



April 2017

By email: adam.bryan@essex.gov.uk

Dear Adam,

Local Growth Fund 2017-18 payment

I am writing to confirm the arrangements for Local Growth Fund (LGF) grant payments to be made in 2017-18 by the Department for Communities and Local Government ('DCLG') to Essex County Council ('the Council') as the accountable body for South East LEP.

A LGF capital grant payment of **£92,088,396** will be made to the Council on 11 April and should reach the Council's bank account **on or around 18 April 2017**. This letter confirms that, following the successful conclusion of the annual conversation process, the LEP will receive its previously indicative allocation for 2017-18 in full. I can also confirm that we are removing the requirement for the LEP to give us prior notification of project changes.

As standard, we will seek final approval from HM Treasury for payment of 2017-18 awards through the section 31 grant process. This approval, which is routine process and required under the terms of the relevant legislation, is expected at the start of the financial year and should allow awards to be paid in April.

11 April Payment (£)	Future Indicative (£)		
2017-18	2018-19	2019-20	2020-21
92,088,396	91,738,956	54,914,715	77,873,075

Local Growth Funding paid by the Department for Transport (LEPs with tail or portfolio schemes only)

Please note that this grant and the indicative forward profiles set out in this letter do not include the funding for the following LGF portfolio transport schemes. Grant arrangements for those schemes are dealt with directly by the Department for Transport.

- A13 Widening (Delivery)
- TGSE Roads – A127 Corridor: A127 Pinch Point; A127 Route Management; A127 Kent Elms; A127 Bell; Bridge and Highway Maintenance

The Annual Conversation

Thank you for your participation in the annual conversation process which took place between November 2016 and January 2017. This is important for assuring all concerned that Growth Deal delivery is progressing well and that the LGF is securing value for money. As a two way conversation we gathered useful feedback through each of the meetings I hope you found it helpful and constructive.

We have been satisfied as a result of your annual conversation that you are making good progress with delivering your Growth Deal. At the same time I must remind you that future allocations will remain subject to the outcome of future annual conversations, which will focus on progress with Growth Deal delivery over the duration of the programme.

Funding Requirements

Use of all funding will need to fulfil the following requirements:

1. It will be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal. Within that we expect you and your accountable body to use the freedom and flexibilities that you have to manage your capital budgets between programmes.
2. It will be deployed solely in accordance with decisions made through the local assurance framework agreed between the LEP and the accountable body. This must be compliant with the standards outlined in the national LEP assurance framework.
3. That you will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
4. You will continue to improve governance through the strengthened Assurance Framework to ensure high levels of transparency and accountability.

Councils and Combined Authorities are reminded that, as accountable bodies for their LEPs, they are responsible for ensuring that expenditure is spent in accordance with all applicable legal requirements. This includes, for example, state aid and public procurement law. Councils and Combined Authorities are reminded that any development decisions for specific proposals must go through the normal planning process and be guided by local plans, taking into account all material considerations. Councils and Combined Authorities will be subject to their normal internal and external audit controls.

The LEP and accountable body are also reminded of their responsibilities under the Public Sector Equality Duty as set out in Section 149 of the Equality Act 2010 and should have regard to these requirements when apportioning LGF funding.

As set out in your original Growth Deal, we expect that the LEP and the accountable body will communicate the ongoing outcomes and outputs of their Growth Deals, ensuring that local people understand how Government money is being spent. We will now be clarifying these requirements, including emphasising in all communications that this funding originates from the Government's local growth fund. We will confirm revised expectations with you in due course. The LEP should also continue to discuss publicity opportunities for Growth Deal projects with your Government Area Lead and through the LEP Communications Leads Group.

Skills Capital

As with all Growth Deals it is our expectation that you will fund the projects agreed with the Government at the time of the deal, in line with your proposal. Whilst we recognise there may be legitimate reasons not to proceed with some projects, it is particularly important, if this is the case, that awards originally for skills capital continue to be spent on new or extended skills projects.

All LEPs should follow the recommendations of their Post 16 area reviews when making future skills capital investment decisions, including supporting any capital requirements identified as part of the area review implementation. Where necessary, we would expect priority to be given to supporting the area reviews outcomes using the full scope of Local Growth funding to support the implementation of the area reviews.

LEP Assurance Framework

As you know, we recently strengthened the requirements within the LEP National Assurance Framework. Your Section 151/73 officer wrote in to confirm your compliance with the revised framework. However, there is an expectation within Government that LEPs adopt a continuous improvement approach to transparency and accountability, and I ask that you commit to working with us to continue to strengthen our approach. In some cases, this will involve us approaching you and your S151/73 Officer with an indication of where further improvements are required. The LEP Network will also continue to support you with the sharing of best practice and learning amongst LEPs on assurance and transparency.

Growth Hubs Funding 2017-18

In addition to the LGF grant detailed above, your LEP will also receive an allocation of £656,000 for 2017-2018 Growth Hub funding. This money will be managed via local authority accountable bodies and grants are issued under Section 11 of the Industrial Development Act, payable quarterly in advance. Funding will be subject to the terms and conditions detailed in the 2017-2018 grant letters issued by the Department for Business, Energy and Industrial Strategy (BEIS). Following acceptance by the accountable body of their grant offer letter the first quarterly payment can be claimed from 10 April 2017.

LEP Core Funding

In line with last year you will be paid £500,000 LEP core funding for 2017-18. This is revenue funding and will be paid alongside 2017-18 Growth Deal funding on 11 April 2017.

I am copying this letter to the Section 151/73 officer for your accountable body and to your Government Area Lead.

Yours,



Tom Walker
Director, Cities and Local Growth Unit