



Ministry of Housing,
Communities &
Local Government

Cities and Local Growth Unit
1st Floor, Fry Building,
2 Marsham Street,
London,
SW1P 4DF
11 April 2018

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

Dear Adam,

Local Growth Fund 2018-19 payment

I am writing to confirm the arrangements for Local Growth Fund (LGF) grant payments to be made in 2018-19 by the Ministry of Housing, Communities and Local Government ('MHCLG') to Essex County Council ('the Council') as the Accountable Body for South East LEP.

A LGF capital grant payment of £91,738,956 will be made to the Council on or around 20 April 2018. This letter confirms that, following the successful conclusion of the annual conversation process, the LEP will receive its previously indicative 2018-19 allocation in full. A copy of the section 31 grant determination is attached to this letter.

April 2018 Payments	Future indicative	
2018-19	2019-20	2020-21
£91,738,956	£54,914,715	£77,873,075

The Annual Conversation

Thank you for your participation in this year's annual conversation process and the subsequent Deep Dive. This is important for assuring all concerned that the LEP's governance, delivery and strategy are meeting the required standards and that the Growth Deals are securing value for money. As a two way conversation we gathered useful feedback through each of the meetings and I hope you found it to be a helpful and constructive process. We will continue to reflect on how improvements can be made to the process for future years, working with the LEP Network. The performance review undertaken by government also sought to highlight any areas where there may be need for further development or where there is good practice to be shared.

In your annual conversation feedback we identified a number of areas of improvement and agreed some actions. I would like to acknowledge the actions you

have taken or agreed to take following the annual conversation, in particular those agreed by your Strategic Board on 15 March:

- to review the processes surrounding recruitment to and operation of the strategic and federated boards and make any necessary changes e.g. to fixed term tenures for business representatives;
- reaffirming the intention to create a new Investment Panel to act as a sub-committee of the Strategic Board;
- to develop a standard approach to calls for projects and to develop a project pipeline which maximises the use of any underspends on projects of the highest quality and priority.

At the same time I must remind you that future awards will remain subject to the outcome of future annual conversations and compliance with the LEP National Assurance Framework.

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 LEP National Assurance Framework.
3. That you will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
4. That the LEP and Accountable Body follow the branding guidance and communicate the on-going outcomes and outputs of their growth deal.

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 on-going outcomes and outputs of their Growth Deals, using appropriate branding and ensuring that local people understand how Government money is being spent. 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.

Growth Hubs Funding 2018-19

In addition to the LGF grant detailed above, your LEP will also receive an allocation of £656,000 for 2018-2019 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 2018-2019 Growth Hub grant offer 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 16 April 2018.

LEP Assurance Framework

Thank you for your work in implementing the recommendations of the Ney Review set out in the best practice guidance. As you are aware 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 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.

In her review, Mary Ney also recommended that a risk based approach should be used to identify LEPs where a deep dive on governance and transparency would be of assistance.

The South East LEP deep dive assessed whether the LEP was operating as described in its Local Assurance Framework and whether it met the requirements of both the National Assurance Framework and the Mary Ney recommendations.

I would like to personally thank you, the SELEP board members and staff for being helpful, open and transparent throughout the Deep Dive. I am pleased to see in the draft report, which you have already seen, and further correspondence with my team that you have already taken forward many of the actions raised as part of our annual assurance process.

LEP Core Funding

In line with last year you will be paid £500,000 LEP core funding for 2018-19. This is revenue funding and will be paid alongside 2018-19 Growth Deal funding on 20 April 2018.

I am copying this letter to the Section 151/73 officer for your Accountable Body and to your Cities and Local Growth Unit Area Lead.

Yours,

A handwritten signature in blue ink, appearing to read 'S. Jones', with a long horizontal line extending to the right.

STEPHEN JONES

Director, Cities and Local Growth Unit