2.1.3

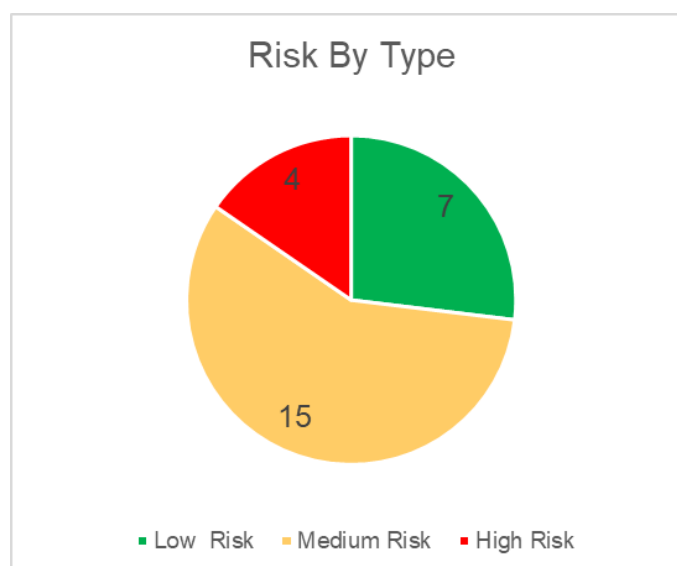
3.2.28. The Board is asked to note the latest forecast outturn position of £178,000 under spend; this is offset by an equivalent reduction in the planned drawdown in reserves.

3.3. Financial Implications (Accountable Body comments)

3.3.1. This section of the report has been authored by the Accountable Body and the recommendations are considered appropriate.

4. Risk Register

- 4.1. The risks of the Local Growth Fund have been reported to Board as part of the Capital Programme Management process. However, this reporting does not pick up the wider set of risks that apply to the activities of the Secretariat.
- 4.2. The Risk Register was last reported to Board in April. An updated Risk Register can be found at Appendix C. There are currently 26 live risks and 2 risks to be removed, (see Table 8 below for more details). Those 26 risks are classified as follows:



- 4.3. The current highest ranked risk on the register continues to be the potential impact of the high workload that currently faces the Secretariat. Some recruitment has already taken place and has been successful and further recruitment is in hand. Additionally, Secretariat staff are employees of Essex County Council as part of the Accountable Body arrangements. As such they are able to access the wellbeing services that ECC have in place and the team will be encouraged to do so.
- 4.4. Three other risks are categorised as 'high' and are currently equally scored. Firstly, there is a risk that all the LEP Review requirements are not implemented in line with Government's requirements, including the requirement for all changes to be implemented by the end of the financial year. There are a large number of changes to be made, some of which are very complex and have impacts on partner organisations. The nature of this type of fundamental change brings an inherent risk. Action plans are in place and this continues to be the top priority of the team over the year.
- 4.5. The third high category risk is linked to the above and is the risk that a preferred option on SELEP board size and composition can't be found. This links to the above, but there is a specific risk the options to be developed by the independent review are not accepted by the Board. This risk will be flagged to the workstream leading this work and a discussion on how it can be mitigated will be needed.
- 4.6. The remaining high category risk is the likelihood of a change in policy direction at national government level. Whilst this is always possible, a change in leadership or administration makes this more likely. At time of writing we know that there will be a change in leadership. The impact of any change is currently unknown, and this uncertainty is why this risk is currently ranked as high. The Secretariat will continue to work closely with officials in Whitehall to ensure we are informed of any changes in policy as soon as possible.
- 4.7. Changes to the risk register can be seen in the table below.

Risk Ref	Risk	Change	Reason
1	LGF Grant payment 19/20	Removed	Grant has now been paid
2	Revenue grants 19/20	Down-graded	The bulk of revenue funding has been received, the impact of not receiving the final £200K could be mitigated through reserves
3	LEP Review implementation	Upgraded	As we get closer to the deadline the risk increases
5	Incorporation – Nil Return approach decision	Removed	Strategic Board agreed approach in March
16	Brexit – potential impact on team operations in getting to meetings etc in case of no deal	Down-graded	Risk has receded due to delay in withdrawal. This may increase in run up to 31 October
17	Brexit – requests for information from Whitehall	Down-graded	As above
18	Brexit – impact on Whitehall	Down-graded	As above
25	Change in national policy	Upgraded	As detailed in paragraph 4.6 above
27	LEP Review Incorporation	New risk added	Risk that an agreed model for the new company cannot be found in line with deadlines
28	Newhaven Enterprise Zone	New risk added	Risk that SELEP reputation is damaged and development on the EZ stalled whilst handover discussions and model of delivery is agreed

4.8. The following two risks have now abated and can be removed from the register. The risk that the 2019/20 LGF Grant would not be paid was eliminated when the grant was paid at the end of April. Strategic Board agreed that the SELEP legal form should be a nil return company, therefore the risk relating to this decision will be removed. Both risks are included on current iteration of the risk register for information but have a score of zero. They will be removed following the Board's meeting.

4.9. Two new risks have been added to the register. The first is a further risk related to incorporation. The Strategic Board agreed that any legal form adopted will take a nil return approach but now the specifics of the legal form needed to be decided. A workstream has been established to lead this work and present options to the Strategic Board, but there is a risk that a form that is acceptable to all parties cannot be found or cannot be found in the time available. If the LEP does not incorporate during this financial year this could impact the availability of funding in 2020/21. This risk will be flagged with the

workstream at its first meeting and a discussion on how it can be mitigated will be needed.

5. Annual Performance Review Action Plan

- 5.1. The Cities and Local Growth Unit carried out their annual reviews of LEPs during December and January. Each LEP was assessed on their performance across three categories: Governance, Delivery and Strategy.
- 5.2. Following moderation, SELEP performance was assessed as follows:
 - Governance: Good
 - Delivery: Good
 - Strategy: Requires improvement
- 5.3. The Strategy assessment is a result of focus being put on the LEP Review rather than development of the Local Industrial Strategy. The department also expressed some concerns about the small size of the secretariat in comparison to other LEPs.
- 5.4. Following the review, officials at CLGU were required to develop action plans for all areas where a requires improvement assessment was made. The action plan for SELEP was constructed in consultation with the Secretariat and can be found at Appendix D.

6. LEP Review and Assurance Framework Update

- 6.1. The Local Assurance Framework (LAF) was agreed by the Strategic Board on the 22nd March 2019. Based on feedback received during the meeting, the LAF is being reviewed and a revised version will be submitted to the Strategic Board for consideration on the 28th June 2019.
- 6.2. It is the role of the Accountability Board is to oversee the implementation of the requirements of the 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.
- 6.3. The LAF Implementation Plan, included in Appendix E sets out the actions required to ensure that SELEP is fulfilling its commitments under the LAF.
- 6.4. Once the updated LAF has been agreed by the Strategic Board, any additional actions required will be added to the Implementation Plan. The Governance and Transparency Key Performance Indicators will also be reviewed to ensure that these are focused on the most appropriate areas for monitoring and continuous improvement.
- 6.5. The most challenging but pressing actions detailed in the Implementation Plan relate to the recommendations of the LEP Review. Specifically, the requirement for incorporation and the changes to board composition. Government is keen to see these requirements of the LEP Review

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incorporated as soon as possible, so it is crucial that SELEP maintains momentum with this work.

- 6.6. To take forward the implementation of these requirements, a document was circulated by SELEP Chief Executive Officer on the 14th May 2019, detailing a proposal for two sub-groups of the Strategic Board to be established. The purpose of these groups will be to arrive at complementary proposals for:
 - 6.6.1. A board of two-thirds public sector with a maximum of 20 members plus 5 co-opted members to meet Government's criteria; and
 - 6.6.2. A legal structure which is appropriate to the objectives of the LEP and passes Government's compliance tests.
- 6.7. A shared conference call is in the process of being scheduled with members of these two working groups, to constitute the first meeting of the groups.
- 6.8. A tender document has also been drafted for the independent review of the Strategic Board. An update will be provided to the Strategic Board in June 2019 on this work.
- 6.9. Other areas of work which have been completed since the last update report to the Board include progress towards the development of a more formal board member induction pack.
- 6.10. Through the latest round of government LEP compliance check, the Oversight and Compliance Team have identified actions which SELEP is required to implement, as detailed in Appendix F. These actions that are incorporated within the LAF Implementation Plan, include:
 - 6.10.1. Requirements for a more detailed approach to Board succession planning. An Independent Review of the Strategic Board has been agreed. This will help to make recommendations on the succession planning for the Board. It is intended that the Strategic Board Succession Plan will then be considered by the Strategic Board for agreement in December 2019.
 - 6.10.2. Full set of registers of interest (RoI) – As a result of changes to some board members following the recent local elections RoI are required for new board members since May. Whilst a majority of RoI are up to date, any outstanding RoI must be completed.
 - 6.10.3. Government branding – SELEP is required to comply with the national branding guidelines. The government's branding guidance is now available on the SELEP website, along with a commitment. SELEP will continue to work with local partners to ensure that the appropriate branding guidelines are followed for publicity in relation to all projects.
- 6.11. Appendix G also provides a list of the Governance and Transparency Key Performance Indicators (KPI). The KPI agreed by the Board to date mainly

relate the publication of information on the SELEP in relation to board meeting and Rol. An additional KPI has now been added to track the number of female representatives on the Strategic Board.

- 6.12. SELEPs performance against the KPIs will be tracked throughout the financial year. Since the outset of the financial year only one Accountability Board meeting has been held and no Federated Board meetings have been held. As such, there is fairly limited data currently available.
- 6.13. The KPI do identify an issue around the late publication of reports. Firm timescales have now been established for the drafting and sign off of Strategic Board reports to ensure that the full agenda pack is published at least 5 working days in advance or earlier where feasible to do so.
- 6.14. The KPI also identify the need for an urgent review of Rol by certain Federated Boards to ensure all ROI remain up to date.

7. Accountable Body Comments

- 7.1. It is a requirement of Government that the SELEP agrees and implements an assurance framework that meets the revised standards set out in the LEP National 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 2019/20, was that the S151 officer of the Accountable Body had to provide confirmation to the Government, by the 28th February 2019, 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.
- 7.4. This confirmation was provided to the Government, by the S151 Officer, on the basis that the revised SELEP Local Assurance framework was agreed by the Board at its March 2019 meeting, with a caveat that the requirement to adopt a legal entity by April 2019 is exempt by Government; this requirement is expected to be met by April 2020.
- 7.5. The S151 Officer of the Accountable Body is required, by the revised Assurance Framework, 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 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:

- Details of the checks that the S151 Officer (or deputies) has taken to assure themselves that the SELEP has in place the processes that ensure proper administration of financial affairs in the SELEP;
- A statement outlining whether, having considered all the relevant information, the S151 Officer is of the opinion that the financial affairs of the SELEP are being properly administered (including consistently with the National Local Growth Assurance Framework and SELEP's local Assurance Framework); and
- If not, 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. It should be noted, however, that as SELEP transitions to becoming an incorporated entity, the arrangements with the Accountable Body will be reviewed and formalised as appropriate, to reflect the chosen arrangements agreed by the Strategic Board.

8. Financial Implications (Accountable Body comments)

8.1. The 2019/20 Core funding and LGF grant payments were confirmed and received in full by the Accountable Body in April 2019.

8.2. Given that future grant payments are reliant on continued assurances from the S151 Officer of the Accountable Body, it is essential that efforts continue to be made to ensure appropriate consideration and prioritisation is given to implementing the Assurance Framework in full.

8.3. Currently, no significant financial risks have been identified for 2019/20 as the majority of the funding anticipated from Government has been received and planned funding profiles for projects are expected to be met. In addition, SELEP has more than sufficient reserves to offset its revenue commitments should this be required.

8.4. The main funding risk relates to the receipt of future funding from Government as funding continues to be confirmed on an annual basis, undermining future planning and is counter-intuitive to the expectations of Government within the National Assurance Framework.

8.5. 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 LAF and any conditions associated with individual funding allocations.

9. Legal Implications (Accountable Body comments)

9.1. There are no legal implications in this report.

10. Equality and Diversity implication

10.1. 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.

10.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

10.3. In the course of the development of the project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority 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.

11. List of Appendices

- 11.1. Appendix A – 2018/19 provisional outturn
- 11.2. Appendix B – 2019/20 budget position May 2019
- 11.3. Appendix C – Risk Register
- 11.4. Appendix D – APR Action Plan
- 11.5. Appendix E – Implementation Plan
- 11.6. Appendix F – Assurance Framework Compliance Checks
- 11.7. Appendix G – Governance and Transparency Key Performance Indicators
- 11.8. Appendix H – LEP Review Working Groups

12. List of Background Papers

12.1. SELEP Assurance Framework 2019/20 (to be reviewed in June 2019)

(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)

SELEP Operations Update

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	 25/5/19