



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

STRATEGIC BOARD AGENDA PACK

Friday 28th June 2019

High House Production Park, Purfleet, RM19 1RJ





<i>Item 1</i>	10:00	Welcome and introductions	Chris Brodie	
<i>Item 2</i>	10:05	Minutes and actions from 22 nd March 2019 meeting Declarations of Interest Matters arising <ul style="list-style-type: none"> • Extra meeting in late January 	Chris Brodie	Pg. 1
<i>Item 3</i>	10:10	Transport for the South East <ul style="list-style-type: none"> • Update on seeking statutory status • Decision to agree consultation response 	Rupert Clubb - East Sussex County Council	Pg. 12
<i>Item 4</i>	10:30	Assurance Framework <ul style="list-style-type: none"> • Decision on agreement of prioritisation process • Decision on agreement of changes to Assurance Framework 	Rhiannon Mort	Pg. 16
<i>Item 5</i>	10:40	Terms of Reference <ul style="list-style-type: none"> • Decision on agreement of Terms of Reference 	Rhiannon Mort	Pg. 23
<i>Item 6</i>	10:45	LEP Review Update and Company Form <ul style="list-style-type: none"> • Update on LEP Review progress • Decision on the form of company that the SELEP will become on incorporation 	Suzanne Bennett	Pg. 25
<i>Item 7</i>	10:55	Chair Recruitment Policy <ul style="list-style-type: none"> • Decision to agree policy 	Rhiannon Mort	Pg. 34
<i>Item 8</i>	11:05	Growing Places Fund <ul style="list-style-type: none"> • Decision on timing of next round of GPF investments 	Rhiannon Mort	Pg. 36
<i>Item 9</i>	11:15	LIS Update	Adam Bryan	Pg. 40
<i>Item 10</i>	11:35	Update on Greater South East Energy Hub	Suzanne Bennett	Pg. 42
<i>Item 11</i>	11:45	Update on the Newhaven Enterprise Zone	Peter Sharp - Lewes District and Eastbourne Borough Councils	Pg. 45
<i>Item 12</i>	11:55	AOB and close	Chris Brodie	
	12:00	Lunch to be provided		
	12:30 - 14:00	Investment Panel to follow		

Information Items: see separate pack

Growth Hub Update

Capital Programme Update

Provisional agenda items for October 2019 Strategic Board Meeting:

- Local Industrial Strategy
- LEP Review
- Sector Support Fund

Future Strategic Board meeting dates: 4th October; 6th December; 20th March 2020

Agenda Item 2: Minutes of last meeting 22nd March 2019

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Present	Company	Representing
Chris Brodie	Chair	
Adam Bryan	Managing Director	
Ana Christie	Sussex Chamber of Commerce	East Sussex - Business
Angela O'Donoghue	South Essex College, Skills Advisory Group - Chair	Further Education
Clive Soper	Federation of Small Businesses	East Sussex – Business
Cllr Chris Whitbread	Epping Forest District Council	Essex – Local Authority
Cllr David Tutt	Eastbourne Borough Council	East Sussex – Local Authority
Cllr Graham Butland	Braintree District Council	Essex – Local Authority
Cllr John Lamb	Southend on Sea Borough Council	South Essex – Local Authority
Cllr Kevin Bentley	Essex County Council	Essex – Local Authority
Cllr Paul Carter	Kent County Council	Kent – Local Authority
Cllr Peter Chowney	Hastings Borough Council	East Sussex – Local Authority
Cllr Rob Gledhill	Thurrock Council, OSE	South Essex – Local Authority
Cllr Rodney Chambers	Medway Council	Kent – Local Authority
Cllr Rupert Simmons	East Sussex County Council	East Sussex – Local Authority
Colette Bailey	Metal	South Essex – Business
David Burch	Essex Business Board	Essex – Business
David Rayner	Birkett Long	Essex – Business
Douglas Horner	KMEP Business Member	Kent – Business
Geoff Miles	Vice Chair for Kent & Medway	Kent- Business
George Kieffer	Vice Chair for Essex and South Essex	Essex – Business
Graham Peters	Vice Chair for East Sussex	East Sussex – Business
Jo James	Kent Invicta Chamber	Kent – Business
Paul Thomas	DLS Limited	Kent – Business
Penny Shimmin	Social Enterprise Working Group - Chair	Social Enterprise
Perry Glading	Thurrock Business Board	South Essex – Business
Prof Anthony Forster	University of Essex	Higher Education

1. Welcome and Introductions

1.1 The following apologies were received: Cllr Simon Cook, Cllr Keith Glazier (substituted by Cllr Rupert Simmons), and Cllr Peter Fleming.

2. Minutes, Declarations of Interest and Matters Arising

2a. Minutes

2.1 The minutes of the meeting held on Friday, 7th December 2019 were agreed with the amendments noted below:

- In the list of those present: Perry Glading showing as from Southend Business Board, should have read Thurrock Business Board; and
- Under section 2.11: “..... felt that a strong working group *consisting* of top businesses....”, should read *including* (rather than consisting).

2b. Declarations of Interest

2.2 During the meeting the following declarations of interest were made:

- Jo James, under agenda item 5, noting organisation runs Kent and Medway Growth Hub.
- Angela O'Donoghue, under agenda item 8, South Essex College was involved in one of the LGF3b projects listed.
- Cllr Rupert Simmons, under agenda item 8, reported interest in one of the Sea Change Sussex LGF3b projects.

2.3 Chris Brodie reminded the Board that it was important that everyone kept their register of interests up to date.

2c. Matters Arising

2.4 **LEP Annual Performance Review (APR):** Adam Bryan informed the Strategic Board of the outcome stating that SELEP received for good for Governance –good for Delivery and requires improvement for Strategy.

2.5 Adam Bryan noted that good progress had been made against the assessment categories. He noted that the require improvement assessment for Strategy was partly due to the Local Industrial Strategy (LIS) not being as far advanced as Government would have liked. Adam Bryan stated that the LIS would be covered later on the agenda, under item 9. Adam Bryan invited Iain McNab from the Cities and Local Growth Unit to comment on the outcome of the APR. Iain McNab noted that he echoed Adam Bryan's comments, that SELEP had made progress which was good to see.

2.6 **Tri-LEP Energy Strategy:** The Board received an update on the launch of the tri LEP Energy Strategy. It was confirmed that the Boards' previous comments had been considered and the final version of the Strategy would be circulated to Board members. Adam Bryan noted that the tri LEP Energy Strategy would be launched on Monday 25 March 2019 and invitation to the event had been extended to all Board Members.

Action: To distribute the copy of the tri LEP Energy Strategy to Board members.

2.7 **Careers Enterprise Company:** Louise Aitken read out a statement to the Board, in relation to the Enterprise Advisor Network contract with the Careers Enterprise Company (CEC)

"We wish to bring to the Board's attention a risk to our 'Enterprise Adviser Network' contract with the Careers Enterprise Company, delivering against the LEP Skills Strategy. This facilitates joint working between industry and schools (at a senior level). Currently SELEP holds the contract for Essex, Southend and Thurrock to ensure a Greater Essex approach.

It has a strategic relationship with Kent, Medway and East Sussex which is achieving growing coverage supported by the local authorities in those areas.

The model is that host organisations employ Enterprise Co-ordinators, with each one working with up to 20 schools and employers. These Enterprise Co-ordinator posts are funded 50% by the host organisation and 50% by CEC. Hosts for the Greater Essex network are Southend Council, Thurrock Council and Essex County Council. The CEC Grant is paid to the SELEP (via the Accountable Body) and SELEP has back to back contracts in place with the host organisations and passports the funding to them.

Essex County Council has recently indicated that it is currently considering whether it will continue contributing match beyond its currently committed period that ends in August 2019. Without pre-empting the decision-making process at ECC, SELEP and CEC are exploring potential risks and options associated with this, such as lack of coverage across ECCs area and the necessity to find a new delivery partner. We will keep the Board up to date on developments and seek to ensure continuity of this contract.”

2.8 **Timely flow of information:** Board members noted the considerable number of reports and the late circulation of certain documents. The Chair noted that it was important for the Board to have information well in advance of the meeting.

3. LEP Review Implementation

- 3.1 The Board received a report from Chris Brodie, Adam Bryan and Suzanne Bennett, regarding update on the progress made towards implementation of the recommendations in the LEP Review. The Board was asked to agree an approach for ensuring that all recommendations were implemented by March 2020, as required by Government.
- 3.2 Chris Brodie introduced the item and noted that SELEP had been built on trust with strong local input from the Federated Areas, and that this was the Federated Boards are integral part of how we operate. He went on to comment that SELEP had made good progress over the last 12 months, although there was further work to be done. Chris Brodie emphasised that as the Chair, he would continue to make the case for the Federated model as SELEP progresses in implementing all the LEP Review requirements.
- 3.3 Chris Brodie set out that the challenge for SELEP over the next 12 months would be implementing elements of the LEP review, and that today’s discussion was about setting out the roadmap regarding where the partnership needed to get to and to ensure that that funding was made available in the south east to deliver local projects.
- 3.4 Adam Bryan noted that the large amount of work which would make an impact on the Secretariat’s capacity should not be under-estimated. He stated that the capacity impact could fundamentally change the way SELEP operates These changes must operate and interacted with partners. He further added that any changes must be made in full consultation and engagement with all key stakeholders.
- 3.5 Adam Bryan then went on to draw out the key points from the report, including the five workstreams proposed; Board size and composition; Chair and Board members recruitment, including diversity of the Board; legal personality; independent secretariat; and embedding scrutiny and oversight into policies and procedures. It was noted that SELEP was already compliant in most areas and had examples of best practice.
- 3.6 The Board discussed how to undertake the five workstreams identified as priorities for 2019/20. This included consideration of procuring an independent company/adviser to conduct an independent review or to form a small working group of board members to lead a review.
- 3.7 During the Board’s discussion the following points were raised:
- The Board was reminded that KMEP had put conditions when offering their support for the LEP Review, as noted in their January 2019 meeting. One of these conditions was that there would be no changes to the SELEP Accountability Board or Investment Panel.



- The importance of Government's red lines should be taken into consideration for SELEP to focus its efforts appropriately.
- Following an in-depth conversation, most of the Board members felt that the Board would benefit from an external resource, with capacity and an impartial view, recognising some of the tensions which exist, would help to support this work review performed by an independent reviewer.
- The Board noted that the scope of the review should be fully articulated, and any resource procured be kept to task and monitored against the agreed scope asset by the Board.
- The Board discussed, the importance of Board members being fully engaged in the process including driving the workstreams. It was thought that a strong steering group of Board members could enable this.
- Furthermore, Suzanne Bennett outlined the proposals regarding legal personality, as set out in the report.

3.8 The Board **ratified** the results of the recent electronic procedure; this being that the Board approved the recommendation that the Board should move to a model of no more than 20 Board Members with five co-opted members and a private sector majority of two-thirds.

3.9 The Board **approved** the scope of a workstream considering the size and composition of the Board and the production of advisory options and recommendations on how the Board could be reformed to meet the requirements agreed under the electronic procedure. Noting that whichever delivery option was selected, the final decision on Board size and composition would remain with the Strategic Board.

3.10 Following a vote with 22 in favour, the Board **agreed** to:

- a) Appointing an independent, external body, through an open and transparent selection process, to provide options and recommendations on how an appropriate Board size and composition could be achieved; and
- b) Creating a Steering Group, to be chaired by the Board Chair, to oversee the Independent Review and the scope of the review. Nominations would be sought for the Steering Group, and the Steering Group would comprise of at least one member from each of the Federated Areas.

3.11 The Board **approved** the suggested approach and timelines for ensuring that all LEP Review recommendations were fully implemented by the end of March 2020.

3.12 The Board **approved** the principle of the future selected incorporated model being a 'nil return' company and **noted** that this decision does NOT restrict or inhibit any options or models that might be considered for incorporation.

3.13 The Board **approved** the principle that Board members would act as sponsors for workstreams for the implementation of the LEP Review requirements.

4. Assurance Framework

4.1 The Board received a report from Rhiannon Mort, the purpose of which was to seek agreement from the Board on SELEP's revised Assurance Framework and revised Terms of References.

4.2 Rhiannon Mort outlined that the revised Assurance Framework presented to the Board reflected the minimum requirements from the LEP Review and set out the requirements in terms of what needed

to happen, noting that the 'how' it happened was for the Board to agree. Rhiannon Mort also noted that the Assurance Framework needed to be signed off before any funding would be released to SELEP, including the Local Growth Fund due in 2019/20, in the region of £55m. The Strategic Board Terms of Reference presented to the Board had been revised to ensure that they were in line with the revisions to the Assurance Framework.

- 4.3 Rhiannon Mort explained that the intention was not to make any substantial changes at this time, rather to reflect the changes as required and where areas were to be agreed by the Board to put placeholders in the document relating to the requirements of the LEP Review (e.g. "we are committed to...").
- 4.4 Rhiannon Mort reiterated that no changes were being proposed to the Investment Panel or Accountability Board or their terms of reference.
- 4.5 It was noted that the diversity statement had been strengthened, with the wording now being more appropriate.
- 4.6 Regarding some of the points in the Assurance Framework, the Board members commented that they were still ambiguous. It was noted that these had been within the Assurance Framework for some years and were not a result of the revisions made in 2019.
- 4.7 It was stated that as the ambiguities remained, it was a good opportunity to address these to future proof the Framework.
- 4.8 Following a long discussion, the Board considered the viability of delaying approval of the Framework until the next Board meeting in June 2019 to allow for further revision to take place.
- 4.9 Adam Bryan reminded the Board that SELEP is requirement to have an Assurance Framework in place by the end of March 2019, which met the requirements as set out by Government with the National Local Growth Assurance Framework. If this was not the case, the S151 officer could withdraw their assurance statement provided to Government and from this there would be a risk that the LGF funding would not be forthcoming.
- 4.10 The Board acknowledged that whilst improvements could be made, the flow of funding was dependant on the approval of the Assurance Framework, therefore the Board could agree at this meeting, with an updated version to come back to the Board in June 2019. This option was voted on. It was confirmed that the Assurance Framework could be amended further following its initial approval.
- 4.11 The Board **approved** the updated SELEP Assurance Framework (2019), after voting on the issue on the basis that the Assurance Framework would be reviewed again by the Board at its meeting on the 28 June 2019. The motion was carried with 16 votes in favour.
- 4.12 The Board **noted** that the SELEP Assurance Framework (2019) would require further revisions during 2019/20 due to the LEP Review Implementation work and the new requirements to be in place by the end of 2019/20, and therefore would work towards making further revisions within the next three months.
- 4.13 In agreeing the Assurance Framework, the Board **approved** the SELEP diversity statement, set out in paragraph 4.3 of the revised Assurance Framework.
- 4.14 The discussion in relation to the SELEP Strategic Board Terms of Reference was postponed and would be discussed at the next Board meeting in June 2019.

5. Delivery Plan 2019/20

- 5.1 The Board received a report from Suzanne Bennett. The purpose of the report was to seek an agreement on the Delivery Plan for 2019/20.
- 5.2 Suzanne Bennett outlined that the Delivery Plan had been constructed to reflect the strategic objectives as set out in the Economic Strategic Statement. She advised that a further revision of the Plan would be necessary once the Local Industrial Strategy had been formed and agreed by the Board.
- 5.3 During the Board's discussion the following points were raised:
- 5.4 It was noted that various activities were being planned as part of a communications and engagement piece, including the Annual General Meeting scheduled for 17 July 2019. The communications strategy would be updated to reflect the recently launched Economic Strategic Statement. The Board noted that it was important that the communications strategy was developed together with the Federated areas.
- 5.5 It was suggested that, for the key performance indicators for creating places and houses, it would be helpful to review and consider more extensive indicators.
- 5.6 It was noted that staff stress in the risk register, was ragged as high risk. The Board was keen to know that appropriate measures were in place to support staff members. Suzanne Bennett informed the Board that the SELEP team had access to a health and well-being service provided by the Essex County Council. Adam Bryan noted that the recruitment plans, were also a key component of addressing this.
- 5.7 The Board stated that they wanted to review the risk register twice a year.
- 5.8 The Board **approved** the adoption of the Delivery Plan and the submission of the plan to Government.
- 5.9 The Board **noted** the intention to further strengthen and build on the light-touch plan with colleagues at the LEP Network over the coming months.

6. Sector Support Fund (SSF)

- 6.1 The Board received a report from Adam Bryan. The purpose of the report was to seek endorsement for the SSF project which had been submitted to SELEP for revenue funding support.
- 6.2 Adam Bryan outlined the project as the SELEP Creative Open Workspace Masterplan and Prospectus project. This project is which was aiming to address a gap in suitable available workspace for the Creative, Cultural and Digital Sector across the SELEP area.
- 6.3 The Board **endorsed** the SELEP Creative Open Workspace and Masterplan Prospectus (£49,000) for funding through the 2019/20 SSF allocation.

7. Digital Skills Partnership

- 7.1 The Board received a report from Louise Aitken. The purpose of the report was to seek agreement from the Board for the Digital Skills Partnership pilot run together with the Department for Digital, Culture, Media and Sport (DCMS).
- 7.2 Louise Aitken outlined the purpose of the partnership and that the SELEP had been one of only three LEPs to had been successful in securing the second wave pilot status and funding.

- 7.3 Louise Aitken advised that the new co-ordinator post, still to be recruited to, would support the pilot and would work one day a month in Whitehall with his/her counterparts from other LEPs. The partnership would have strong links with the LEP Skills Advisory Panel which was being established and with the Local Industrial Strategy. It was noted that it was important for the digital skills work to link with the very wide range of existing networks.
- 7.4 Louise Aitken informed the Board that working with the LEP local skills boards and Skills Advisory Group, a launch event was being planned. As soon as there were more details about the proposed event these would be shared with the Board. It was proposed that the launch would take place in East Sussex and would also showcase some of the existing activity underway locally.
- 7.5 The Board **approved** the establishment of the Digital Skills Partnership with DCMS, the partnership, having been endorsed by local skills boards and secured on behalf of the LEP Skills Advisory Group.

8. **Local Growth Fund Capital Programme Update**

- 8.1 The Board received a report from Rhiannon Mort. The purpose of the report was to provide an update on the LGF programme, outcome of the Investment Panel held on 8 March 2019 and to approve the next steps in relation to LGF3b.
- Rhiannon Mort outlined that for 2018/19, it was expected that SELEP would spend a total of £100.621m on LGF projects, which was a variance of £54.478m. Rhiannon Mort noted that this delay to LGF spend was as a direct result of slippage in spend for several projects across the LGF programme. There were several larger scale projects which had experienced slippages in LGF spend of greater than £3m during 2018/19. Rhiannon Mort summarised these projects.
- 8.2 Furthermore, Rhiannon Mort updated the Board on the Accountability Board funding decisions and changes to agreed projects within the LGF programme. Rhiannon Mort
- 8.3 informed the Board that these changes were driven by increases in project costs, the constrained timescales to deliver projects and reductions to Essex County Council's capital investment programme (impacting Essex County Council projects).
- 8.4 The Board noted the extensive work on the LGF programme and thanked all those involved.
- 8.5 It was noted that there continues to be the need for a project pipeline to be in place and that these projects needed to be ready to utilise LGF underspend as / when required.
- 8.6 Rhiannon set out the intension to convene the Investment Panel on the 28th June 2019 to agree the LGF3b project pipeline. In advance of this meeting, Federated Boards area asked to consider their top 2/3 priority projects for investment. They are also asked to consider whether there are any LGF3b projects which should be withdrawn from the process, given the limited timescales now available to deliver these new projects.
- 8.7 The Board noted the importance of learning the lessons from the most recent round of LGF prioritisation and ensuring appropriate input from all the key stakeholders. This included the importance of local discussions, and local sifting of projects.
- 8.8 The Board **noted** the update on the delivery of the LGF programme.
- 8.9 The Board **noted** the outcome of the SELEP Investment Panel meeting.
- 8.10 The Board **approved** that a report on the lessons learnt from LGF3b to date was prepared and presented to the Board at the June 2019 meeting, to inform future work.

- 8.11 The Board **approved** the reconvening of the Investment Panel on the 28 June 2019, following the Strategic Board meeting.
- 8.12 The Board **endorsed** the planned spend of £9.27m LGF beyond the 31 March 2021 for the Beaulieu New Railway Station project, as set out in section 6 of the report presented to the Board.
- 8.13 The Board **approved** the next steps in relation to the LGF3b, as set out in section 7 of the report presented to the Board (and noted below).
- In terms of the next steps for the prioritisation of the remaining LGF3b list, it was proposed that the remainder of the LGF3b list should be considered by the Investment Panel on the 28 June 2019, once Federated Boards had had time to review the technical document and consider their strategic priorities.
 - SELEP provided a commitment to Government that it would develop and maintain a pipeline of LGF projects to utilise LGF, should LGF underspend become available. This commitment was provided in response to the Deep Dive recommendations. It was therefore important that this work stream continued so that assurances could be provided to Central Government that SELEP was following through on its commitment.
 - Furthermore, there continued to be opportunities for LGF underspend to be identified. There were several LGF projects which had been awarded funding, but which were currently RAG rated as Red and/or had specific funding conditions attached. If these projects were unable to progress or the funding conditions could not be satisfied, then the LGF would be returned for reallocation through the LGF3b process. A strong pipeline of prioritised projects would be crucial to ensuring that LGF underspends could be reallocated at pace, to enable alternative projects to progress.
 - The Federated Boards were therefore asked to consider the projects which they identified to be strategically important by the end of May. Given the substantial number of LGF3b applications and the limited funding available, each Federated Board was asked to focus on its top two/three priorities for investment.
 - Federated Boards are also asked to consider whether there were any projects which they wished to withdraw from the process. Projects which were unsuccessful in securing a provisional allocation on the 8 March 2019 and therefore, given timescales, would be unable to spend the LGF allocation sought by the 31 March 2021.
 - It was not intended that new information would be presented to the ITE, but rather that the Federated Boards would provide a view on their strategic priorities to be reflected within the reports to the Investment Panel on the 28 June 2019. Similarly, SELEP was not expecting changes to the LGF ask of projects to come forward, as this would require a further iteration of the Business Case review, to consider the impact of the changes in LGF on the outputs and outcomes which would be delivered by the project.
 - Each Federated Board was asked to provide supporting evidence/narrative for the priority projects which were identified, to set out why these projects had been prioritised by the respective Federated Board. Where the ITE assessment had raised concerns in relation to these projects, Federated Areas were also asked to provide evidence of how these concerns could be mitigated.
 - The Federated Board should provide a fair and equal opportunity for discussion around the relative merits of each of the projects put forward for funding.

- The local Federated Board feedback on their strategic priorities would be reflected within the Investment Panel papers for the meeting on 28 June 2019, to ensure that the recommendations made to the Investment Panel resonated with the priorities identified by the Federated Boards.

9. Local Industrial Strategy (LIS)

- 9.1 The Board received a report from Adam Bryan. The purpose of the report was to outline the approach to producing the LIS, noting that it was an iterative process and high profile in terms of Government's expectation of the LEP.
- 9.2 Adam Bryan noted that it was important for SELEP to produce a LIS which was locally resonant and fitted with Government's expectations for the LIS. This included reaching a wide Government audience, for example other departments with an interest in interventions in the south east. As well as building on work which had previously been instructive or had been well received by Government – including the SELEP Skills Strategy and the South2East Energy Strategy.
- 9.3 Adam Bryan advised that the post of Strategy and Intelligence Manager, was currently out for advert, and that the role would have oversight of the LIS.
- 9.4 During the Board's discussion the following points were raised:
- 9.5 The conversation about a Local Industrial Strategy had been around for some time. It was noted that worked previously undertaken on the evidence base should be linked to developing the LIS for the south east.
- 9.6 If any further work was commissioned to develop the evidence base further this would be undertaken as frugally as possible and build upon existing work.
- 9.7 In terms of how the LIS was shaped, some Board members, including Essex Business Board representative, felt a thematic approach would be preferable.
- 9.8 Caroline Jessel, Chair of the Kent Nature Partnership, who was observing the meeting, offered to work jointly with the SELEP on the evidence base. Caroline Jessel informed the Board that the Kent Nature Partnership was developing by working with partners, a joint natural capital plan., which would underpin health, wealth and general wellbeing.
- 9.9 The Board **noted** the presentation and provided their mandate for the continuation of the work.

10. Lower Thames Crossing (LTC)

- 10.1 The Board received a report from Cat Cliffe, Head of Value and Legacy at the LTC Team. The purpose of the report was to inform Board members of the approach being taken towards developing a skills, education and employment strategy for the LTC project.
- 10.2 Cat Cliffe informed the Board that the LTC team was now considering the consultation responses, and once the findings had been processed the team would like to come back and share them with the Board.
- 10.3 Cat Cliffe went on to outline the skills aspect of the project and confirmed that the team were committed to working with SELEP. She added that there had been significant analysis of the skills demand and working with local stakeholders, including SMEs, about how businesses could work with LTC.
- 10.4 During the Board's discussion the following points were raised:
- 10.5 Cllr Gledhill stated that Thurrock Council remained thoroughly opposed to the LTC proposal.

- 10.6 He noted that it was important to ensure that local businesses were engaged and welcomed the idea of local SMEs being asked to get involved.
- 10.7 Regarding many of the professions required it was acknowledged that it would take time to train individuals therefore the Board welcomed the LTC team speaking to them about this now. It was also noted that given the current skills shortage in many areas further move of, professions to LTC could lead to shortages of appropriate skills in other projects. The Board felt that it was important to learn the lessons from other major projects that experienced similar difficulties, (for example Tideway, and the impact on other projects around the Thames).
- 10.8 Chris Brodie thanked Cat Cliffe for her input and taking the time to come and speak.
- 10.9 The Board **noted** progress and provided feedback to the LTC team.

11. Garden Communities Session Three

- 11.1 The Board received a report from Claire Hamilton, Harlow and Gilston Garden Town Director. The purpose of the report was to provide an update on the development of Harlow and Gilston Garden Town.
- 11.2 Claire Hamilton noted that the work for Harlow and Gilston Garden Community was across three districts (East Hertfordshire, Epping Forest and Harlow) and two counties (Essex and Hertfordshire County Council). Together they were working to develop good quality villages and neighbourhoods, homes, jobs and infrastructure for new and existing residents in and around the Harlow area.
- 11.3 Claire Hamilton outlined the developments which were coming on stream, for example the Princess Alexandra hospital that was considering the development of a health and wellbeing campus and Health England that were looking to relocate their headquarters to the area.
- 11.4 Claire Hamilton outlined that one key aspect of the development was to fundamentally change the way people move around the place with a sustainable transport system.
- 11.5 The Board **noted** the report and the presentation.

12. Thames Estuary Production Corridor (TEPC)

- 12.1 The Board received a report from Chris Paddock from Hatch Regeneris. The purpose of the report was to provide results of the Thames Estuary Production Corridor (TEPC) feasibility work.
- 12.2 Chris Paddock outlined that the TEPC was a collective programme of work to encourage the development of the creative industries and wider creative economy across the Thames Estuary.
- 12.3 The TEPC work to date had been overwhelmingly positive, with strong partnerships across Essex, Kent, London and the creative sector. This had included starting to develop a strong evidence base, including extensive consultation with the sector.
- 12.4 Chris Paddock outlined that the potential scale and impact of the TEPC was immense, with the potential to employ at least 50,000 new jobs, in addition to the current estimate of people already employed in the sector of 50,000.
- 12.5 Chris Paddock outlined that TEPC had successfully secured £4.3m from the DCMS Cultural Development Fund for Phase 1 of TEPC delivery in the South Essex and North Kent Estuary Region. This would assist with the Estuary-wide creative workspace property portfolio (building on the SELEP Creative Open Workspace Master Plan and Prospectus); promotion of Estuary places to attract creative industries inward investment; cultural investment in residential and mixed-use

developments generating better quality places; new model creative apprenticeships and development of Estuary 2020 as an international profile cultural festival.

- 12.6 Chris Paddock noted that the project which had started as slightly nebulous was now bringing a range of tangible benefits and outcomes to the area.
- 12.7 Chris Brodie thanked Chris Paddock for his input and taking the time to come and speak with the Board.
- 12.8 The Board **noted** the report and the presentation.

13. Growth Hubs: South East Business Boost video

- 13.1 Chris Burr introduced a short film, which was running during lunch, about the South East Business Boost, and commended the project as an excellent example of the partnership's work.
- 13.2 Chris Brodie thanked Chris Burr for sharing the film and information with the Board.

The Board meeting closed at 1pm.

Agenda Item 3: Transport for the South East

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Appendices A & B

FOR DECISION

1. Purpose

- 1.1 The purpose of this report is to provide the Strategic Board (the Board) with an update on the progress made by Transport for the South East (TfSE) towards seeking statutory status. TfSE has launched a formal consultation on its draft proposal to Government for statutory powers, which provides SELEP with the opportunity to comment on the proposal, as a partner authority.
- 1.2 Detailed responses around the statutory powers will be considered through the constituent authorities, including Kent County Council, Medway Council and East Sussex County Councils' own democratic processes. However, as a partner organisation, it is suggested that the Board agreed a letter of support in favour of the proposal to Government. A SELEP draft letter of support is included in Appendix B.

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Note** the update on the TfSE draft proposal to Government for statutory status
 - 2.1.2 **Agree** the SELEP draft letter of support included in Appendix B.

3. Sub National Transport Bodies

- 3.1 As part of the devolution agenda, Government introduced legislation for the development of Sub National Transport Bodies (STB), within the Local Transport Act 2008. Since then, a number of STBs have emerged with Transport for the North being the first STB to achieve statutory status in April 2018.
- 3.2 The STBs developing across our area are much larger than the SELEP area, with the SELEP geography being split across two STBs; TfSE (covering Kent, Medway and East Sussex) and Transport East (covering Essex, Southend and Thurrock).
- 3.3 Both STBs across the SELEP area are currently operating as informal partnerships, but TfSE is progressing work to seek formal statutory status, as detailed in section 5 below. A draft proposal to Government has therefore been developed and is included as Appendix A.

4. TfSE

- 4.1 TfSE, covers the South East area to the south of the Thames and covers sixteen county/ unitary authorities, including:

Bracknell Forest; Brighton and Hove; East Sussex; Hampshire; Isle of Wight; Kent; Medway; Portsmouth; Reading; Slough; Southampton; Surrey; West Berkshire; West Sussex; Windsor and Maidenhead; and Wokingham.
- 4.2 The five LEPs across the TfSE area are represented on the TfSE Shadow Partnership Board by two co-opted LEP Board members. These two LEP seats are currently held by representatives from Enterprise M3 and Coast to Capital but there is opportunity to rotate the LEP representation. Christina Ewbank, from Team East Sussex (TES), is identified as an alternate if one of the other two

named LEP board members are unable to attend.

SELEP is also represented on the TfSE Transport Forum (a wider group of stakeholders) by Clive Soper.

- 4.3 TfSE has been successful in bringing together partners, from local authorities and LEPs, with the overall mission to grow the South East's economy by delivering a quality, integrated transport system that makes us more productive and competitive and improves the quality of life for all whilst protecting the environment.
- 4.4 Work is already progressing towards the development of a Transport Strategy. The first component of developing the Strategy is the economic connectivity review, which has now been completed and provides an evidence-based approach to identifying the economic potential of the area.
- 4.5 TfSE has attracted attention from central government, which helped secured a £1m grant from the Department for Transport to support the development of the Transport Strategy.
- 4.6 Opportunities will be sought to utilise the information and evidence prepared through the TfSE transport strategy within SELEP's own Local Industrial Strategy and to build a narrative to support investment in the South East based on its economic potential which can be unlocked through appropriate investment in transport infrastructure.

5. Draft proposal to Government

- 5.1 At its meeting on 18th March 2019, the TfSE Shadow Partnership Board approved a draft of the proposal to government for formal consultation (attached as Appendix). The specific functions that TfSE is seeking as part of its proposal to government are set out in Section 6 of Appendix 1.
- 5.2 The powers sought through the draft proposal to Government are considered proportional and those likely to be most effective in achieving the TfSE aims and objectives to:
 - Increase influence with Government and key stakeholders;
 - Invest in pan –regional strategic transport corridors;
 - Enable genuinely long –term planning; and
 - Support the delivery of jobs, housing and growth
- 5.3 It is important to note that the proposed powers will operate concurrently and with the consent of the constituent authorities. The powers aim to complement and build on the existing powers of local authorities.
- 5.4 The powers which are being sought have been identified as those which will add value at a regional level in three key areas:
 - **Strategic influence:** Speaking with one voice and with the benefit of regional scale and insight to influence the development of national investment programmes; a trusted partner for government, Network Rail and Highways England
 - **Coordination:** Developing solutions which offer most benefit delivered on a regional scale; working with partners and the market to shape the development of future transport technology in line with regional aspirations
 - **Operational:** Accelerating the delivery of schemes and initiatives which cross local authority boundaries, ensuring strategic investment happens efficiently and that the benefits for residents and businesses are realised as soon as possible

- 5.5 The statutory basis for an STBs is set out in Part 5A of the Local Transport Act 2008 as amended by the Cities and Local Government Devolution Act 2016, which says that “the Secretary of State may by regulations establish a sub-national transport body for any area in England outside Greater London” (s102E(1)) and it goes on to set the conditions and limits for such arrangements.
- 5.6 In outline, the proposed powers include the following:
- General STB functions relating to the preparation of a Transport Strategy, advising the Secretary of State and co-ordinating transport functions across the TfSE area (with the consent of the constituent authorities)
 - Being consulted on rail franchising and setting the overall objectives for the rail network in the TfSE areas
 - Jointly setting the Road Investment Strategy (RIS for the TfSE area
 - Obtaining certain highways powers which would operate concurrently and with the consent of the current highways authority to enable regionally significant highways schemes to be expedited
 - Securing the provision of bus services, entering into quality bus partnership and bus franchising arrangements
 - Introducing integrated ticketing schemes
 - Establish Clean air zones with the power to charge high polluting vehicles for using the highway
 - Power to promote or opposes Bills in Parliament
 - Incidental powers to enable TfSE to act as a type of local authority
- 5.7 There is now a formal consultation period until the 31st July 2019. All constituent member authorities will be providing formal responses to the consultation through their own governance processes. The legislation requires a new STB to be promoted by, and have the consent of, its constituent authorities, and that its Proposal to Government has been the subject of consultation within the area and with neighbouring authorities.
- 5.8 The three constituent authorities (Kent County Council, Medway Council and East Sussex County Council) will be submitting their own individual responses to the consultation. As such, it is not proposed that SELEP replicate those individual consultation responses. However, Board members are asked to agree the letter of support, set out in Appendix B, which makes the following points:
- 5.8.1 SELEP supports the ambition of TfSE to grow the South East’s economy by facilitating the development of a high quality, integrated transport system that makes the region more productive and competitive, improves access to opportunities for all and protects the environment.
- 5.8.2 SELEP is in favour of the proposal by TfSE to seek statutory status, on the basis that it will help strengthen the case for transport investment across the South East. This support is on the condition that there are no constraints to SELEP being involved with both TfSE and Transport East.
- 5.8.3 SELEP is supportive if the five LEPs continue to be represented through the two LEP co-opted Board members on the Partnership Board and membership of the Transport Forum to ensure that the business voice is heard. Once the Partnership Board has been established, SELEP

encourages that the importance of the business leadership should be reflected in the award of voting rights to the co-opted LEP members for matters which relate to the LEP board members.

- 5.8.4 SELEP welcomes all opportunities to engage in the development of the Transport Strategy, particularly where there are links between the development of our Local Industrial Strategy and the TfSE Transport Strategy.
 - 5.8.5 SELEP would welcome support from TfSE on our transport priorities, even where these stretch between TfSE and neighbouring STBs. For example, the Lower Thames Crossing will act to improve connectivity at the boundary of the TfSE area. However, the benefits that will be unlocked through this infrastructure investment will be widespread beyond the local economic and connectivity benefits to SELEP. We therefore hope that the strategic nature of TfSE will enable the partnership to support such infrastructure projects.
 - 5.8.6 Given SELEP's unique position, straddled between two STBs, SELEP would appreciate open dialogue between TfSE and Transport East to ensure, where possible, a homogenous approach is adopted to the consideration of transport priorities across the SELEP area and sharing of information/ lessons learnt between the two STBs.
 - 5.8.7 Due consideration is given to the consultation responses provided by the constituent local authorities, who may have more detailed feedback in relation the specific requests for power.
- 5.9 There is also the opportunity for individuals and organisations to respond to the consultation, including a consultation questionnaire. Details of which can be found on the [Transport for the South East website](#).
- 5.10 Once the proposal to Government has been agreed by TfSE, it will be formally submitted to the Department for Transport. There will be a period of three to six months while the Secretary of State considers the request from TfSE. The Secretary of State will then formally respond to the TfSE proposal setting out the powers and responsibilities that have been granted to TfSE. Work will then begin on drafting the Statutory Instrument which will be laid before Parliament. All constituent authorities will be required to give their consent to the creation of the statutory body following the formal response from the Secretary of State.

6. Accountable Body Comments

- 6.1 There are no comments from the Accountable Body.

7. Appendices

- 7.1 Appendix A – TfSE Proposal to Government, Draft for Consultation May 2019
- 7.2 Appendix B – SELEP Letter of Support

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Agenda Item 4: Assurance Framework

Appendix A

Background Information Pack: Documents 1 and 2

FOR DECISION

1. Purpose

- 1.1 The purpose of this report is to present the Strategic Board (the Board) with a revised version of the Assurance Framework. This follows a version of the Assurance Framework having been agreed by the Board in March 2019, but with a request for a revised version to be presented at this meeting of the Board.
- 1.2 This report provides details of the changes which have been made to the SELEP Assurance Framework since it was presented to the Board in March 2019 in light of the comments received. Specifically, the Board is also asked to consider and agree the role of the Federated Boards in the prioritisation of any future rounds of Local Growth Fund (LGF).

2. Recommendations

- 2.1 The Board is asked to:
 - 2.1.1 **Agree** the revised SELEP Assurance Framework, included as Appendix A

3. Purpose of the Assurance Framework

- 3.1 In January 2019, the Government published an updated National Assurance Framework which sets out guidance on how LEPs should develop their own Assurance Frameworks.
- 3.2 The National Assurance Framework incorporates the requirements of the LEP Review in to Local Enterprise Partnership Governance and Transparency and the National Review into LEPs Strengthening Local Enterprise Partnerships.
- 3.3 LEPs are required to comply, in full, with the requirements of the National Assurance Framework in order to receive funding from Central Government. For SELEP, the main new requirements are moving to incorporated status and amendments to the Board composition and membership, including the requirement for:
 - 3.3.1 The LEP to explain how they will ensure representation at Board and sub Board level which is reflective of their local business committee (including geographies, gender and protected characteristics);
 - 3.3.2 The LEP Board members to have at least one third female membership of appointed members by March 2020;
 - 3.3.3 The LEP Board membership to have at least two thirds representation from the private sector by 28th February 2020; and
 - 3.3.4 The LEP Board membership to have a maximum of 20 people, (with the option to co-opt an additional 5 Board members), by 28th February 2020.
- 3.4 As SELEP has not yet moved to incorporated status and has agreed to undertake an independent review on board composition, then the SELEP Assurance Framework states that SELEP will move to

meet these requirements during 2019/20. The SELEP Assurance Framework does not specify in detail how this will be achieved as this has not yet been agreed by the SELEP Strategic Board.

- 3.5 The Assurance Framework will be revised again, prior to the end of the 2019/20 financial year, to update the document in terms of any changes to systems and processes which are required in light of the new incorporated status.
- 3.6 The Assurance Framework is not a legal document but provides a framework that sets out the systems and processes in place that are necessary to manage the delegated funding from Government budgets effectively. It is intended to provide Government, Partner Authorities and wider stakeholders with the assurance that decisions over funding are proper, transparent and deliver value for money.
- 3.7 On an annual basis, SELEP Strategic Board is required to review its Assurance Framework and the Essex County Council (as the Accountable body for the LEP) s151 officer provides written assurance to Government that the Assurance Framework is in place, which meets the requirements from Government, and is being implemented.
- 3.8 The SELEP Accountability Board has a responsibility to ensure that the SELEP Assurance Framework is being implemented. As such, an Assurance Framework Implementation Plan is presented to the Accountability Board on a quarterly basis.
- 3.9 Subject to the Strategic Board agreeing the revised version of the Assurance Framework, set out in Appendix A, the implementation plan will be updated accordingly.

4. Main changes to the SELEP Assurance Framework between 2018/19 and the version included in Appendix A

- 4.1 The SELEP Assurance Framework 2018 has been updated to take account of the revised 2019 National Assurance Framework. An updated version was agreed by the Strategic Board in March 2019, but further revisions have been made to move ambiguity and to address comments raised at the Strategic Board meeting in March.
- 4.2 Below is a list of the main changes which have been made between the version of the SELEP Assurance Framework agreed in 2018 and the revised version, included in Appendix A for approval. More minor changes have also been made to remove ambiguity and to more clearly define roles and responsibilities.
- 4.3 For full transparency, track change versions of the document since 2018 has been included in Background Document 1.

Main changes between the 2018/19 and 2019/20 version of the Assurance Framework

- The Overview section now includes four areas of focus taken from “Strengthened Local Enterprise Partnerships”, published by the Government in July 2018. It now makes reference to the new National Local Assurance Framework and emphasises that this it will be updated upon incorporation.
- The Strategic Board section now references the commitment towards incorporation (2.8), and the board composition requirements of the LEP review (2.9). There are also some new paragraphs emphasising transparent recruitment, succession planning and induction (2.12-16).
- The Federated Boards section now references the new diversity requirements (2.32(j)) and the membership requirements have been updated (2.33).

- The Accountable Body section references the relationship between the SELEP and the Accountable Body regarding incorporation (2.54). The auditing arrangements have also been edited to reflect the move towards incorporation (2.59(e-f)).
- The Equality and Diversity section has been updated to reflect the new requirements (2.68 onwards) and references the independent review for board composition.
- The Engagement section has been strengthened to comply with Government requirements (3.39 onwards). It also now outlines the timeline for the forward plans.
- The Scrutiny section has been strengthened to reflect the arrangements set out in the Accountability Board Joint Committee Agreement and references incorporation (4.31-32).
- The Value for Money section has been added (5.83).

5. Response to March 2019 comments

5.1 The comments raised by the Board on the 22nd March 2019 have been considered within the revised version of the document. For transparency, a full track change version is available in Background Document 2 to show the amendments which have been made since the document was considered by the Board in March 2019.

5.2 Below is a list of the Board member comments raised and the action which has been taken to address these.

- **Needs to better reflect the status quo**- Further detail has been added to the document, including diagrams setting out how the SELEP Boards are structured. No changes are proposed to the functions of any of SELEP's Boards as a result of the updated Assurance Framework.
- **Prioritisation isn't mentioned under the Federated Board section**- The Assurance Framework is now more explicit about the role of Federated Boards in the prioritisation of projects for funding opportunities. See section 7 below for further details.
- **Doesn't state the make-up of the Investment Panel** – The SELEP Investment Panel operates under its own terms of reference. The SELEP Assurance Framework now provides details of the composition of the Investment Panel under 2.29
- **Isn't clear enough that the Investment Panel is a delegated function** - The Assurance Framework makes it clearer that the Investment Panel operates as a sub-committee of the Strategic Board. This is now made clearer in 2.5(c) in the Strategic Board section, which is also reference in the first paragraph of the Investment Panel section, 2.25.
- **Lack of tracked changes** –Track change versions have been included in Background Documents 1 and 2. Background Document 1 shows the changes between February 2018 and June 2019, whilst Background Document 2 shows the changes between March 2019 and June 2019.
- **Doesn't state that Accountability Board decisions can be countermanded by the Strategic Board** - The Accountability Board operates under a Joint Committee Agreement, which was agreed by the six County Councils/ Unitary Authorities across the SELEP area in 2015. The Accountability Board does not operate as a sub-board of the Strategic Board and instead derives its power from the local authorities who are party to the Joint Committee Agreement. The scrutiny of the Accountability Board decision making is through the individual scrutiny arrangements of the Partner Authorities, referring to the six local authorities represented on the Accountability Board. No changes are proposed to the Accountability Board as a result of the LEP review.

- **Use of the word accountability versus responsibility** - Every iteration of the words accountability and responsibility has been considered to ensure they are only used in the appropriate context.
- **Reference to the Federated Boards having “monitoring and delivery responsibility” is too vague and unclear** - The wording in 2.32(c) has been amended to change to the focus of the Federated Boards to “overseeing SELEP investment programmes within the agreed local tolerance levels for spending and delivery”. The responsibility of the delivery of the projects sits with the Partner Authorities (the six County Council/ Unitary Authorities) which are required to deliver the projects in line with the Services Level Agreements/Grant Agreements, under which funding is transferred.

6. What hasn't changed

- 6.1 The revised Assurance Framework does not set out any changes to the way in which the Federated Boards operate. There is now a diagram at 2.1 to make SELEP federated model clearer. The Federated Boards section (2.31) has been strengthened to make the responsibilities clearer.
- 6.2 Paragraph 2.19 states that no fundamental changes to the Accountability Board are proposed in responses to the governance changes upon incorporation. Furthermore, the agreement by the Board at its last meeting to move to a company of nil return reinforces the importance of the Accountability Board, as the structure through which funding decisions are taken.

7. Prioritisation

- 7.1 The section around prioritisation has been amended to reflect the strong calls at the Investment Panel meeting in March 2019 to ensure that Federated Boards have the opportunity to prioritise projects.
- 7.2 Whilst SELEP must demonstrate a technically robust process for the prioritisation of projects, based on merit, it is important that the projects are supported at a Federated Board level and are aligned with SELEP's Economic Strategy Statement and local plans.
- 7.3 Given the substantial number of projects which were brought forward for LGF3b, it is clear that there is an important role for Federated Boards to play in prioritising projects to ensure that there is full support for the projects which are being proposed to SELEP.
- 7.4 The wording within the Assurance Framework (5.2 onwards) in relation to the prioritisation of LGF has therefore been updated, as follows:

“Through adopting the recommendations of the MHCLG Deep Dive in 2018, the SELEP is committed to developing and maintaining a single pipeline of LGF projects, should LGF underspend become available.

“As the SELEP covers such a wide geographical area, encompassing several local authorities facing competing challenges, the initial identification and prioritisation of projects is most effectively managed within local areas through the federated model.

“At the outset of a funding round, the Strategic Board will agree the specific project eligibility and prioritisation criteria to be applied through the process. The Strategic Board may also choose to agree an upper limit on the number of applications submitted and/or the total value of funding that can be sought by a Federated Board for a particular funding round.

“Upon the funding opportunity being launched by SELEP, scheme promoters will be invited to complete an Expression of Interest, using the SELEP template, for submission to the respective Federated Board.

“Federated Boards are required to identify and prioritise potential projects, with support from the SELEP ITE, through an open call for projects, publicised widely by SELEP, Partner Authorities and Federated Boards. As a minimum, funding opportunities are publicised on the SELEP website and through the media/social media.

“The initial assessment, sifting and banding of the Expressions of Interest will be undertaken by the Federated Boards with support from the SELEP ITE to identify the priority projects of the respective Federated Board to be taken forward to the next stage of assessment. The role of the ITE at this stage of the process will be to support local areas in ensuring the suitability of the projects for the funding call, that the projects meet the eligibility criteria and to help identify any showstopper issues.

“Through the initial Federated Board assessment, consideration will be given for the eligibility and prioritisation criteria, agreed by the Strategic Board for the specific funding opportunity and any upper limits on the number of applications and/or the maximum amount of funding that a Federated Board can seek during a particular funding round.

“At the Federated Board, there must be a fair and equal opportunity for discussion around the relative merits of each of the projects put forward for the funding opportunity.

“For those projects supported by a Federated Board, the project promoter will be invited to develop a Strategic Outline Business Case, using the SELEP template. The Business Case will be assessed by the ITE, with feedback being provided to the project promoter and the respective Federated Board.

“Project prioritisation will then take place at a Federated Board level to consider each project’s fit with the strategic priorities of the Federated Area. This will be informed by the outcome of the ITE assessment and the Federated Board will be asked to focus on their top few priorities relative to the amount of funding available.

“Should the Federated Board choose to prioritise a project which has been assessed by the ITE as having delivery issues or other project constraints, the burden of proof will be on the respective Federated Board representative to demonstrate to the Investment Panel how the project risks or issues can be mitigated.

“The Federated Board feedback will be considered as part of the prioritisation of projects across SELEP and the information presented within the Investment Panel papers. The outcome of the ITE assessment and the Federated Board prioritisation will be used to support the decision making, by the Investment Panel in agreeing a single SELEP prioritised list of projects.

“Overall responsibility for the prioritisation of projects at a SELEP level rests with the Strategic Board, but this role has been delegated by the Strategic Board to the Investment Panel, as a sub-committee of the Strategic Board”.

- 7.5 Further details about the lessons learnt through the LGF3b process are set out within the Investment Panel papers. Should the Board propose any changes to the process, set out in 7.4 it is recommended that these changes take effect from the 1st July 2019 so as not to impact the Investment Panel meeting on the 28th June 2019.

8. Monitoring of the Assurance Framework

- 8.1 The Assurance Framework Implementation Plan is reported to the Accountability Board on a quarterly basis. The Implementation Plan will be updated prior to the next Accountability Board with any additional requirements, subject to the revised Assurance Framework being agreed by the Board.

8.2 The Assurance Framework will be subject to annual review by the Strategic Board and will be updated again prior to the end of the 2019/20 financial year, based on SELEP's move to incorporated status and once the amended Board membership and composition has been agreed. SELEP must be incorporated by the end of the financial year to secure funding in 2020/21, including SELEP core funding, LGF and all other grant funding awards.

9. Accountable Body Comments

- 9.1 It is a requirement of Government that the SELEP has an agreed Assurance Framework in place that meets the revised standards set out in the LEP National Assurance Framework (NAF), and that this framework is fully implemented.
- 9.2 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.
- 9.3 The NAF includes requirements of the Accountable Body that have been incorporated into the SELEP Assurance Framework; the framework sets out the following roles for the Accountable Body:
- 9.3.1 A finance function: involving holding and managing public funds paid by Government on behalf of the SELEP;
 - 9.3.2 An oversight function: including ensuring public funds are handled in line with the relevant procedures and grant conditions and that funds are used with propriety, regularity and deliver value for money;
 - 9.3.3 A support function (as agreed with the SELEP): providing technical, legal and financial advice.
- 9.4 It was a requirement for the release of the Local Growth Fund (LGF) grant to SELEP for 2019/20, that the s151 officer of the Accountable Body must provide confirmation to the Government, by the 28th February 2019, that the SELEP had the following in place:
- 9.4.1 the processes to ensure the proper administration of its financial affairs;
 - 9.4.2 compliance with the minimum standards as outlined in the National Assurance Framework (2016) and the Best Practice Guidance (2018); and
 - 9.4.3 whether or not SELEP was expected to be compliant with the new National Local Growth Assurance Framework (2019) by 1 April 2019.
- 9.5 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, was agreed by the Board in March 2019 to be implemented by April 2020.
- 9.6 The revisions made to the Assurance Framework that are recommended for approval within this report remain in line with the requirements of the NAF and in particular give greater clarity with regard to the prioritisation approach for the allocation of funding.
- 9.7 It is important to note that should the Board not support the proposed approach to prioritisation of the LGF as detailed in section 7 above, or any alternative wording on the day, it will not be able to proceed to agree the revised Assurance Framework. This will mean that the SELEP will continue to operate under the version approved by the Board in March 2019.
- 9.8 The Board should be aware that it is also a requirement that the Assurance Framework is reviewed, and where appropriate updated, on an annual basis. Accordingly, where changes are necessary

following future decisions to be taken by this Board around the incorporation and future working model of the SELEP, these must be reflected within the Assurance Framework. The incorporation, future agreements, and revisions of SELEP Policies and the Assurance Framework will all be subject to this Board's approval. Board members will continue to be engaged with the revisions ahead of any requests for a Board decision, in order to ensure ownership of these documents.

10. Appendices

10.1 Appendix A - PDF copy of the proposed 2019 Assurance Framework

11. Background Documents

11.1 Document 1- The proposed 2019 Assurance Framework containing tracked changes since the 2018 Assurance Framework

11.2 Document 2- The proposed 2019 Assurance Framework containing tracked changes since the March 2019 Assurance Framework

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Agenda Item 5: Terms of Reference

Appendix A

Background Information Pack: Document 3

FOR DECISION

1. Purpose

1.1 The purpose of this report is to present Strategic Board (the Board) with an updated Terms of Reference . The Terms of Reference reflect the changes in the SELEP Assurance Framework discussed under the previous agenda item.

2. Recommendations

2.1 The Board is asked to **agree** the updated SELEP Terms of Reference, included at Appendix A.

3. Background

- 3.1 A document detailing the changes made from the extant 2018 Terms of Reference to the proposed updated version of the Terms of Reference can be found in the Background Information Pack – Document 3.
- 3.2 The Terms of Reference have been updated to reflect the new Assurance Framework and Government’s requirements as a result of the LEP Review.
- 3.3 The Terms of Reference does not propose any changes to the way in which the SELEP Accountability Board or Federated Boards operate. Nor does the document provide details of how SELEP will operate under incorporated status and with the revised Board composition. Instead the Terms of the Reference states that SELEP will move to implement all the requirements of the LEP Review during 2019/20 and the SELEP Terms of Reference will be updated in the latter part of 2019/20, once these changes have been agreed by the Strategic Board and implemented.
- 3.4 A change is proposed in section 2.3.5 to change the maximum terms for the Chair from two to three consecutive terms, to be consistent with our response to the LEP review. The response stated that SELEP would introduce a maximum term for the Chair and Deputy Chair of two plus two plus two, and for this to be incorporated within the updated SELEP Terms of Reference.
- 3.5 If the proposed Assurance Framework is not agreed as presented at item 3 then revisions may be required to the Terms of Reference and therefore this item may be deferred.

4. Accountable Body comments

4.1 The Assurance Framework requires that SELEP has in place an approved terms of reference for each of its Boards and that this is published on the website.

5. Appendices

Appendix A – The proposed 2019 Terms of Reference

6. Background Documents

Document 3 – The proposed 2019 Terms of Reference containing tracked changes to the 2018 Terms of Reference



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Agenda Item 6: LEP Review Update and Company Form

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Appendices A, B & C

FOR DECISION

1. Purpose

1.1 The purpose of this paper is to update Strategic Board (the Board) on the progress to date to ensure that SELEP is compliant with the recommendation made in the Strengthened Local Enterprise Partnerships report and to present options on the form of the company that could be adopted as part of the incorporation workstream.

2. Recommendations

2.1 The Board is asked to:

2.1.1 **Note** the update on the LEP Review work to date; and

2.1.2 **Select** the company model for SELEP incorporation

- A Company Limited by Guarantee; or
- A Community Interest Company

The recommended option is a Company Limited by Guarantee

3. Background

3.1 As the Board is aware, SELEP must comply with the recommendations of the Government report: Strengthened Local Enterprise Partnerships (hereafter referred to as 'the LEP Review'). Failure to comply with the recommendations could result in reduced funding from Government in future, or potentially Government withdrawing all support. Funding is awarded by Government on an annual basis. Therefore, projects currently in flight could be at risk of funding not being available in future years.

3.2 Whilst we are still waiting for further details of the replacement to the Local Growth Fund and the EU Structural Funds post the UK's exit from the EU, it is currently thought that LEPs will have a role to play in the new UK Shared Prosperity Fund (UKSPF). Government has indicated that the LEP Review has partly been put into place to ensure that LEPs are fit to play that role. LEPs that don't comply with the recommendations of the LEP Review may be considered unsuitable and this could potentially impact allocations of the UKSPF to the South East.

3.3 At the March 2019 meeting of the Board it was agreed that workstreams would be established to oversee the programme of work to implement the changes required and Board members were asked to indicate their interest in being members of the workstreams. Whilst there are recommendations from the LEP Review, there are a number of decisions on the detail that will need to be brought to Board for approval. All final decisions on the governance structure of the Company will be made by the Board.

3.4 A paper has been circulated to Board Members setting out the two sub-groups that have now been established for this work. This paper can be found at Appendix A.

4. Sub-Groups

4.1 As per Appendix A, two sub-groups have been established as follows:

- **Board Size, Composition, Chair and Board Member Recruitment and Diversity**
- **Legal Personality**

4.2 The first sub-group is being chaired by Chris Brodie and the second by David Rayner. Both sub-groups are made up of Board Members who have volunteered their time to be involved and will be supported by the SELEP Secretariat, with input from the Accountable Body and external advisors as appropriate.

4.3 The sub-groups will put forward recommendations and advice to the Board. All decisions associated with SELEPs incorporation will continue to be made by the Board.

4.4 An initial kick off meeting was held on 6 June 2019 and the approach as outlined in Appendix A was agreed. Further meetings of the sub-groups are now planned for next few weeks and the sub-groups will report back to Board in October 2019.

5. Legal Company

5.1 One of the requirements of the LEP Review was that all LEPs should have a legal personality and this requirement is a major part of the review. As such a sub-group has been established to oversee the incorporation.

5.2 There was no particular model specified by Government. At the March meeting of the Board, it was agreed that regardless of the legal personality adopted, the financial transactions, assets and liabilities of the partnership would remain within the Accountable Body. This would reduce potential tax exposure and ensure oversight by the Accountable Body could continue. Therefore, the new company would be a 'nil return' company, and would not, in effect be trading.

5.3 As a result, it will be necessary for the Accountability Board to continue to have oversight of the financial activity of the SELEP and therefore the Accountability Board is outside of the remit of the review of the governance arrangements.

5.4 The Accountability Board is a Joint Committee of the six constituent local authorities that are voting members of the Board (East Sussex County Council, Essex County Council, Kent County Council, Medway Council, Southend-on-Sea Borough Council and Thurrock Council) and the Accountability Board's decision-making authority is derived from those local authorities, and not delegated from this Board.

5.5 To assist those LEPs that needed to incorporate, the LEP Network commissioned some legal advice on behalf of those that LEPs from Sharpe Pritchard on potential models of incorporation and other considerations to be made. SELEP contributed both to the shaping of the specification for this work and to the costs of the contract. The advice note also includes information on the types of model used by those LEPs who had already incorporated by October 2018. This note can be found at Appendix B.

5.6 Whilst SELEP will be seeking further independent legal advice on potential forms and structures that will be particular to our own requirements; advice on the type of companies that could be selected would not differ from that offered by Sharpe Pritchard and so a decision on the type of company can be made now.

- 5.7 A decision on the type of company does not assume any particular model of governance nor preclude any options around structures and governance in the future. These options will be discussed within the sub-group and presented to Board in future for consideration and approval. This will include how other governance structures such as Federated Boards, fit within the incorporated body and what decisions would be made by the company and by whom.
- 5.8 When potential models emerge, legal advice will be sought on liability of any director or member of every option to be presented to Board. Expert advice on insurances for directors/members will also be provided.
- 5.9 Sharpe Pritchard's recommendation is that LEPs incorporate as a **Company Limited by Guarantee** and this is recommended to be the model most suitable for SELEP, however other options are available. These options are set out in Table 1 overleaf. The Board is asked to select the type of company they would like to proceed with.

Table 1

Company Type	1. Company Limited by Shares (CLS)	2. Charitable Company	3. Community Benefit Societies (CBS)	4. Company Limited by Guarantee (CLG)	5. Community Interest Company (CIC)
Description	Made up of directors and shareholders who own the company Structure allows for investment and sharing of profit	Charities are often established as CLG with charitable status. There is a standard test to establish charitable status via the Charities Act 2011	Used for organisations set up to benefit societies, usually on a small scale such as a sports club	Made up of a board of directors and a membership Liability of members limited to nominal amount, usually £1 Model usually selected by not-for profit organisations	A CIC is a normal company that are established as CLS or CLG but with additional features to safeguard a social mission
Advantages	Generally understood model		Does not require charitable status	A structure designed for not-for-profit organisations	Provides additional assurances around the company being formed for the interest of the community
Disadvantages	Profit driven model – SELEP is not a for-profit organisation	SELEP’s activities would not meet the charitable status test	Likely to not meet the LEP Review requirements on transparency		Additional reporting requirements including an annual report in addition to annual accounts
Used by other LEPs	No	No	No	Yes 15 of 18 LEPs incorporated as at October 2018	Yes 3 of the 18 LEPs incorporated as at October 2018

Company Type	1. Company Limited by Shares (CLS)	2. Charitable Company	3. Community Benefit Societies (CBS)	4. Company Limited by Guarantee (CLG)	5. Community Interest Company (CIC)
Recommendation	<p>As SELEP is not a for-profit organisation so this model has been discounted</p> <p>This would not fit with a Nil return company model, due to the purpose being for investment and gain</p>	SELEP does not meet the legal requirements so this model has been discounted	As unlikely to meet LEP Review requirements this model has been discounted	<p>This is the recommended option</p> <p>This model is more appropriate for a nil return model</p>	<p>Given the levels of oversight already required through the Assurance Framework, the additional levels of accountability that a CIC provides would not be necessary and would require greater administrative overhead. Therefore, is recommended that this model is NOT selected</p>

- 5.10 Following the discounting of models 1,2 and 3; the most appropriate models for SELEP would be either a Company Limited by Guarantee and a Community Interest Company (with a CLG basis). These are the two models that other LEPs have selected with a clear preference for a standard CLG (15 versus 3).
- 5.11 The LEP Network has constructed an option appraisal between a CLG and a CIC which can be found at Appendix C. It should be noted that the narrative around asset locks and VAT liabilities won't apply to SELEP as it has been agreed that assets and financial transactions will remain with the Accountable Body.
- 5.12 To date there have been no assumptions made as to what the governance structure of any company would be. Nor has there been any decisions on , who would be directors of the company, who would form the membership and what would be enshrined in the Articles of Association. These are all still to be defined through the work of the subgroup.
- 5.13 There are statutory and common law duties that Directors will need to fulfil. These will be required of directors under any form of company and under any structure. The Directors Duties and Liabilities are laid out in the Sharpe Pritchard note and reproduced here for ease of reference. As stated above, detailed legal advice on the duties and liabilities of the directors of 'South East LEP Ltd' will be sought once it is clearer what the options on who those directors/members might be is developed over the next few months.

Extract from Sharpe Pritchard Note

Directors' duties and personal liability

- 1.1. *On the incorporation of a LEP into a company, the directors will owe certain statutory and common law duties to the company, breaches of which can in some circumstances give rise to personal liability. It should be noted, however, that there is a longstanding principle that the directors of a company are not the guarantors of its success. A decision taken in good faith by the directors that later turned out to be wrong (for example, a commercial misjudgement leading to a significant loss) will not give rise to personal liability; there has to be a meaningful level of wrongdoing for personal liability to arise.*
- 1.2. *There are seven statutory duties of directors¹:*
- *Duty to act within the powers conferred by the company's constitution.*
 - *Duty to promote the success of the company. In so doing, a director must take a long-term view of wider considerations such as employees, the environment, suppliers and customers.*
 - *Duty to exercise independent judgement.*
 - *Duty to exercise reasonable care, skill and diligence. A director is expected to exercise the level of care, skill and diligence that would be exercised by a reasonably diligent person with the general knowledge, skill and experience that may reasonably be expected of a person carrying*

¹ Section 172 Companies Act 2006

out the functions carried out by the director in relation to the company, and the general knowledge, skill and experience that the director has.

- *Duty to avoid conflicts of interest (to the extent that these are not authorised by the other directors).*
- *Duty not to accept benefits from third parties.*
- *Duty to declare an interest in proposed transactions or arrangements of the company*

1.3. *A detailed analysis of these specific duties is beyond the scope of this advice note, but directors will need to be mindful of these throughout their time as directors. Directors will also need to be aware of the need to act in the best interests of creditors if the company is approaching insolvency. Failure to do so can lead to personal liability arising from wrongful or fraudulent trading.*

Directors' liability to third parties

1.4. *The directors' duties are owed to the company, so the members or third parties will normally only have a cause of action against the company, not against individual directors. However, directors may also incur liabilities to shareholders² and third parties where they act in a way which creates a personal obligation. This is not lightly implied, but could be assumed, for example, by an express representation by a director accepting a personal obligation to the member or third party. We suggest that such representations are unlikely in the context of an incorporated LEP.*

Directors' liability and insurance

1.5. *The legal position is that a company may not generally exempt a director from liability in connection with any negligence, default, breach of duty or breach of trust by him in relation to the company³. This means that a company cannot exempt a director from liability for breach of one or more of his duties to the company or limit his liability for such a breach. However, this prohibition is subject to a relaxation that allows a company to provide an indemnity to a director against liability incurred by the director to another person other than the company but such an indemnity will not be allowed:*

- *to pay a fine imposed in criminal or regulatory proceedings against a director; or*
- *in defending any criminal proceedings in which the director is convicted or in defending any civil proceedings brought by the company in which judgment is given against the director.*

1.6. *To enhance the statutory protections available, companies often take out directors' and officers' insurance. D&O insurance has the following benefits:*

² As the shareholder model has been discounted this is not relevant for SELEP, but they could still incur some liabilities to its members as a CLG

³ Section 232 Companies Act 2006

- *For the directors, a policy provides personal asset protection if the company's indemnification fails for any reason.*
- *For the company, a policy provides balance sheet protection where the company has indemnified its directors as the policy will reimburse the company to the extent of such indemnification.*

It should be noted, however, that policies typically exclude claims for fraud or dishonesty.

1.7. *It would, in our view, be prudent for each newly-incorporated LEP to take out D&O insurance.*

5.14 The advice on most appropriate form from Sharpe Pritchard is as follows:

Which is the most appropriate legal form?

1.8. *Given the LEP Review's central theme of increased transparency and accountability, it might be reasonable to conclude that the additional requirements attached to a CIC would make it the most appropriate legal form for the 12 unincorporated LEPs. However, we suggest that the requirements already imposed on LEPs through the national assurance framework, when coupled with carefully drafted objects written into a CLG's articles of association would provide more than a sufficient level of accountability for the LEPs. The addition of a further level of governance through the CIC structure may place an unnecessary administrative burden on the LEPs. The CLG model is also well-understood and accepted structure for organisations of this nature.*

1.9. *Our view is that the CLG provides the most appropriate legal form for the 12 unincorporated LEPs.*

5.15 It is therefore recommended that Board select a CLG as the preferred form. The company will not be registered until a final decision is made on the structure and the Articles of Association have been approved at a Board meeting later this year.

5.16 The Legal Personality Sub Group will also consider what insurances would be necessary, including Directors' and Officers' Insurance. The principle will be to ensure that Board members and Directors are indemnified against any liabilities that might arise from the new legal structure.

6. Accountable Body Comments

6.1 In light of the Board's decision in March 2019 that any company incorporated would be a 'nil return' company, all future funding will continue to be provided to the appointed Accountable Body. As a result this funding is subject to all the accounting, management and decision making requirements of local authorities. It is acknowledged that the Accountable Body is holding the funding on behalf of the SELEP, which is made up of 6 upper tier authorities. Where local authorities wish to collectively take decisions, the only statutory mechanism by which this can be achieved is by way of a Joint Committee. Accordingly, in order to enable decisions to be taken with regards to the allocation of funding across identified projects, the SELEP upper tier authorities must do so through a joint committee arrangement. This was the basis for the establishment of the Accountability Board in 2015, and in light of the Board's decision for a nil return company, remains the only viable mechanism through which these decisions can continue to be made.

- 6.2 Whilst the Accountability Board will sit outside the company structure, it will form a firm place in the governance structure of SELEP. This will be further strengthened through agreements in place between the company and the Accountable Body, a refresh of the Joint Committee Agreement, and potential Service Level Agreements in place for the work carried out by the Secretariat. The Accountable Body, Secretariat and the working groups will work to identify where additional agreements are required and these will be brought back to the Board for consideration and approval at the required time.
- 6.3 It is important to note that time will be required to enable each local authority who may become a member of the incorporated company, to obtain approval for their participation through their own local governance processes. The timescales for this are being worked through with members of the Senior Officer Group, to ensure that these decisions do not hold up the incorporation of the company.

7. Appendices

- 7.1 Appendix A – LEP Review Implementation
- 7.2 Appendix B - Sharpe Pritchard Advice
- 7.3 Appendix C – LEP Network Options Appraisal for LEP Legal Personalities

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Agenda Item 7: Chair Recruitment Policy

FOR DECISION

1. Purpose

1.1 The purpose of this report is to seek approval from the Strategic Board (the Board) on the Chair Recruitment Policy

2. Recommendations

2.1 The Board is asked to:

2.1.1 **Agree** the SELEP Chair Recruitment Policy

3. Background

3.1 As a requirement of the LEP Review and the revised National Assurance Framework, SELEP must have in place a process for the recruitment of all SELEP Board Members.

3.2 The SELEP Board Recruitment Policy, agreed by the Board in June 2018, provides details of how the SELEP recruits to its Federated Boards and Strategic Board. However, in response to the LEP Review, SELEP committed to put in place a clear process for the future recruitment of the SELEP Chair.

3.3 To comply with national guidance, when the SELEP Chair vacancy emerges, SELEP must ensure that it widely advertises the opportunity for private sector leaders through a variety of platforms for ensure that people across the business community have an opportunity to apply.

3.4 During 2015, SELEP went through a robust process in recruiting the current SELEP Chair. This involved establishing a working group of Strategic Board members to oversee the following steps being undertaken:

- Role profile and job specification to be revised
- Job advert to be prepared
- Recruitment consultant to be identified
- Advert to be placed in national and professional press and on partner websites
- Interview panel to be identified and approved by the Board
- Selection criteria to be determined and approved by the Board
- Shortlisting
- Interviews
- Selection of Chair by Panel
- Approval of appointment by Board
- Enter into formal agreement with Accountable Body

3.5 It is felt that the previous process for the recruitment of the current SELEP Chair worked effectively and the SELEP Chair Recruitment Process should replicate the process followed in 2015. However, to

ensure the SELEP meets Government's expectation for SELEP to consult widely and transparently with the business community before appointing a chair, the additional steps are proposed:

- Sharing the SELEP Chair roles and responsibilities with the business led Strategic Board Chair Recruitment working group; and
- Ensuring that that subgroup of Strategic Board members that led the work on the Board recruitment has a private sector majority.

3.6 A draft of this policy is set out in Appendix A, which sets out the steps which were followed to recruit the current SELEP Chair and includes the additional measures to increase the amount of business engagement in the process.

3.7 The recruitment of the Deputy Chair will be considered as part of the independent review of the Strategic Board but is expected to follow a similar process as set out for the SELEP Chair.

4. Accountable Body Comments

4.1 As with all SELEP policies, this will be subject to an annual review, and where appropriate updated in line with any changes made to the Assurance Framework, and those arising out of the incorporation of SELEP.

5. Appendix

5.1 Appendix A –Draft SELEP Chair Recruitment Policy

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Agenda Item 8: Growing Places Fund

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FOR DECISION

1. Purpose

- 1.1 The purpose of this report is to provide the Strategic Board (the Board) with the options under consideration in relation to the timing of the next round of Growing Places Fund (GPF) investment.

2. Recommendations

- 2.1 The Board is asked to:

2.1.1 **Agree** the timing of the next round of GPF investment as set out in paragraph 4.2, allowing alignment with the completion of the Local Industrial Strategy.

3. Growing Places Fund – current position

- 3.1 GPF was established by the Department for Communities and Local Government (now the Ministry of Housing, Communities and Local Government) and the Department for Transport in 2011, as a recycled capital loan scheme, with the aim of providing targeted investment in infrastructure to unlock development, particularly to ‘kick-start’ development at stalled sites.

- 3.2 In total, £49.2m GPF was made available to SELEP. Initial investment through the early rounds of the GPF totalled £45.5m. Repayments against these GPF investments allowed for a further round of GPF investment, totalling £9.3m, to take place in 2017.

- 3.3 Each GPF project has a repayment schedule which has been agreed by the Accountability Board and is included in the GPF credit agreements with the Accountable Body, under which the GPF is transferred to the partner authority. SELEP currently hold a balance of £9.45m of uncommitted GPF funding. Assuming that the agreed repayment schedules are met, it is expected that at the end of the 2019/20 financial year the GPF held by SELEP will total approximately £20m.

- 3.4 Should any projects default on or defer their repayment schedules, the GPF funding available for reinvestment in 2019/20 will be reduced. This will be monitored by the Accountability Board as part of the quarterly GPF Update Report, and the Board will be informed of any significant changes to the current GPF programme.

4. Timing of next round of GPF investment

- 4.1 In light of the GPF repayments which have been made to date and the expected repayments in 2019/20, consideration is being given to the launch of a further round of GPF investment; for the reallocation of approximately £20m GPF.

- 4.2 Whilst SELEP is keen to see GPF repayments invested quickly, it is equally, if not more important, to ensure that the right type of interventions are supported through this loan investment which align with SELEP’s latest strategy position. It is therefore proposed that the next round of GPF investment should be aligned with the completion of the Local Industrial Strategy (LIS) in March 2020.

- 4.3 The LIS will be ideally positioned to strengthen the prioritisation of the GPF submissions. A process which will also benefit from the new Economic Strategy Statement, the SELEP Skills Strategy 2018-2023 and the Energy Strategy for the South East. Bringing together the latest suite of SELEP strategy documents will ensure that the ongoing investment is correctly targeted to maximise the economic benefit for the SELEP area as a whole. The prioritisation of the recent round of LGF3b investment

focused on alignment with the SELEP Strategic Economic Plan. However, due to the significant number of LGF funding applications which fully aligned with the Strategic Economic Plan, the process would have benefited from having a clearer focus on the latest investment priorities across the SELEP area which will be driven by the LIS.

- 4.4 Deferring the next round of the GPF investment until early 2020/21 will allow time for the SELEP Secretariat, officers within Federated Areas and the SELEP Board to focus on the significant LIS and LEP review workstreams, which are both time constrained and must be completed by the end of 2019/20. Completion of these workstreams will release the Secretariat resource required to manage the next round of GPF investment.
- 4.5 The outcomes of the LEP review will include the adoption of an incorporated model of operation and the introduction of a new Strategic Board structure. Deferring the next round of GPF investment until early 2020/21 will allow time for these changes to be implemented, allowing the new Board to be involved in the development of the GPF reinvestment process and the identification of key criteria for this investment.
- 4.6 Progressing with the next round of GPF investment in early 2020/21 will provide greater certainty around the amount of GPF funding which is available for re-investment. Whilst it is currently expected that SELEP will hold £20m GPF at the end of the 2019/20 financial year, this is dependent upon repayments totalling over £10.5m being made at the end of March 2020. Risks to GPF repayments during 2019/20 have already been flagged to the Accountability Board for certain GPF projects.
- 4.7 The timing around the reinvestment of GPF is entirely within SELEP's gift to determine. Whilst there are time constraints on spend of the Local Growth Fund, the same rules do not apply to spend of GPF. The reinvestment of GPF in 2020/21 and beyond will therefore provide an alternative funding stream beyond the LGF programme to support emerging priorities, as we await confirmation from central government around future funding streams such as the Shared Prosperity Fund.
- 4.8 This approach will help ensure that delivery of capital projects can continue in the interim, providing the SELEP area with the greatest opportunity to maintain the level of economic growth generated through the LGF and GPF investment to date.
- 4.9 The process that was used to manage the last round of GPF investment in 2017 can be found [here](#). This process involved submission of initial Expressions of Interest by scheme promoters which were considered and prioritised by Federated Boards. Those projects which received Federated Board support then produced Strategic Outline Business Cases which were assessed by the ITE.
- 4.10 In a change to the previous process, it is proposed that the Investment Panel would undertake the final prioritisation of GPF projects, which would be informed by the LIS and other SELEP strategy documents, ITE assessment and Federated Board priorities. Deferring the next round of GPF investment will allow prioritisation decisions to be made by Investment Panel once SELEP is operating under its' new incorporated model.
- 4.11 The exact details of the process will be developed, with consideration for the lessons learnt through the LGF3b process, and will be presented to the Board on the 20th March 2020, the first meeting of the new Board.

5. Acceleration of GPF investment in 2019/20

- 5.1 Options have been considered to accelerate the next round of GPF investment during 2019/20 to support a faster pace to the reinvestment of the available GPF funding. This approach would help to

maintain the recyclable nature of the GPF

scheme, whilst also accelerating the opportunity to realise benefits through the reinvestment of the available funding. However, given that most GPF repayments are made at the end of the financial year, there would be uncertainty throughout the process as to exact amount of GPF available.

- 5.2 Furthermore, given the SELEP Secretariat's significant involvement in the ongoing LIS and LEP review workstreams, additional resource within the Secretariat would be required to manage the process for the next round of GPF investment if it were to progress during 2019/20. There would be cost implications associated with the use of additional resources to manage this process.
- 5.3 Progressing with the next round of GPF investment during 2019/20 would precede the creation of the new SELEP Strategic Board, as required as part of the LEP review. Given that the Investment Panel, which is a sub-Board of the Strategic Board, will be undertaking the final prioritisation of GPF projects it would be beneficial if the new Board was involved in the development of the process and identification of key criteria for investment.
- 5.4 Consideration has been given to using the recent LGF3b Local Growth Fund list of projects as the basis for the next round of GPF investment. However, the option to only consider LGF3b pipeline projects, and not invite wider applications, has been discounted for the following reasons:
 - 5.4.1 Within the LGF Business Case, scheme promoters have made the case that they have exhausted all other potential sources of funding, including loan funding, and that there is a genuine need for intervention from the public sector through grant funding.
 - 5.4.2 SELEP has committed, through its Assurance Framework, to ensure all investment decisions are made following an open call for projects, which is widely publicised. The focus on the existing LGF3b list would preclude new projects being brought forward for consideration.
 - 5.4.3 When the LGF3b process was initiated, an open call for projects was launched seeking projects which met the criteria for grant funding and which could meet the timescales for LGF spend (by the 31st March 2021). Projects which are seeking loan funding have therefore not come forward or have been sifted out at an early state of the LGF assessment process. Similarly the deadline for LGF spend by the 31st March 2021 will have excluded projects from being prioritised by the respective Federated Area, whilst this deadline for spend by 31st March 2021 need not apply to GPF projects.

6. Accountable Body Comments

- 6.1 The Accountable Body is currently holding £9.45m of uncommitted GPF funding that is due to be reinvested as part of the GPF recyclable loan scheme following the repayments made during 2018/19. A further £10.6m of repayments are due to be made by March 2020, totalling £20.05m; this rises to £26m by the end of 2020/21. The Accountable Body, therefore, advises that consideration is given to commencing the next round of funding allocations during 2019/20.
Any proposals agreed by the Board to recycle the GPF repayments should incorporate a transparent and proportionate prioritisation approach, in line with the requirements of the SELEP Assurance Framework.
Each project awarded GPF is required to enter into a credit agreement with the Accountable Body. This sets out the terms and conditions of the GPF and the schedule upon which repayments against that loan must be paid.

7. Background reports

- 7.1 [Strategic Board Agenda Pack 9th June 2017 – Growing Places Fund report within the agenda pack sets out the process used during the last round of GPF investment.](#)
- 7.2 [Accountability Board Agenda Pack 7th June 2019](#) – Growing Places Fund update report within the agenda pack sets out the current position on the Growing Places Fund programme.

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Agenda Item 9: Local Industrial Strategy Update

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FOR INFORMATION

1. Purpose

- 1.1 The purpose of today's presentation is to update the Strategic Board (the Board) on the progress made in delivering the Local Industrial Strategy (LIS).
- 1.2 This is a follow on from the conversation at the March Board meeting.

2. Recommendations

- 2.1 The Board is asked to note the progress to date reported by the presentation and to indicate any preference as to how the Board is engaged as the work is delivered.
- 2.2 The Board is asked to note that the Local Industrial Strategy will report back to each Board meeting until it is adopted.
- 2.3 The Board is asked to note the possibility of an additional Strategic Board meeting in January 2020.

3. Background

- 3.1 HMG released their Industrial Strategy in November 2017 and have since tasked LEPs with producing Local Industrial Strategies by March 2020.
- 3.2 SELEP's first response to this was to ensure that the previously planned refresh of the Strategic Economic Plan was aligned with the LIS. The refreshed Strategic Economic Plan (SEP), pitched as an Economic Strategy Statement and entitled 'Smarter Faster Together' was agreed by the Board in December 2018 and released in February 2019. It is available [here](#).
- 3.3 Officers in the federated areas continue to work very closely with the SELEP secretariat and we are therefore developing an approach to the LIS which builds on Productivity Strategies across the four areas and identifies the shared agenda in a way which will get the best possible response from Government in terms of future settlements from the Shared Prosperity Fund.
- 3.4 The recent Stakeholder Group meeting considered key issues relating to the production of the LIS, as well as ideas around structuring the document to meet the requirements of Government, while balancing the desire to make it distinctly about this area. Participants in that conversation were comfortable with the suggestion that we formed a document around the 'foundations of productivity' identified by Government, that it provided a strong blueprint for the future funding landscape, and that it addressed a clear and locally resonant definition of productivity.
- 3.5 A significant challenge for this piece of work remains around timing. Civil servants from the Cities and Local Growth Unit are currently clear that they should be provided with a locally-agreed version of the LIS well in advance of the end of March 2020 deadline for having it in place. It is important that our work incorporates a degree of public consultation, as well as ensuring that all local areas, sector groups, and key institutions are bought in to the work.
- 3.6 The updated timetable, which will be provided at the Board meeting, takes account of all of these requirements, but it could well be the case that we need more time at the end. On that basis, with the Board's mandate, we will pursue the idea of identifying a date for a provisional additional Board meeting in January 2020, which might also provide an opportunity to secure agreement around any residual items relating to the LEP Review.

4. Next steps

- 4.1 Sharon Spicer and Helen Russell have been appointed to the SELEP Strategy & Intelligence Manager role on a job share basis. Up to the end of the year, their shared focus will be entirely on the delivery of the LIS.
- 4.2 We have established two advisory officer groups to help support the work – a ‘core group’ including upper tier local authorities and federated board leads and a ‘stakeholder group’ which includes the core group and extends to universities, colleges, district and boroughs, and the sector-based working groups which exist to support the LEP’s agenda already. Both meetings are supplemented by representation by the Government’s Cities and Local Growth Unit. The ‘core’ and ‘stakeholder’ groups meet every month on an alternating basis. This process began with a meeting of the core group in May and will continue throughout.
- 4.3 The timetable in development will ensure that all interest groups and individuals are consulted as part of the process, and that the federated boards are engaged continuously.
- 4.4 We will report on progress to each forthcoming meeting of the Board with a view to offering a draft version of the Strategy at the Board’s December 2019 meeting.

5. Accountable Body Comments

- 5.1 It is a requirement of the National Assurance Framework that LEPs implement a LIS, which can be published on the website, that takes into account the following activities:
 - “Strategy - Developing an evidence-based Local Industrial Strategy that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across their area;
 - **Allocation of funds:** Identifying and developing investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to improve productivity across the localeconomy;
 - **Co-ordination:** Using their convening power, for example to co-ordinate responses to economic shocks; and bringing together partners from the private, public and third sectors; and
 - **Advocacy:** Collaborating with a wide-range of local partners to act as an informed and independent voice for their area.”
- 5.2 The progress on the development of the LIS was an area identified by Government as ‘requiring improvement’ by SELEP following the Annual Performance Review in January 2019. Following this assessment, an improvement plan has been agreed with the Cities and Local Growth Unit; this was presented to Accountability Board on the 7th June and is expected to form part of the quarterly monitoring to that Board.

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Agenda Item 10: Update on Greater South East Energy Hub

FOR INFORMATION

1. Purpose

1.1 The purpose of this paper is to update the Board on the development of the Greater South East Energy Hub and to forewarn of the possibility of a future decision by electronic procedure on membership and delegated responsibility of board attendance to the Chief Executive.

2. Recommendations

2.1 The Board is asked to:

- note the update on the progress to establish a Greater South East Energy Hub; and
- note that decisions on membership of the Hub and delegation of the responsibility for appointment of a board member to the Chief Executive may follow by electronic procedure.

3. Background

3.1 In 2017/18 the Department for Business, Energy and Industrial Strategy (BEIS) made available revenue funding for the development of Energy Strategies by LEPs and SELEP has produced a tri-LEP strategy with Coast to Capital LEP and Enterprise M3 LEP.

3.2 In addition to strategies for energy in local areas, BEIS is keen to drive forward the development of local energy projects to transform our energy system. The department has recognised that to meet the obligations within the Climate Change Act, action will need to be delivered at a local level.

3.3 Whilst change will be driven at a local level, some solutions will be at a scale that exceeds local authorities, LEPs or even the tri-LEP area covered by strategy. To ensure that a sub-national approach is taken, BEIS has asked LEPs to come together and work as Local Energy Hubs. SELEP has been involved in discussions for the establishment of a Greater South East Energy Hub (GSEEH), which is also made up of the following LEPS (11 LEPs in total):

- Buckinghamshire Thames Valley
- Cambridgeshire and Peterborough Combined Authority
- Coast to Capital
- Enterprise M3
- Hertfordshire
- New Anglia
- Oxfordshire
- London Economic Action Partnership
- South East Midlands
- Thames Valley Berkshire

- 3.4 Cambridgeshire and Peterborough Combined Authority will act as the Accountable Body for the Hub when it is established and is currently acting as Accountable Body for the funding that has already transferred.
- 3.5 BEIS has identified that there is a challenge in the development of local energy projects. Often projects do not advance to the point of delivery because they do not meet mainstream investor criteria, or the project leads lack resource or technical expertise to develop the proposition.
- 3.6 To address this BEIS have awarded £4.9 million of grant funding to the Accountable Body for the GSEEH. This funding is to be used to establish a team of officers within the Accountable Body to provide the capacity and technical support for local projects. The team will be funded by BEIS to 31 March 2021.
- 3.7 As the resource available to support projects is likely to be oversubscribed, BEIS requires each Energy Hub to establish a Board to oversee the work of the Hub and ensure that it is meeting its objectives agreed with BEIS, which were:
 - Increase the number, quality and scale of local energy projects being delivered;
 - Raise local awareness of opportunity for and benefits of local energy investment;
 - Enable local areas to attract private and/or public finance for energy projects;
 - Identify working model for the Energy Hub team to be financially self-sustaining after the funding period.
- 3.8 BEIS have not specified what governance structure should be used for the establishment of the Energy Hub or the Energy Hub Board but any role that SELEP plays will need to be compliant with both local and national assurance frameworks, which will apply for all LEPs.
- 3.9 Cambridgeshire and Peterborough Combined Authority (CPCA), as the Accountable Body and the employer of the Energy Hub team has proposed an unincorporated partnership for the Energy Hub Board. As there are limited funds and resources to distribute and the ultimate responsibility for those funds sits with CPCA, this seems reasonable.

4. Energy Hub Board Decision

- 4.1 A Memorandum of Understanding has been circulated to the 11 partners for agreement and this has been shared with Essex County Council as Accountable Body for SELEP. It is still unclear where ultimate responsibility for decisions lies and what authority the Energy Hub has to make decisions. Until this issue can be resolved Essex County Council (ECC) will not be able to enter into an agreement with CPCA. There are ongoing conversations between SELEP Secretariat staff, ECC and CPCA to seek a resolution to this issue.
- 4.2 It is hoped that a resolution can be found in the next few weeks and rather than delay SELEP becoming a member of the Hub until the next Board meeting in October, a decision to become a member of the Energy Hub will be circulated by electric procedure once these initial issues have been resolved.
- 4.3 The novation of the agreement to the new SELEP legal entity will be considered as part of the LEP Review work.
- 4.4 The agreement for the grant monies is directly with CPCA and therefore any risks associated with the application of those monies remains with CPCA. The Energy Hub Board will have no legal personality and therefore is unable to make any legally binding decisions, including the direction or application of

resources, and therefore it is the opinion of ECC that the energy Hub Board should be considered an advisory Board.

- 4.5 It is important that SELEP has an opportunity to influence the activities of the Energy Hub to ensure that projects from this area are afforded as much support as possible and that those projects selected that will impact the South East geography are aligned to our agreed Energy Strategy.
- 4.6 It has been indicated that the Board will meet on at least a 6-weekly basis. The high frequency of meetings and operational nature of the proposed Board means that seats on the Board are being occupied by members of LEP Secretariats rather than LEP Board members. It is suggested that this model is also adopted by SELEP and when the Accountable Body and Board agree to membership of the Hub it is a further decision will be sought to delegate membership of the Board is to the Chief Executive Officer. This would be on the basis that regular updates are made back to the SELEP Board. This decision would also be sought via electronic procedure.
- 4.7 The SELEP Board Member will be expected to make decisions on which projects are selected for support and have oversight of the performance of the Energy Hub team. The officer delegated to attend will only be able to make decisions that comply with the delegated authorities. Any financial commitments for the Energy Hub will require decisions to be brought back to Strategic and/or Accountability Board as appropriate.

5. Accountable Body Comments

- 5.1 In order to ensure that SELEP's representative on the Energy Hub Board is given sufficient delegation from ECC to participate in those discussions and decisions around the funding allocation, it is important that there is a clear understanding as to the mechanism through which the Energy Hub Board has been constituted, where the ultimate responsibility for decisions lies and what authority the Energy Hub has to make decisions. Until this issue can be resolved Essex County Council (ECC) will not be able to enter into an agreement with CPCA as it is not able to fully consider the risk associated with the proposals or determine whether it is being asked to delegate authority to the Energy Hub board for decision making. ECC will continue to work with the SELEP Secretariat staff, ECC and CPCA to seek a resolution to this issue.

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Date: 14th June 2019

Agenda Item 11: Update on the Newhaven Enterprise Zone

FOR INFORMATION

1. Purpose

- 1.1 The purpose of this information paper is to provide some background context to the presentation on the Newhaven Enterprise Zone.

2. Recommendations

- 2.1 The Board is asked to note the report.

3. Background

- 3.1 The Newhaven Enterprise Zone (EZ) covers eight key strategic sites, covering a total of around 79 hectares. The EZ offers a mix of undeveloped greenfield sites and the opportunity to refurbish, redevelop and intensify economic activity on a number of brownfield sites. The EZ commenced in April 2017 and has a 25-year lifespan.

Key Achievements:

- In the first two years of operation, the EZ has generated approximately £1million of additional business rates income. This uplift does not have to be passed back to Treasury as per standard Business Rate receipts, instead it is retained locally for investment in the local area as per the agreement for the Enterprise Zone Newhaven. It is forecast that £845k of business rates uplift will be generated in 2019/20, which will leverage a further £2.3million capital investment from the private sector through development on the EZ
- Business rate relief has been granted to 13 companies to date, leveraging £3.8million of private sector investment, creating 108 jobs and safeguarding a further 26 jobs. We expect this number to rise in the coming year as businesses become better established in Newhaven.
- The Newhaven EZ Community Fund has been set up by the EZ utilising some of the retained business rate collected so far. This fund is managed by the Sussex Community Foundation. This offers small grants to charities and not-for-profit organisations, with a particular focus on those helping to create a sense of place and support the town's thriving community. Year 1 saw £25k available, with 21 applicants meaning the fund was over-subscribed. It is planned to continue this fund in future years, as it helps ensure community participation and buy-in to wider regeneration plans.
- Extensive business engagement work has been undertaken, with a new Avis Way and North Quay Business Forum (the two key employment areas of the EZ) established. Businesses are increasingly becoming engaged, with over 70 key employers, businesses and landowners in regular dialogue around what will create transformative change in Newhaven.
- The EZ Strategic Framework was launched in Summer 2018 and focuses on three core priorities:
 - Quality Growth
 - Inclusive Growth
 - Sustainable Growth

- Production of a detailed Delivery Plan to guide the investment of the potential £15m to £50m of business rate uplift that is expected over the next 20 years in line with the above priorities is underway.
- The intention is to create a financial model/mechanism that will allow Lewes District and Eastbourne Borough Councils to borrow against the future income stream to establish a fund where grants or loans can be awarded to both private and public sectors to bring forward developments in the Newhaven area. Work will continue over the next few months to develop the detail including the governance and operating procedures of the fund.

4. Next steps

- 4.1 As part of the removal of LEP overlaps linked to the LEP Review, the Lewes District Council area, including the Newhaven Enterprise Zone and associated LGF investments, were aligned fully with SELEP and we are currently working with Coast to Capital LEP to ensure that this transition is conducted in accordance the nature of our positive collaboration to date.
- 4.2 As SELEP and Team East Sussex we are now engaged in conversations with Lewes and Eastbourne councils and East Sussex County Council around future operating structures to best ensure the ongoing success of the Enterprise Zone.
- 4.3 At the time of writing there is a Newhaven Enterprise Zone board meeting scheduled for Monday 17th June. The outcome of this meeting will inform the presentation which accompanies this paper.

5. Accountable Body Comments

- 5.1 At this time there is a need for there to be further discussions between all parties on the future model for the Newhaven Enterprise Zone. These discussions will help inform any future decisions brought before the Board for consideration.

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Date: 14th June 2019