



SOUTH EAST  
LOCAL ENTERPRISE  
PARTNERSHIP

# STRATEGIC BOARD AGENDA PACK

**Friday 2<sup>nd</sup> October 2020**  
**Zoom Video Conference**



## Agenda

<b>Item 1</b>	10:45	<b>Welcome</b>	Chris Brodie	
<b>Item 2</b>	10:50	<b>Minutes from 4<sup>th</sup> September meeting</b> <b>Declarations of Interest</b> <b>Matters arising</b> <ul style="list-style-type: none"> <li>• Mid-Year Performance Review</li> </ul>	Chris Brodie & Adam Bryan	Pg. 3
<b>Item 3</b>	10:55	<b>COVID19 Recovery Fund – SME Business Support</b> Decision to agree the focus of the fund	Jo Simmons & Adam Bryan	Pg. 5
<b>Item 4</b>	11:25	<b>LGF: Spend beyond the Growth Deal period</b> Decision on projects requesting to spend beyond the programme	Rhiannon Mort	Pg. 10
<b>Item 5</b>	11:40	<b>Capital Project Pipelines</b> Decisions on pipelines for LGF and GBF programmes	Rhiannon Mort	Pg. 14
<b>Item 6</b>	12:00	<b>Delivery Plan 2020/21</b> Decision on adoption of Plan for remaining 2 quarters and principle of recovering costs	Suzanne Bennett	Pg. 20
<b>Item 7</b>	12:10	<b>Statement of Accounts 2019/20</b> Consideration of financial statements from last financial year	Lorna Norris	Pg. 23
<b>Item 8</b>	12:20	<b>Sector Support Fund</b> Endorsement for one project seeking SSF	Adam Bryan	Pg. 27
<b>Item 9</b>	12:30	<b>Governance and Policy Decisions</b> Decision on small changes to Assurance Framework, SELEP Ltd to be a party to GBF legal agreements and appointment of SME Business Champion	Suzanne Bennett	Pg. 31
<b>Item 10</b>	12:40	<b>AOB and Close</b>		

### Future Strategic Board meeting dates:

11<sup>th</sup> December; 19<sup>th</sup> March 2021

# Minutes of Strategic Board: 4<sup>th</sup> September 2020

## Attendees

Sarah Dance	Deputy Chair
Adam Bryan	CEO
Aideen Sadler	Opportunity South Essex
Ana Christie	Team East Sussex
Angela O'Donoghue	Further Education representative
Carol Ford	Kent and Medway Economic Partnership
Claire Lewis	Success Essex
Clive Soper	Team East Sussex
Cllr David Finch	Essex County Council
Cllr David Monk	Kent District/Borough/City Councils representative
Cllr Graham Butland	Essex District/Borough/City Councils representative
Cllr Mark Coxshall	Thurrock Council
Cllr Rodney Chambers	Medway Council
Cllr Roger Gough	Kent County Council
Cllr Ron Woodley	Southend Borough Council
Graham Peters	Team East Sussex
Jo James	Kent and Medway Economic Partnership
Liz Gibney	Kent and Medway Economic Partnership
Perry Glading	Opportunity South Essex
Matthew Arnold	Kent and Medway Economic Partnership
Karen Cox	Higher Education Representative
Cllr Keith Glazier	East Sussex County Council

Apologies: Chris Brodie, Cllr Gledhill, Geoff Miles, Miles Adcock, Penny Shimmin

## Other attendees:

Alex Riley	SELEP Secretariat	Iwona Bainbridge	SELEP Secretariat
Amy Bernardo	Essex County Council	Jo Simmons	SELEP Secretariat
Amy Ferraro	SELEP Secretariat	Lorna Norris	Essex County Council
Andrew Metcalf	Maxim PR	Louise Aitken	SELEP Secretariat
Carole Barron	University of Kent	Lucy Spencer-Lawrence	SELEP Secretariat
Charlotte Moody	Essex County Council	Peter Shakespear	Essex County Council
Claudia McKibbin	Essex County Council	Richard Dawson	East Sussex County Council
Dave Evans	East Sussex County Council	Robyn Evans	Essex County Council
David Taylor	DNAsix	Sarah Nurden	Kent and Medway Economic Partnership
Ellie Clow	SELEP Secretariat	Sharon Spicer	SELEP Secretariat
Emma Lindsell	Southend Borough Council	Suzanne Bennett	SELEP Secretariat
Helen Dyer	SELEP Secretariat	Terry Regan	Thurrock Council
Helen Russell	SELEP Secretariat	Tristan Smith	Essex County Council
Ian Lewis	Opportunity South Essex	Vivien Prigg	SELEP Secretariat

***This meeting was held as video conference and a recording can be found by [clicking here](#); the timestamp of the start of the discussion for each item is indicated in brackets***

**Item 1: Welcome and introduction**

- 1.1. Sarah Dance welcomed the Board to the virtual meeting.

**Item 2: Minutes of last meeting, declarations of interest, matters arising (2'04" timestamp on video)**

- 2.1. The Board **agreed** the minutes of the last meeting.
- 2.2. There were no declarations of interest.
- 2.3. Adam Bryan updated the Board on the Devolution White Paper and the BEIS Inquiry on Post-Pandemic Recovery.

**Item 3: Skills COVID-19 Pot (9'15")**

- 3.1. The Board discussed the focus of the Skills COVID-19 pot at length and generally expressed their enthusiasm about the importance of this agenda.
- 3.2. The Board **agreed** the focus, process and criteria for the £2 million Skills COVID-19 Recovery Fund as recommended, **with the caveat** that rather than prioritising the sectors, they will be treated equally unless there is government funding that removes the need.
- 3.3. The Board noted that the Accountability Board will be required to approve the proposed procurement approach, the award for funding (considering value for money), and the delegation of decision-making to the Chief Executive Officer.
- 3.4. Sarah Dance expressed her thanks to Louise Aitken for her hard work.

**Item 4: COVID-19 Economic Impact Update and Strategic Direction (54'17")**

- 4.1. The Board noted the economic intelligence update and agreed to continue to receive updates in this format.
- 4.2. The Board noted the update on the production of an Economic Recovery and Renewal Strategy.
- 4.3. Board members were asked to provide feedback via email to Helen Russell ([helen.russel@southeastlep.com](mailto:helen.russel@southeastlep.com)) and Sharon Spicer ([sharon.spicer@southeastlep.com](mailto:sharon.spicer@southeastlep.com)) due to time constraints during the meeting.

**Item 5: AOB and Close (1h07'00")**

- 5.1. Sarah Dance closed the meeting and thanked the Board for their contributions.



## Item 3: Recommendations for the COVID-19 Business Support Fund

### Executive Summary

#### 1. Overview

- 1.1. At the Board meeting in June 2020, it was agreed to repurpose £2.4 million of Growing Places Fund for a COVID-19 Business Support Fund (BSF). The funds are intended to provide direct support to businesses in SELEP, to help with recovery in response to the impacts of COVID-19.

#### 2. Decisions: Board is recommended to:

- 2.1. Agree to the proposals for the focus, process and criteria for the £2.4 million Business Support Fund as set out in this report;
- 2.2. Note that the Accountability Board will be required to approve:
  - 2.2.1. the proposed procurement approach;
  - 2.2.2. the award of funding with consideration of value for money;
  - 2.2.3. delegation of decision making to SELEP's Chief Executive Officer in respect of delivery of the programme, including the award of contracts, within the £2.4m COVID-19 Business Support Fund

#### 3. Rationale for Decisions

- 3.1. For SELEP's 170,000 businesses, the vast majority of which are small enterprises, the impacts of COVID-19 have been profound. SELEP business surveys<sup>1</sup> have found that of the businesses responding, 98% have been affected by the pandemic.
- 3.2. Many existing support schemes have adapted in response to the crisis, alongside a package of new measures from Government. This activity is starting to stabilise as the most urgent needs, such as widespread provision of financial aid, access to new information and advice, and the ability to provide support virtually, are being met.
- 3.3. The Business Support Fund (BSF) must now be targeted at priority areas of focus and to fill gaps in the current provision, where it will add most value. Given the size of the fund and the breadth of other support available, it will have greatest impact if targeted to act as a catalyst for business and behavioural change by supporting businesses to adapt, innovate, survive or grow, providing essential business support stepping stones in a journey to recovery.
- 3.4. Three individual programmes are recommended, specifically to support the digitisation of businesses, pre-starts and start-ups, and the visitor economy. Digitisation is essential to help businesses adapt their delivery models to continue/ resume trading; an increase in the creation of new businesses is expected as a result of growing unemployment; and the visitor economy comprises some of the hardest-hit and last to return sectors.
- 3.5. Delivery will be procured successively through a series of open calls, in line with Accountable Body procurement processes. Approval of the procurement approach, value for money assessments and delegation of decision making to SELEP's CEO regarding awards, will be sought from the Accountability Board in October, to enable the design and roll-out of the business support packages from December 2020.

<sup>1</sup> SELEP Business Impact Survey (March - April) and Business Recovery Survey (May - July)

## Further Information

### **4. Decision 1: Agree to the proposals for the focus, process and criteria for the £2.4 million Business Support Fund**

- 4.1. The proposed areas of focus for the Business Support Fund (BSF) have been identified by mapping out the current business support landscape in SELEP and cross-referencing this with evidence from SELEPs COVID-19 Surveys<sup>1</sup> and SELEP Growth Hub engagement.
- 4.2. The current business support landscape is busy and complicated. Schemes operate at a national, regional, area and local level with different start and end dates. Many schemes were running before COVID-19 and have adapted, others are new in direct response to the crisis. Current national, LEP and area wide interventions are tabulated in Appendix A below, which demonstrates the breadth and variety of support available (excluding district and borough level schemes).
- 4.3. In the context of COVID-19, businesses are challenged simultaneously on many fronts. Those responding to the SELEP surveys have experienced lack of cashflow (72%), reduced access to domestic customers (62%), supply chain issues (32%) and availability of staff (33%), which combined have resulted in 40% of businesses being either temporarily or indefinitely closed.
- 4.4. These trends demonstrate the need for businesses to make one or more change – to innovate and be agile – to navigate the uncertainties that are compromising their survival, so that they can adapt and/or resume trading. For example, switching to new markets, adapting processes and working practices and developing new products.
- 4.5. The BSF must be targeted to help businesses to do this, and within areas of focus that provide the greatest potential to catalyse change in the existing business support landscape. Each business support scheme acts as a potential stepping stone in the SME customer journey, with the Growth Hub service facilitating this journey through sign-posting, advice and support.
- 4.6. The SELEP Growth Hub service has supported more business engagements in the period April – June 2020 than in the previous year combined and July levels remain at almost double that of February. Since March there have been 7,750 enquiries made.
- 4.7. Analysis of current evidence shows gaps in support for businesses looking to adapt digitally. Social distancing measures and a shift to home-working drive the need for businesses to digitise and remodel to resume trading. Needs are broad and require businesses to understand new ways of working and how to successfully innovate, as well as rebuilding supply chains in a digital way. This goes hand in hand with the need to digitally upskill individuals and employees, which is being supported by the SELEP COVID-19 Skills Fund.
- 4.8. SELEP surveys reveal that by end-July, over 48% of businesses that responded were home-working and over 50% were changing business operations and service delivery models. Growth hub engagement reports that many of these changes are technology based, including e-commerce, online booking systems, contactless payment and online consumer communications. Additionally, 41% of businesses in the survey response require digital infrastructure/technology to be in place to aid recovery. This substantiates the need for specialist advice as well as the ability to purchase new equipment.

<sup>1</sup> SELEP Business Impact Survey (March - April) and Business Recovery Survey (May - July)



- 4.9. Analysis of current interventions also shows a significant gap in entrepreneurial support, specifically for pre-starts and start-ups. In SELEP as of July there were 160,000 people claiming out of work benefits compared to circa 63,000 in the same period last year. This is coupled with 34% of the workforce across SELEP being furloughed at the end of July. The need to support start-ups is driven by this significant rise in unemployment and the imminent end of the furlough scheme in October, which is expected to generate an increase in the creation of new businesses as entrepreneurs turn to self-employment.
- 4.10. Growth Hub engagement has shown that, of the businesses accessing their support, most job losses (32%) have been in the tourism and hospitality sector, with many more (over 5,000) furloughed in retail, hospitality and tourism. Creative and cultural sectors are expected to be the last to return, with 82,000 job losses predicted in the South East region. These visitor economy sectors are particularly hard-hit due to social distancing measures and Government guidelines reducing consumer footfall, customer confidence and spend. The visitor economy is worth over £8.6 billion in the SELEP region and was supporting more than 177,000 jobs as of 2015. Footfall reduced across the region by over 90% in April and May, and forecasts predict a drop of £64 billion in visitor spend compared to 2019.
- 4.11. Top factors reported as influencing recovery for these most heavily impacted sectors are the length of time it will take for market conditions to return, and certainty around restrictions, indicating the need for businesses to continue to innovate and repurpose in the light of ongoing uncertainty. SMEs whose trade reduces over the winter period are concerned that it will take much longer to be back in a financially stable position, and potentially not in time to avoid complete closure, emphasising the need for support for the visitor economy to target winter resilience and rebuilding in 2021.
- 4.12. Considering this evidence and the gaps visible in current business support, priority areas of focus for the new fund are threefold: helping businesses to digitise, with specific support for e-commerce and retail; support pre-starts and start-ups; and supporting the visitor economy. Detailed recommendations for these focus areas are given in Appendix B.

## **5. Decision 2: Note that the Accountability Board will be required to approve:**

- **proposed procurement approach;**
- **the award of funding with consideration for value for money;**
- **delegation of decision making to SELEP's Chief Executive Officer in respect of delivery of the programme, including the award of contracts, within the £2.4m COVID-19 Business Support Fund**

- 5.1. It is proposed to split the fund into separate lots within a single procurement framework, for each proposed programme. All activities within each programme will be administered by the procured service providers. It is important that the roll-out of the recommended programmes are timely and successive, so as not to overload what is already a complicated marketplace, or duplicate/displace live schemes. Timing must align with the anticipated period of demand for each focus area, so that they provide the additional components necessary for the SME journey to recovery.
- 5.2. Appendix B includes approximate dates for the launch of each procurement, which will be supported by Essex County Council (ECC) in their capacity as Accountable Body.





- 5.3. The total £2.4m million fund will undergo evaluation for value for money in accordance with ECC's procurement processes. Additionally, a decision case will be taken to SELEP's Accountability Board in October setting out minimum outputs, cost comparisons and the procurement approach. There will be general eligibility criteria for all procurements, these are listed in Appendix C and will be incorporated into the tender specifications.
- 5.1. Tender specifications will include the ability for programme activities to be flexible if circumstances substantially change as a result of COVID-19 (e.g. duplication by any new national business support funding, or a second wave). The Board will be asked for approval of any significant proposed changes via written procedure.
- 5.1. Invitations to tender will provide a four-week deadline for applications with a commitment to confirming the winning bidder within three weeks. This application window will allow for consortiums of delivery partners to come together if necessary, to enable robust programme design and eligibility criteria to be met.
- 5.1. An evaluation panel will be formed to evaluate all tender submissions, which will comprise SELEP Secretariat members, Growth Hub and Local Authority representation, and representatives from relevant sector/area stakeholder groups (e.g. Area Growth Hub Steering Groups, the Digital Skills Partnership, the South East Creative Economy Network) where there are no conflicts of interest. Evaluations will be in accordance with ECC procurement rules and all final decisions will be delegated to SELEP's Chief Executive Officer following Accountability Board approval; the Board will be notified of the procurement outcomes.
- 5.2. The fund will allocate £35,000, as will the COVID-19 Skills Fund, for a single COVID-19 Recovery Funds Project Manager. This allocation accounts for legal, procurement and on costs and will ensure the effective management and delivery of both the BSF and Skills Fund programmes. This post will facilitate progress reporting from each programme against specified outputs and targets, to the SELEP Strategic Board, Federated Area Boards and the South East Business Hub Steering Group at regular intervals.

## **6. Next Steps**

- 6.1. Subject to Board's agreement on the focus, process and criteria for the fund, approval will be sought from the Accountability Board at their next meeting on 18<sup>th</sup> October, on the proposed procurement approach, the award of the fund with consideration of value for money and delegation of decision making to SELEP's Chief Executive Officer.
- 6.2. Subject to Accountability board approval in October, tender specifications will be drawn up and agreed successively and in line with the proposed Open Call windows given in Appendix B, with the first procurement scheduled for December 2020.
- 6.3. The Board will be updated on progress in December, and again at appropriate intervals on the outcomes of each procurement and subsequent programme delivery.

## **7. Comments from the Accountable Body**

- 7.1. In July 2020, the SELEP Accountability Board approved the use of £2.4m of the Growing Places Fund (GPF) grant to establish a COVID-19 Business Support Fund (BSF) to support COVID-19 recovery.
- 7.2. This report sets out the proposals for the application of this fund as service contracts as appropriate to be allocated to the three proposed programmes in Appendix B. In addition,





£35,000 of the funding is to be ring-fenced to provide resource to oversee delivery of the fund and additional costs associated with implementation of the scheme, such as procurement and legal costs.

- 7.3. The process of procurements will be required to be undertaken via a legally compliant route in line with the Accountable Body's Procurement Regulations, as required by the Assurance Framework; this process is to be supported by the Accountable Body's Procurement team to facilitate this.
- 7.4. In addition, the procurements of each funding stream will need to meet the following requirements of the SELEP Assurance Framework:
  - 7.4.1. Assuring value for money
  - 7.4.2. State Aid regulations are met
  - 7.4.3. Agreeing clear criteria for prioritisation, including alignment to the SELEP Economic Strategy Statement
  - 7.4.4. Ensuring open advertising of the funding opportunity
  - 7.4.5. Confirmation of monitoring arrangements
- 7.5. Following successful procurements, the Accountable Body will put in place the appropriate legal agreements with the winning bidders, assuring the agreed criteria for award of funding are incorporated.
- 7.6. The above arrangements will be subject to approval from the SELEP Accountability Board in October 2020 to the proposed procurement approach.

## **8. Appendices, Supporting Documents and Previous Decisions**

- 8.1. The following appendices are attached:
  - 8.1.1. Appendix A – SELEP Business Support Map
  - 8.1.2. Appendix B – Business Support Fund Programmes
  - 8.1.3. Appendix C – Eligibility Criteria for BSF Programme delivery
- 8.2. This item has been previously discussed at the following meeting:

<b>Board Meeting Date</b>	<b>Item Number(s)</b>	<b>Link to Pack</b>
12 June 2020	4c: COVID-19 GPF Options	<a href="https://www.southeastlep.com/app/uploads/2020/06/SELEP-Strategic-Board-June-2020_Agenda-Pack.pdf">https://www.southeastlep.com/app/uploads/2020/06/SELEP-Strategic-Board-June-2020_Agenda-Pack.pdf</a>

- 8.3. For further details contact:  
Jo Simmons, Business Development Manager ([jo.simmons@southeastlep.com](mailto:jo.simmons@southeastlep.com))



## Item 4: LGF spend beyond the Growth Deal

### Executive Summary

#### 1. Overview

- 1.1. This report provides the Strategic Board (the Board) with details of projects where LGF spend is expected to extend beyond the Growth Deal. The report also provides an update on the high-risk projects within the programme.
- 1.2. The Board is required to approve the spend of any LGF beyond 30 September 2021. There are five projects brought forward for consideration by the Board for LGF spend beyond this date.

#### 2. Decisions: Board is recommended to:

- 2.1. Agree LGF spend beyond the 30 September 2021, noting the risks detailed below, for the following five projects:
  - 2.1.1. Eastbourne and South Wealden Walking and Cycling LSTF package
  - 2.1.2. Hastings and Bexhill Movement and Access Package
  - 2.1.3. Eastbourne town centre LSTF access & improvement package
  - 2.1.4. A28 Sturry Link Road
  - 2.1.5. Innovation Park Medway Phase 2

#### 3. Rationale for Decisions

- 3.1. SELEP is currently forecasting approximately £58m LGF spend beyond 31 March 2021. This presents a programme and reputational risk for SELEP as a commitment has been provided to Central Government that all LGF funding will be spent by 31 March 2021.
- 3.2. The Board has previously agreed that where a project is reporting LGF spend beyond 31 March 2021, LGF will be transferred to the respective local authority for spend across their wider capital programme. During the subsequent financial years, local authorities will use their own capital programme to fund spend on the LGF project.
- 3.3. The total LGF allocation to the project remains the same, but this approach can be used to demonstrate that the LGF has been spent in full by the end of 2020/21, whilst still complying with the grant determination letters and enabling the LGF project to proceed beyond 31 March 2021. This mechanism is referred to, through the remainder of this report, as an Option 4 capital swap.
- 3.4. This approach does, however, increase the risk of non – delivery of the LGF projects in future years and reduces SELEP's oversight of this funding.
- 3.5. For an advanced payment of the outstanding LGF allocation to be made to partner authorities in Q4 2020/21, the Accountability Board will be asked to consider the certainty over the deliverability of the project before the payment is made.
- 3.6. For any project spending LGF beyond the 6-month extension (i.e. beyond 30 September 2021) Strategic Board endorsement is required, alongside the approval from the Accountability Board.

## Further Information

### 4. Decision 1: Agree LGF spend beyond the 30 September 2021 for the following five projects listed in 4.4 below:

- 4.1. The Board has previously agreed the extension for certain projects, including A127 Fairglen Interchange, Beaulieu Park, Thanet Parkway and A28 Sturry Link Road. However, the delivery timescale for the A28 Sturry Link Road has extended by more than 6 months and, as such, an updated endorsement is required from the Board.
- 4.2. At the meeting in January 2020, the Board did not agree the extension of the Innovation Park Medway project but asked for a further update to be provided. This update is provided in Appendix A.
- 4.3. There are also a further three projects, for which LGF spend has now been forecast beyond 30 September 2021, which requires approval from the Board.
- 4.4. The Board is therefore asked to approve LGF spend beyond 30 September 2021 for the following five projects: <sup>1</sup>
  - 4.4.1. Eastbourne and South Wealden Walking and Cycling LSTF package
  - 4.4.2. Hastings and Bexhill Movement and Access Package
  - 4.4.3. Eastbourne town centre LSTF access & improvement package
  - 4.4.4. A28 Sturry Link Road
  - 4.4.5. Innovation Park Medway Phase 2

**Table 1 - Summary of projects seeking approval for LGF spend beyond 30 September 2021**

Project Name	Promoter	Total LGF allocation (£m)	% LGF spent by end of 2019/20	LGF spend to end of 2019/20 (£m)	LGF spend forecast 2020/21 (£m)	LGF spend forecast in 2021/22 (£m)	LGF spend forecast in 2022/23 (£m)	Primary cause of delay to LGF spend	Expected completion date in business case	Updated expected completion date
Eastbourne and South Wealden Walking and Cycling LSTF package	East Sussex	6.600	57.15%	3.772	0.952	1.876	0.000	Ambitious delivery programme, plus impact of Covid -19 as set out in appendix	March 2021	March 2022
Hastings and Bexhill Movement and Access Package	East Sussex	9.000	28.33%	2.549	2.048	2.824	1.579	Ambitious delivery programme, plus impact of Covid -19 as set out in appendix	March 2021	March 2023
Eastbourne town centre LSTF access & improvement package	East Sussex	8.000	65.55%	5.244	0.151	2.605	0.000	Ambitious delivery programme, plus impact of Covid -19 as set out in appendix	March 2021	March 2022
A28 Sturry Link Road	Kent	5.900	18.80%	1.109	1.061	3.730	0.000	Delays to planning consent being confirmed and funding package being confirmed	October 2021	February 2024
IPM (Rochester Airport - phase 2)	Medway	3.700	15.41%	0.570	2.080	1.050	0.000	Delays to planning consent being confirmed	December 2020	March 2022

- 4.5. As per the recommendation of the Board in January 2020, if the project's delivery programme extends by more than six months, updated endorsement will be required from the Board.
- 4.6. In deciding whether LGF spend should be permitted beyond 30 September 2021, it is

<sup>1</sup> The A127 The Bell and the A127 Essential Bridge and Highways Maintenance are not included in this list, as the extension to the delivery programme has been considered by the Department for Transport.

recommended that consideration should be given to (i) the delivery risk, as set out in Appendix A, and (ii) whether these projects remain a priority for investment, or if there are alternative projects which could spend the funding and achieve project benefits at a faster pace, as considered in the Project Pipeline report under agenda item 5.

## 5. Additional information on high risk projects

- 5.1. There remains a total of 11 high-risk projects included within the LGF programme, with a risk score of 5 on a 1 to 5 scale. This risk score has been based on an assessment of deliverability, financial position and reputational risk, in line with the guidance from Central Government.
- 5.2. Projects with a risk score of 5 are listed in Table 2 below and an individual update is set out in Appendix A.

**Table 2. High-risk LGF projects**

High-risk LGF projects summary							
Project Name	Promoter	LGF allocation (£m)	LGF spend to end of 2019/20 (£m)	Forecast LGF spend 2020/21 (£m)	Forecast LGF spend beyond 2020/21 (£m)	LGF spend forecast beyond 31 March 2021	Main project delivery constraint
Queensway Gateway Road	East Sussex	10.000	9.496	0.504	0.000	No	Land acquisition
Bexhill Enterprise Park North	East Sussex	1.940	0.000	1.540	0.400	Yes	Planning consent
Beaulieu Park Railway Station	Essex	12.000	0.000	0.000	12.000	Yes	Confirmation of funding package
M11 Junction 8 Improvements	Essex	2.734	2.239	0.495	0.000	Yes	Funding gap
University of Essex Parkside (Phase 3)	Essex	5.000	0.000	3.000	2.000	Yes	Confirmation of funding package
A28 Chart Road - on hold	Kent	2.756	2.756	0.000	0.000	No	Confirmation of funding package
A28 Sturry Link Road	Kent	5.900	1.109	1.061	3.730	Yes	Confirmation of funding package
IPM (Rochester Airport - phase 2)	Medway	3.700	0.570	2.080	1.050	Yes	Planning consent
IPM 2 (Rochester Airport - phase 3)	Medway	1.519	0.000	0.919	0.600	Yes	Planning consent
Southend Forum 2	Southend	6.000	1.138	4.862	0.000	No	Funding gap
Tilbury Riverside	Thurrock	2.360	0.029	1.447	0.884	Yes	Funding gap
<b>Total</b>		<b>53.909</b>	<b>17.338</b>	<b>15.907</b>	<b>20.664</b>		

- 5.3. A majority of the project issues relate to funding gaps and/or planning consent not being in place. The total amount of unspent LGF allocated to these 11 projects at the end of 2019/20 totals £36.6m.
- 5.4. Where projects are unable to proceed in the agreed timescales, the scheme promoters are strongly encouraged to declare this position to ensure that the LGF funding can be reallocated and committed to an alternative project by the end of 2020/21.
- 5.5. If the funding is not reallocated by the Accountability Board at the November 2020 meeting, there will be insufficient time for the funding to be committed to alternative projects. This creates a substantial reputational risk as SELEP will be unable to demonstrate spend all of the LGF grant by 31 March 2021.

## 6. Next Steps

- 6.1. At each Accountability Board meeting an update is provided on the high-risk projects listed in Appendix A, with the Board often receiving individual update reports to note progress or to agree next steps.
- 6.2. In November 2020, the Accountability Board will focus on the high-risk projects with



consideration for the views of the Board expressed through this meeting and being mindful of the need to demonstrate LGF spend in full by the end of 2020/21.

- 6.3. Under agenda item 5, the Board is also asked to consider the approach for the reinvestment of LGF, should the high-risk projects listed in Appendix A be unable to proceed.

## **7. Comments from the Accountable Body**

- 7.1. To secure the remaining third of the 2020/21 allocation of LGF, the Accountable Body and SELEP confirmed to Government in June 2020, that plans were in place to spend the LGF grant in full by 31 March 2020, either through deliverability of the projects or using the Option 4 capital swap mechanism set out in section 3.3. The LGF project delays outlined in the report, highlights a risk for a number of projects that they will be unable to spend their LGF allocation by the end of the Growth Deal, increasing the requirement to place reliance on the Option 4 swap.
- 7.2. Where there is high risk that a project may be cancelled or is not deliverable within the agreed timeframes, it is not recommended that an Option 4 swap is applied in this respect and that other options are considered, such as those referenced in agenda item 5. It is anticipated that these risks will be considered at the February Accountability Board as part of the approval requests to undertake the Option 4 swaps.
- 7.3. Under the terms of the LGF grant conditions, there is no requirement to spend the grant by March 2021, however, there remains a reputational risk for SELEP Ltd to ensure delivery of the Growth Deal and in respect of the assurances provided to Government to secure the remaining third of LGF in 2020/21.
- 7.4. Should the Board chose not to endorse the spend of LGF beyond September 30<sup>th</sup> 2021 for the Projects recommended above, a decision will need to be made by Accountability Board on the future position of the project, which may include cancellation; any such decisions will be managed through the SLAs in place with the respective partner Authorities to support the LGF programme and may include recovery of LGF spent to date, where conditions for funding can no longer be met.

## **8. Appendices, Supporting Documents and Previous Decisions**

- 8.1. Appendix A: High-risk LGF projects and projects forecasting LGF spend beyond 30 September 2021.
- 8.2. Appendix B: All projects forecasting LGF spend beyond 31 March 2021
- 8.3. Background report: Decision report to Strategic Board in January 2020.
- 8.4. For further information contact Rhiannon Mort, [rhiannon.mort@southeastlep.com](mailto:rhiannon.mort@southeastlep.com)



## Item 5: Capital Project Pipelines

### Executive Summary

#### 1. Overview

- 1.1. The Strategic Board (the Board) is asked to consider and agree the next steps in developing pipelines for the Local Growth Fund (LGF) and Getting Building Fund (GBF). The purpose of the pipelines is to enable timely and appropriate awards of funding should allocations become available.

#### 2. Decisions: Board is recommended to:

- 2.1. Agree that the LGF pipeline should be made up of current LGF projects that now have a funding gap. Strategic Board will prioritise the pipeline at an additional meeting to be held on 11 December 2020.
- 2.2. Approve the allocation of any uncommitted LGF at the end of 2020/21 to the Growing Places Fund pot. The value of this funding swap will be considered and approved by the Accountability Board at its last meeting in Q4 2020/21.
- 2.3. Agree a grace period for Federated Boards to consider their GBF projects and recommend any amendments. The period will end on 11 December 2020. This grace period is pending confirmation from Central Government that it will be possible, under the grant conditions, to make changes to the list of projects to be funded by GBF.

#### 3. Rationale for Decisions

- 3.1. SELEP is required by HM Government to maintain a single pipeline of projects that can be considered for capital investment for each funding pot.
- 3.2. An LGF pipeline was agreed by the SELEP Investment Panel in July 2019 but only one project now remains on this pipeline; Colchester Queen Street Grow-on-Space (£3.777m LGF ask).
- 3.3. By the next Accountability Board meeting on 16 October 2020, it is expected that the value of unallocated LGF will exceed the value of the pipeline. This is due to a number of projects being cancelled and allocations being returned. There are also several high-risk projects which have been awarded LGF but may not be able to proceed, as set out under agenda item 4.
- 3.4. The Growth Deal period is now almost at an end and any returned allocations must be swiftly reallocated. If there are LGF funds not allocated at the end of this financial year there is a significant reputational risk to SELEP as assurances have been given to HM Government that all LGF monies will be allocated by that time.
- 3.5. The timelines preclude a further open call for projects and on that basis it is recommended that funds are reallocated to LGF projects that have previously been approved by the Accountability Board but now have a funding gap. Federated Boards will be asked to indicate the order in which those projects should come forward for funding and Strategic Board will agree the prioritised list in December.
- 3.6. Where it is not possible for the LGF to be awarded to LGF projects by the Accountability Board by the end of 2020/21, it is recommended that any LGF which has not been committed by the Accountability Board to an LGF project should be transferred to the Growing Places Fund pot.



- 3.7. The requirement for a single project pipeline also applies to Getting Building Fund (GBF). Given the very short timelines for the assembly of the GBF bid and consequent restrictions on what due diligence could be performed by local partners during that time it is recommended to Board that a period of grace be given.
- 3.8. During the grace period Federated Boards will be able to make an assessment of the current projects. The Federated Boards will make recommendations to the Strategic Board on any projects which should be removed from the GBF programme and propose an alternative project(s) to be put forward. The changing of projects will only be possible if the GBF grant conditions allow and where the alternative investment is supported by the Board.
- 3.9. The process for the development of the single GBF pipeline will be considered by the Board in December 2020 when the grace period finishes.



## Further Information

### **4. Decision 1: Agree that the LGF pipeline should be made up of current LGF projects that now having a funding gap.**

- 4.1. The total value of unspent LGF currently allocated to high-risk LGF projects is currently £53.9m, of which £36.6m remained unspent at the end of 2019/20. As set out in Agenda Item 4, it is recommended that the Board seek assurances from scheme promoters as to the ability to address these project risks and proceed to delivery. If the project risks cannot be addressed before 31 March 2021, the funding should be considered for reallocation by the Accountability Board in November 2020.
- 4.2. There are a number of high-risk projects which are expected to return part or all of the their LGF allocation at the next meeting of the Accountability Board, resulting in the value of the unallocated LGF exceeding the value of the LGF pipeline. As such, there is a degree of urgency to identify how these returned allocations can be reallocated.
- 4.3. Assurances have been made to HM Government that all LGF will be allocated by 31 March 2021. If there are unallocated LGF monies on this date there is likely to be a detrimental effect to SELEP's reputation within Government, which could effectively reverse the progress made over the last few years to improve our standing.
- 4.4. An open call for new projects could be run but this would not mitigate the above risk and could increase the likelihood of the deadline being missed.
- 4.5. There are a number of current LGF projects that are now facing funding gaps. The funding gaps are threatening the deliverability of these projects and using the LGF to plug some of those gaps where appropriate would reduce the risk that the beneficiary projects would fail and be unable to deliver any outputs or outcomes.
- 4.6. Projects seeking further funding will be required to evidence their funding gap against the original business case, demonstrate that all other avenues for funding have been pursued and that the project continues to present value for money. There must be a legitimate case for why additional LGF is required to support the project due to the impact of Covid-19 and risk of non-delivery if additional funding is not secured.
- 4.7. Projects which have been removed from the LGF programme to date in 2020/21, due to a project funding gap, may be brought forward for consideration, along with those projects included in the approved LGF programme but future phases of completed LGF projects or new projects will not be considered.
- 4.8. A reallocation exercise can be run swiftly and will have a reduced resource requirement from both the Secretariat and partner organisations compared to running an open call for projects. It is proposed that all current projects that have reported a funding gap be asked to submit the form at Appendix A to both the Secretariat and Federated Board officers. Federated Boards will then be asked to consider the order in which they would recommend allocations are made. SELEP Strategic Board will combine the prioritised lists into a single pipeline at an additional meeting to be held after the Strategic Board on 11 December 2020.
- 4.9. In the application form for additional funding, scheme promoters will be required to provide a strong case for why additional LGF is required and confirmation that the funding gap is the main constraint on the projects ability to proceed, i.e. there should be no project risks relating to



planning or land acquisition for the projects put forward and the additional LGF, if secured, will complete the funding package for the project.

- 4.10. If an existing LGF project submits a request for additional LGF, which will be spent beyond 30 September 2021, the Board will be asked to consider this extension of LGF spend as part of its assessment of the application.
- 4.11. Appendix B sets out the other options for reallocation that have been considered and the rationale for discounting them.

## **5. Decision 2: Approve the allocation of any uncommitted LGF at the end of 2020/21, to the Growing Places Fund pot.**

- 5.1. Given the reputational impact of SELEP not committing its LGF in full in 2020/21, it is recommended to the Board that any LGF which has not been awarded by the Accountability Board by the end of Q4 2020/21 should be transferred to the Growing Places Fund pot. This mitigation option could be used to demonstrate to Government that the funding has been allocated.
- 5.2. Whilst the preferred route would be for LGF to be allocated to projects on the LGF pipeline, as per Decision 1, this mitigation option presents a fall-back option. For example, this mitigation would be applied if the unallocated funding is declared too late in Q4 2020/21 to enable the award of funding to an LGF pipeline project and for the payment to be made to the respective local authority by the end of the financial year.
- 5.3. The exact value of the transfer of funding between the LGF and Growing Places Fund pot will depend on the value of LGF which is returned from high risk projects but which SELEP is unable to allocate to LGF projects by the end of 2020/21.
- 5.4. There is an agreed pipeline of Growing Places Fund projects in place of schemes which require loan investment. By increasing the value of the Growing Places Fund pot, this may enable new GPF projects to proceed and for the funding to have a longer-term impact; through investment as a recyclable loan.

## **6. Decision 3: Agree a grace period**

- 6.1. Business Cases have now been prepared for all 34 Getting Building Fund (GBF) projects and submitted to the Independent Technical Evaluator (ITE) for review. Investments will be considered by Accountability Board in October and November 2020. It is expected that all GBF projects currently included in the GBF programme, will be considered for investment by the Accountability Board by the end of 2020.
- 6.2. As the GBF pipeline was developed within exceptionally short timescales, with limited project information made available at the point of project prioritisation, there may need to be some changes to the GBF programme. Where high risk projects are identified, by the ITE or the lead county/unitary authority, these may need to be substituted in for alternative projects which can provide greater assurance of their ability to spend the GBF by the deadline of 31 March 2022.
- 6.3. It is therefore proposed that a grace period should be permitted until 11 December 2020, during which Federated Boards can make recommendations to amend projects.
- 6.4. Strategic Board will consider these recommendations at their meeting on 11 December 2020, after which the grace period will finish.



- 6.5. Any new projects will be required to go through the standard approvals process including the production of a full business case, an Independent Technical Evaluation and approval by Accountability Board. Any changes to the projects included in the GBF programme will also need to be agreed with Central Government and comply with the requirements of the grant conditions.
- 6.6. At the point of drafting this report, the grant conditions have not been received from Central Government and Government's change control process has not yet been confirmed.
- 6.7. In the meantime, a process will be developed to establish a single GBF pipeline, which will enable SELEP to identify projects for investment, should unallocated GBF become available through the delivery phase. The approach to the development of a single GBF pipeline will be brought forward for agreement by the Board in December 2020, with the recommended approach expected to focus primarily on the ability to progress at pace and certainty that the GBF can be spent by 31 March 2022.
- 6.8. It is likely that the GBF project pipeline will draw upon those projects which were previously considered for GBF investment or identified as part of the LGF pipeline development, but which can demonstrate an ability to spend the GBF, as per the required timescales. The timescale constraints for spending the GBF is expected to substantially reduce the number of projects that are eligible for this funding stream.

## **7. Next Steps**

- 7.1. Should Board agree the recommended course of action the Secretariat will work with partners to instigate the process for Federated Boards to prioritise projects that require additional funding.
- 7.2. The Secretariat will also work with partners to ensure that all amendments to the GBF project list are captured and presented to Board in December.
- 7.3. The process and criteria for GBF single pipeline will be worked up.

## **8. Comments from the Accountable Body**

- 8.1. The proposal that the LGF pipeline should be made up of current LGF projects that have a funding gap would support deliverability of Projects previously supported by the Board and should therefore support deliverability of the Growth Deal. Any additional allocations of funding through this approach would need to meet the requirements of the assurance framework, including value for money and independent technical evaluation.
- 8.2. It is government's expectation that LGF should be used to secure the outcomes set out in the Growth Deal agreed between the Government and SELEP. Further, it is expected that SELEP uses the freedoms and flexibilities it has to manage its capital budgets between programmes.
- 8.3. This expectation aligns to the proposal set out in 2.2 to switch unallocated LGF to the GPF pipeline, with an expectation that it is allocated to projects that support delivery of the Growth Deal. This approach, however, does not ensure spend of the LGF in 2020/21, which means that the confirmation provided by SELEP and the Accountable Body that plans were in place to spend the LGF grant in full by 31 March 2021, either through deliverability of the projects or using the Option 4 capital swap mechanism (see Agenda item 4 for further details) is at risk of not being met.
- 8.4. Under the terms of the LGF grant conditions, there is no requirement to spend the grant by March 2021; there remains a reputational risk for SELEP Ltd, however, to ensure delivery of the Growth Deal and in respect of the assurances provided to Government of LGF spend, to secure the



remaining third of LGF in 2020/21.

- 8.5. It is an expectation of the Assurance Framework that SELEP maintains a prioritised pipeline / pipelines for investment aligned to delivery of the SELEP Economic Strategy. All allocations of funding against a pipeline must ensure the conditions of the respective funding stream can be met. It is a responsibility of the Accountable Body to ensure that funding is spent in line with the specified conditions.
- 8.6. The funding and the associated conditions for the GBF grant have yet to be received; it is therefore not possible to know whether amendments can be made to the current agreed list of GBF projects. The Government have, however, indicated that it will be a requirement that funding is spent by 31<sup>st</sup> March 2022; and that any amendments to the agreed projects list are required to be agreed with them, albeit, the process for this is still to be confirmed.

## **9. Appendices, Supporting Documents and Previous Decisions**

- 9.1. Appendix A – Application for Additional LGF
- 9.2. Appendix B – Options for LGF pipeline population
- 9.3. For further information please contact Rhiannon Mort, Capital Programme Manager SELEP ([rhiannon.mort@southeastlep.com](mailto:rhiannon.mort@southeastlep.com))

## **Item 6: Delivery Plan 2020/21**

### **Executive Summary**

#### **1. Overview**

- 1.1. A Delivery Plan for financial year 2020/21 was drafted ahead of the cancelled March 2020 Strategic Board. Following the COVID-19 emergency a revised plan was necessary but high workloads and the responsive nature of work during the emergency has meant that the plan could not be updated until an element of stability returned.
- 1.2. A refreshed plan has been produced to cover the remainder of this financial year. A plan for 2021/22 will be produced for consideration at December Strategic Board. A report detailing performance against the plan will be provided to Board at each ordinary meeting.
- 1.3. Additionally, Board is asked to agree to a principle of additional costs and resources being recouped against future funding streams whenever possible. This is to ensure that further pressure on the resources and budget of the Secretariat are minimised.

#### **2. Decisions: Board is recommended to:**

- 2.1. Approve the adoption of the Delivery Plan 2020/21 (Appendix A) for the remainder of this financial year; and
- 2.2. Approve the adoption of an operating principle of recouping the cost and offsetting the resourcing impacts for managing grant funded programmes. This will be applied on a case by case basis as new grant funding becomes available.

#### **3. Rationale for Decisions**

- 3.1. As well as being a requirement of the National Assurance Framework and our own Local Assurance Framework, it is absolutely vital that we have a Delivery Plan. The COVID-19 crisis has meant that the work of the partnership has been very reactive and responsive during the immediate emergency, as would be expected, but a move back towards business as usual can now be made.
- 3.2. The Plan is a key part of the mitigation of the workload risk that the Secretariat are currently managing and also sets clearly to Board members, stakeholders and other interested parties our intentions for the remainder of the year.
- 3.3. The activities identified in the Plan are currently expected to be delivered within the updated operational budget as approved by Accountability Board in July 2020. Any additions to activities would require other activities to be dropped or additional funding to be found.
- 3.4. As previously reported, the Secretariat is working at capacity and there is a significant workload risk. The operational budget is fully allocated, and revenues have been reduced due to low interest rates. Whilst additional grants for investment or specific activities are welcome, they bring with them an administrative overhead which has been absorbed within the Secretariat to date but that is no longer possible.
- 3.5. It is proposed that a principle of recouping the additional costs and offsetting the resourcing impact be adopted for future grant awards. This would mean either using part of the funding stream to fund the overhead or charging an administration fee to the recipient of the funding.

## Further Information

### **4. Decision 1: Approve the adoption of the Delivery Plan 2020/21**

- 4.1. Whilst the Delivery Plan only covers six months of the year, it is more detailed than the previous Delivery Plan for 2019/20. It includes Key Performance Indicators (KPIs) for the first time and more information in the quarterly plans.
- 4.2. Should the Delivery Plan be approved, it will be published on the website as a public document. The Board will be provided updates at each ordinary meeting on progress against the Plan, including KPIs.
- 4.3. Accountability Board will continue to have oversight of the investment programme and the operational budget and its associated risks. Information on the key risks will be provided to Strategic Board as part of the quarterly update.
- 4.4. The ongoing COVID-19 Crisis continues to present a risk to the activities within the Plan. Should national or local lockdowns be necessary this may impact on the delivery of the capital programme and other activities.

### **5. Decision 2: Approve the adoption of a principle of recouping costs and offsetting resourcing impact for future grant funded programmes**

- 5.1. When grants are awarded to SELEP the awarding body will require SELEP to administer and oversee those funds. Activities that are funded by grants are also required to comply with our local Assurance Framework and the National Assurance Framework.
- 5.2. This means there is an overhead to each grant received. In the past this overhead has been absorbed within the current resources of the Secretariat and funded by the operational budget. However, the reduction of interest rates means that the scope to be able to absorb additional overheads has been removed.
- 5.3. It is proposed that in future that additional costs incurred should be charged to all new revenue grants where this is allowable under the grant conditions. This means that the grant available to fund the direct activities will be reduced but the grant will be properly administered.
- 5.4. There is a risk that future revenue grants will have to be declined if the overhead cannot be resourced.
- 5.5. SELEP is not able to charge operational overheads to capital grants, and these programmes create the largest overhead. There is an up-front cost of assessing projects for suitability, including the provision of an Independent Technical Evaluation, and the ongoing costs of programme management and evaluation.
- 5.6. For future capital programmes, that is programmes funded by new capital grants, it is proposed that administration fees be charged. Information on how this fee is calculated and how the fees will be charged will be provided to Board on a case by case basis for approval. This will ensure that the fee and process fit the funding rather than taking a blanket approach. This will not be retrospectively applied to any current funding pots such as LGF, GBF or GPF or any future rounds of these programmes.
- 5.7. It will be made clear when calls for projects are launched what fees are chargeable and on what



basis to all potential bidders. This will only apply to new programmes, no current funding programmes will be subject to these charges.

- 5.8. There is a risk that this will reduce the number of projects that come forward; however successful bids should be able to include the cost of the administration fee in their ask for grant funding (pending specific conditions of each funding stream). This may reduce the number of speculative bids made. An assessment of the impact of the fee will be made as part of the decision on each case.
- 5.9. Should HM Government, or other awarding body, provide revenue support for the programme a fee would not be charged.
- 5.10. Many LEPs charge fees of this nature and have done so for LGF and GPF projects in the past.

## **6. Next Steps**

- 6.1. If the Delivery Plan is approved it will be published on the website and quarterly reporting to Board at their ordinary meetings will begin.
- 6.2. If the principle of recovering additional costs is approved Secretariat will include overheads on NEW revenue grant applications where eligible. Details on administration fees to be charged for new capital programmes will be presented to Board for approval as they come forward.

## **7. Comments from the Accountable Body**

- 7.1. It is a requirement of the National Local Growth Assurance Framework (NAF) that LEPs publish an annual report and delivery plan as part of the assurance monitoring process. The delivery plan and annual report are expected to set out a well- developed understanding of the local economic evidence base to identify opportunities and obstacles to inclusive growth, prosperity and improved productivity. These will be considered as part of the annual assurance process in future.
- 7.2. The NAF confirms that delivery plans and annual reports are required to be published at the beginning of each financial year,
- 7.3. The cost and resource implications of developing and maintaining effective KPIs to support the assurance and delivery monitoring on-going should be a consideration for the Board when agreeing the final indicators to be used.
- 7.4. The adoption of the Delivery Plan 2020/21 presented in this report must be delivered within the annual operational budget.
- 7.5. Should the Board approve the Recommendation at 2.2, for the adoption of a principle of recovering costs for future grant funded programmes, the principle and methodology will be worked through in a Policy decision, as new funding schemes become available in the future, which will require Board and Accountable Body approval..

## **8. Appendices, Support Documents and Previous Decisions**

- 8.1. Appendix A – Delivery Plan 2020/21
- 8.2. For further information contact Suzanne Bennett, Chief Operating Officer of SELEP ([suzanne.bennett@southeastlep.com](mailto:suzanne.bennett@southeastlep.com))





## Item 7: SELEP Statement of Accounts 2019/20

### Executive Summary

#### 1. Overview

- 1.1. The purpose of this paper is to present the audited SELEP Statement of Accounts for financial year ending 31<sup>st</sup> March 2020 to the Strategic Board (the Board) for their consideration.

#### 2. Decisions: Board is recommended to:

- 2.1. Confirm they have considered the Statements of Accounts 2019/20

#### 3. Rationale for Decisions

- 3.1. The Statements for 2019/20, included in Appendix 1, have been audited and the external auditor, Mr Athos Louca, has confirmed that the Statements for the year ended 31 March 2020 are prepared, in all material respects, in accordance with the financial reporting provisions. No significant difficulties were identified during the audit and there are no significant findings from the audit that the Board should be aware of.
- 3.2. The Accountability Board has responsibility and oversight of the SELEP Financial position, and a full report was made to them on the provisional position for 2019/20 at their meeting on 3<sup>rd</sup> July 2020. Following the audit, this position hasn't materially changed. The Strategic Board are now afforded an opportunity to consider the Statements of Accounts and pose any questions they may have to the Accountable Body.



## Further Information

### 4. Background

- 4.1. When SELEP was an unincorporated partnership, it had no formal legal identity. To allow the partnership to function, Essex County Council (ECC) acts as the Accountable Body, meaning all financial transactions are managed through the Council on behalf of the LEP; in this role, ECC is not able to utilise SELEP funds for its own purposes and so separate financial records are maintained on behalf of SELEP and separate Statements of Account are produced for the partnership.
- 4.2. When SELEP became a company limited by guarantee in March 2020, it was agreed that no monetary transactions would be made through the Company and that Essex County Council would continue in its role as the Accountable Body.
- 4.3. The Statements are included in Appendix 1 of this report and have been prepared in accordance with proper practices as set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and are subjected to a full external audit. The Section 151 Officer of the Accountable Body has responsibility for the production of the Statements and the content therein.

### 5. Operational Income & Expenditure in 2019/20

- 5.1. The SELEP operational spend includes the running costs of the LEP's Secretariat and Boards, including staff salaries, office expenses, publicity and marketing, and professional fees.
- 5.2. The operational spend is primarily funded through government grants, match funding contributions from partners and interest received on cash balances invested by the Accountable Body on behalf of SELEP. Any surplus or deficit held at the end of the financial year is managed through the operational reserve. The summary position for 2019/20 is set out in table 1.
- 5.3. At the end of the financial year, income exceeded expenditure resulting in a surplus of **£579,000**. This position was primarily due to the need to re-focus activities of the Secretariat to ensure implementation of the LEP review requirements, including incorporation of the SELEP. This meant less funding was spent on delivering project activities; and where these were delivered, it was possible in some cases to deliver these through creation of staffing capacity within the team rather than procure consultants, which can be more expensive.
- 5.4. There remain on-going risks to the operational budget of the Secretariat primarily due to the historic reliance on interest receipts from capital balances held; no assurance from Government regarding continued capital investment in LEPs beyond 2021/22 and very low interest rates mean that any interest received beyond April 2020 is likely to be at a much reduced rate than has been experienced in recent years. The current forecast suggests that without identification of additional income, the operational reserve will fall below the minimum recommended level<sup>1</sup> in 2022/23. The summary reserves position is set out in table 2.

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<sup>1</sup> The minimum recommended level of reserves is to ensure that any costs of closure, should the LEP cease to function, will be covered.

**Table 1: Operational Income & Expenditure in 2019/20**

<b>Income</b>	<b>2019/20 £'000</b>
Revenue Grant Funding	(2,570)
Contribution from Partners	(206)
Interest receivable on capital balances	(875)
<b>Total Income</b>	<b>(3,651)</b>
<b>Expenditure</b>	
Staffing	1,059
Meetings and admin	48
Chair's allowance	22
Consultancy and project work	455
Local Area Support Grant	150
Grants to Third Parties	1,339
<b>Total Expenditure</b>	<b>3,073</b>
<b>Net Income transferred to the Operational Reserve</b>	<b>(579)</b>

**Table 2: SELEP Operational Reserve Summary**

	<b>2019/20 Actual £000</b>	<b>2020/21 Revised Budget £000</b>	<b>2021/22 Forecast Budget £000</b>	<b>2022/23 Forecast Budget £000</b>
Opening balance 1st April	748	1,326	579	352
<b>Planned Utilisation</b>				
Planned withdrawal		(727)	(727)	(727)
Adjustment to replenish grant		(20)		
Forecast Contribution	579	-	500	500
<b>Total</b>	<b>579</b>	<b>(747)</b>	<b>(227)</b>	<b>(227)</b>
<b>Balance remaining 31st March</b>	<b>1,326</b>	<b>579</b>	<b>352</b>	<b>124</b>
Minimum value of reserve	165	200	200	200

## 5.5. Funding

5.5.1. Government grants and third-party contributions are recognised as due and credited as income in the Comprehensive Income and Expenditure Statement, when there is reasonable assurance that:

- There are no conditions for use attached to the grants or contributions, or that the Partnership has complied with any conditions that are attached to their use; and
- The grants and contributions will be received.

5.5.2. Where a grant or contribution has been received, but the conditions are not satisfied, the amount will be carried in the Balance Sheet as a grant receipt in advance.

5.5.3. Table 3 summarises the movement in funding during 2019/20, with a total balance of

funds held by ECC on behalf of SELEP at 31<sup>st</sup> March 2020 of £96.6m.

**Table 3: Funding Summary as at 31 March 2020**

	Opening Balance April 2019 £000	Funding Received in Year £000	Funding Applied in Year £000	Closing Balance March 2020 £000
<b>Capital Grants</b>				
Local Growth Fund	44,086	54,915	(57,588)	41,413
Local Growth Fund (Retained Schemes)	6,586	47,822	(27,758)	26,650
Growing Places Fund (Loan Fund)	13,663	13,969	(2,285)	25,347
<b>Total Capital Grants</b>	<b>64,335</b>	<b>116,706</b>	<b>(87,631)</b>	<b>93,410</b>
<b>Revenue Grants</b>				
Growing Places Fund / Sector Support Fund	2,065	0	(488)	1,577
Growth Hub	0	688	(688)	0
Brexit Readiness Funding	0	186	(142)	44
Skills Analysis Panels (SAP) Grant	0	75	(31)	44
Local Digital Skills Partnership Catalyst Grant	75	75	(42)	108
Delivering Skills for the Future	0	167	(130)	37
Careers Enterprise Company (CEC)	35	73	(108)	0
Energy Strategy Grant	49	0	(42)	7
<b>Total Revenue Grants</b>	<b>2,224</b>	<b>1,263</b>	<b>(1,670)</b>	<b>1,817</b>
<b>Total Grants</b>	<b>66,559</b>	<b>117,969</b>	<b>(89,301)</b>	<b>95,227</b>
SELEP Creditors	3,172	0	(3,103)	69
SELEP Operational Reserves	748	579	0	1,326
<b>Total Funding at 31st March 2020</b>	<b>70,479</b>	<b>118,548</b>	<b>(92,404)</b>	<b>96,622</b>

5.6. A simplified balance sheet as at 31<sup>st</sup> March 2020 can be found in appendix 1.

## 6. Next Steps

6.1. The Statement of Accounts 2019/20 will be formally signed and published on the SELEP website and are included in Appendix 2 of this report for Board members to consider.

## 7. Comments from the Accountable Body

7.1. This report has been authored by the Accountable Body and the recommendations are considered appropriate.

## 8. Appendices, Supporting Documents and Previous Decisions

8.1. Appendix A – Simplified balance sheet for SELEP as at 31<sup>st</sup> March 2020

8.2. Appendix B – SELEP Statement of Accounts 2019/20

8.3. For further information please contact Lorna Norris (lorna.norris@essex.gov.uk) or Amy Bernardo (amy.bernardo@essex.gov.uk)



## Item 8: Sector Support Fund

### Executive Summary

#### 1. Overview

- 1.1. The purpose of this report is to seek endorsement from the Strategic Board (the Board) for the award of a revenue grant to a Sector Support Fund (SSF) project.
- 1.2. The application that has passed the Independent Technical Assessment (detailed in Appendix A) and meets the criteria for funding is the Re-Building Confidence and Demand in the Visitor Economy project (£200,000).
- 1.3. Currently there is £1,060,990 of SSF available to allocate. Should Board endorse this bid and the CEO approve the funding allocation then £860,990 of funds will remain for future projects.

#### 2. Decisions: Board is recommended to:

- 2.1. Endorse the Re-Building Confidence and Demand in the Visitor Economy (£200,000) project, which has been assessed as meeting the SSF eligibility criteria for funding, subject to confirmation of endorsement from the sponsoring SELEP Federated Board

#### 3. Rationale for Decisions

- 3.1. SSF projects are clearly defined focussed revenue projects which deliver their objectives over a fixed 12-month timeline, securing funding swiftly is critical in order that projects can engage with the issue as quickly as possible and deliver their benefits.
- 3.2. The project has been assessed by officers of the Accountable Body acting as the Independent Technical Evaluator. The project in section 2.1 has passed this assessment, subject to sponsoring Federated Board endorsement. Further details, including assessment criteria can be found at Appendix A.

## Further Information

### 4. Decision: Re-Building Confidence and Demand in the Visitor Economy

- 4.1. The current COVID-19 Crisis has impacted the visitor economy severely and many parts of the SELEP region rely on this seasonal economy.
- 4.2. This project seeks to address some of this impact by rebuilding confidence and helping to promote the area to visitors. More information is available in Appendix B.
- 4.3. £200,000 of SSF is being sought with £156,835 of match-in-kind resources. The breakdown of funding is shown in Appendix B.
- 4.4. The key risk to the project is the ongoing COVID-19 crisis and associated public health measures. These may impact on the measures this project is putting in place at any particular time, especially around individuals travel and meeting in groups.
- 4.5. SSF projects are required to be sponsored by one Federated Board. At time of writing no Federated Board has formally agreed to act as sponsor for this project. This sponsorship will be required prior to the final CEO decision to award funding.

### 5. Other information:

- 5.1. In June 2017, the Board agreed to establish the SSF using the Growing Places Fund revenue monies, with the intention of offering revenue funding to support the pan-LEP sector-based activities of the SELEP working groups.
- 5.2. The criteria for projects to be funded is:
  - 5.2.1. They must impact across all Federated areas;
  - 5.2.2. They must demonstrate a positive contribution to SELEP's mission to create the conditions for increased numbers of jobs and homes, safeguard existing jobs and raise skills level across the area;
  - 5.2.3. They must support the delivery of the SELEP's Strategic Economic Statement; and
  - 5.2.4. They must provide high value for money
- 5.3. Full details of the criteria are available on the SELEP website, [Guidance Note](#). This guidance has been updated to reflect the additional criteria agreed by the Board in June 2020; to ensure projects act to support the COVID-19 economic recovery and/or support the economy in the face to Brexit.
- 5.4. At the June meeting a further £1 million was allocated to the SSF Programme and it was extended until 31 March 2022 or when the fund is exhausted, whichever is sooner.
- 5.5. In addition to the SSF being available to support the activities of SELEP's working groups, the decision report to the Board in June 2017 set out the scope for SSF to support the establishment of Enterprise Zones.
- 5.6. For projects to secure an SSF allocation the proposal must secure support from at least one Federated Board as a sponsor and be endorsed by the Strategic Board. However, the formal funding decision is made by the SELEP Accountable Officer, being the Chief Executive Officer (CEO) with delegated responsibility, following endorsement of the project by the Board.



- 5.7. An Independent Assessment is also completed by the SELEP Accountable Body, Essex County Council (ECC), for all SSF applications. This assessment considers the project's suitability against the agreed assessment criteria, made available on the SELEP website and the requirements of the SELEP Assurance Framework.
- 5.8. To date the Board has endorsed 14 projects for SSF support to a maximum value of £1,439,010. Summary information on the projects can be found at Appendix C.
- 5.9. The projects currently in flight are required to provide updates at regular intervals. The latest updates on delivery and an assessment of the RAG status for each project can be found at Appendix D.
- 5.10. There are no projects currently flagged as Red but three of these projects are flagged as Amber. Two projects are delayed due to the impacts of COVID-19, one due to planning delays. The impact of Covid-19 has had a negative impact on SSF projects, particularly due to staff in kind often being relocated onto other essential functions as a priority.
- 5.11. The two projects agreed by the Board in June 2020 have started and do not expect any delays at this stage.

## **6. Next Steps**

- 6.1. If Board chooses to endorse this project, the Secretariat and Accountable Body will work to put into place funding agreements, pending a final decision from the CEO to allocate the funds.

## **7. Comments from the Accountable Body**

- 7.1. At the June 2020 Board meeting a series of recommendations were made and approved in response to the Covid-19 situation and to utilise GPF funding repaid and held by SELEP. These recommendations included an allocation of funding of £1m to establish an extended Sector Support Fund programme to operate in 2020/21 and 2021/22 and to add an additional criterion to the programme criteria that requires projects to demonstrate their contribution to COVID-19 recovery.
- 7.2. At the July 2020 meeting of the Accountability Board, the balance of 2019/20 SSF unallocated revenue grant funding of £206,500 was approved for carry forward to 2020/21. As a result of this and the additional allocation outlined in 8.1, a total SSF fund of £1,206,500 was established. Successful funding applications of £145,510 have been awarded in year to date and should the projects in this report be endorsed and subsequently approved the balance of SSF funding available for investment will be £860,990, as shown in table 1.



**Table 1**

	2020/21 £'000
<b>Funding</b>	
Covid recovery SSF	1,000
C/f from 2019/20	206.5
Total funding	1,206.5
<b>Approved Projects 2020/21</b>	
Buy Local South East	69.5
Skills working group	76
Approved projects	145.5
Project seeking approval October 2020	200
	-
<b>SSF remaining for investment</b>	<b>861</b>

7.3. No key risks have been identified with the project and the Independent Technical Review has confirmed that the criteria for funding have been met, subject to confirmation of;

7.3.1. Federated Board endorsement for the project

7.4. This grant is a fixed maximum contribution to the Project; any Project over spends incurred will be required to be addressed by the Project delivery partner.

7.5. Should the Board endorse the recommended SSF application and the CEO approves the award of funding, the grant will be transferred to Kent County Council via a grant agreement with the Accountable Body; the grant agreement will include a requirement for claw back of the funding if it is not fully expended or not expended in line with the Project Bid Document.

## **8. Appendices, Supporting Documents and Previous Decisions**

8.1. Appendix A – ITE Assessment for project submitted

8.2. Appendix B – Background on the Re-building Confidence and Demand in the Visitor Economy Project

8.3. Appendix C – Summary of SSF Projects with Board Endorsement

8.4. Appendix D – Delivery Updates and RAG ratings for current projects

8.5. Business Case for Re-Building Confidence and Demand in the Visitor Economy [LINK HERE](#)

8.6. Sector Support Fund Guidance Note, including eligibility criteria [LINK HERE](#)

8.7. SSF has been considered at a number of Board Meetings – full details on the Fund can be found by clicking [here](#).

8.8. For further information contact Howard Davies, SELEP Capital Programme Officer ([howard.davies@southeastlep.com](mailto:howard.davies@southeastlep.com))

## Item 9: Governance and Policy Decisions

### Executive Summary

#### 1. Overview

- 1.1. There are three decisions required to ensure that we are meeting governance requirements and running in the most effective way. None of these decisions make any material changes to the way in which we work.
- 1.2. The current approved Assurance Framework has been drafted with specific regard to capital programmes as were known at that time. The Framework has now been adapted to consider the new Getting Building Fund (GBF) and to future proof for any further funding that might come forward.
- 1.3. Additionally, Board is asked to agree in principle that SELEP Ltd will be a party to GBF funding agreements when they come forward.
- 1.4. SELEP is required to have a Board member to act as SME Business Champion. Two Board members have indicated their interest in this role and propose to act jointly.

#### 2. Decisions: Board is recommended to:

- 2.1. Approve the adoption of the Assurance Framework 2020 as at Appendix A;
- 2.2. Approve the inclusion of SELEP Ltd as a party to the future GBF funding agreements with final approval delegated to the Chief Executive Officer (CEO) and Chief Operating Officer (COO); and
- 2.3. Appoint Ana Christie and Clive Soper to act jointly as the SELEP SME Business Champions on the Board for a period of two years.

#### 3. Rationale for Decisions

- 3.1. The Assurance Framework needs to be updated to reflect the addition of the GBF to the capital programme and to future proof for additional funding streams. A generic approach has been adopted and the changes comply with the requirements of the National Assurance Framework. Accountability Board has been consulted on these changes as per the SELEP Framework Agreement.
- 3.2. The SELEP Framework Agreement requires SELEP Ltd to be a party to funding agreements between the Accountable Body and grant recipients. At the time of writing GBF agreements are not in place as HM Government has not provided the grant conditions but agreements will be put into place as soon as possible after this. Approval is sought on the basis that the final agreement of entering into the arrangement will be delegated to the CEO and COO jointly.
- 3.3. It is a requirement of the National Assurance Framework (NAF) that a Board member act as SME Champion. The role and responsibilities of this position is not defined by the NAF, the requirement is: "to champion SME businesses and their interests within the LEP and local community".
- 3.4. Two Board members have indicated their interest in the role and that they would be willing to act jointly. It is proposed they be appointed for a period of two years.

## Further Information

### 4. Decision 1: Approve the adoption of the Assurance Framework as at Appendix A

- 4.1. As set out above, it is necessary to make some amendments to the Assurance Framework to cover the addition of the GBF funded projects to the capital programme and to make sure that any future fund pots can be accommodated.
- 4.2. The Framework has also been updated to reflect the Power of Attorney granted to the Chief Executive Officer (CEO) and Chief Operating Officer (COO) by SELEP Ltd. Some immaterial changes to wording or grammar have been made to increase clarity or consistency. A document that tracks changes to the current approved version of the Framework can be found at Appendix B.
- 4.3. HM Government has provided a list of limited exceptions to the National Assurance Framework for this year only due to the COVID-19 crisis. These exceptions have no impact on decision making. The list can be found here. HM Government has given no indication that they intend to review or amend the National Assurance Framework during this financial year.
- 4.4. Accountability Board oversees the implementation of the Assurance Framework and receives regular reporting on compliance with the Framework.
- 4.5. A table of changes can be found below:

Section	Changes
Section 2: Guide to SELEP documents and policies	Mention of the new list of exceptions to the National Assurance Framework
Section 3: Aims and Objectives	Addition of the Getting Building Fund and COVID-19 Recovery Funds in the list of current funding.
Section 4: Who we are	Some changes to wording to make the statements less specific to a particular funding stream for future-proofing. Information added regarding the Power of Attorney granted to the CEO and COO by the SELEP Ltd. Correction of "Skills Advisory Group" to "Skills Working Group".
Section 5: How we work	Some changes to wording to make the statements less specific to a particular funding stream for future-proofing.
Section 6: How we make decisions	The Power of Attorney has been added to the publishing requirements. The paragraph around conflicts (R.8.) has been clarified to include SELEP Ltd.
Section 7: How we manage our programmes	Some changes to wording to make the statements less specific to a particular funding stream for future-proofing or generally clearer. Added statement that there may be flexibility in the prioritisation process if there are significant time restraints. Clarified that the Investment Panel delegation can be revoked by the Strategic Board. Updates added to the SSF section (U.3.) to reflect new possible focuses around leaving the EU and the pandemic. Addition of details around the COVID-19 Recovery Funds (U.4.).

- 4.6. Accountability Board were consulted on the changes proposed at their meeting on 18 September 2020 and had no material comments on the proposed changes.

## 5. Decision 2: Approve the inclusion of SELEP Ltd as a party to GBF funding agreements

- 5.1. The SELEP Framework Agreement sets out the requirement for funding agreements to be tripartite with the three parties being the Accountable Body, SELEP Ltd and the recipient.
- 5.2. SELEP's award of £85m GBF has been confirmed but at the time of writing a grant letter or determination from HM Government setting out the conditions of the grant hasn't been received. This document will set out the conditions of funding and as these conditions will need to be replicated in any SELEP grant agreement we are unable to proceed.
- 5.3. When the grant determination is received it will be necessary to put grant agreements into place very quickly to ensure that the tight timelines for project completion are met. Funding will flow via the upper tier authorities using a Service Level Agreement (SLA) which will be similar in form to the LGF SLA but adapted for GBF. The latest version of the LGF SLA can be found at Appendix C for reference and information. All conditions that HM Government places on the grant will be reflected in any agreements and the agreements will ensure compliance with the Assurance Framework.
- 5.4. So that agreements can be put into place quickly, approval for SELEP Ltd to be party to the agreements is being sought in advance. The CEO and COO will execute the documents as per the Power of Attorney.
- 5.5. All documents executed under the Power of Attorney are reported to Board.
- 5.6. Since the last meeting of Board one document has been executed under the Power of Attorney:

Name of Document	Agreement from Board	Date of Execution by SELEP Ltd
SELEP Framework Agreement	17/04/2020	7 September 2020

## 6. Decision 3: Appoint Clive Soper and Ana Christie to act jointly as the SELEP SME Business Champions on the Board for a period of two years

- 6.1. Board Members were invited to submit expressions of interest to act as the SME Business Champion ahead of the planned March meeting of the Board. That Board meeting was postponed due to the COVID-19 Crisis and there has been insufficient Board time to consider the matter since then.
- 6.2. Two Board members expressed their interest in taking on the role; Ana Christie and Clive Soper. They have indicated they would like to take on the role jointly if acceptable to the Board.
- 6.3. Both board members are already champions for SME businesses in their roles with the Chambers of Commerce and Federation of Small Businesses respectively and would be well able to execute the role. Given the increased importance of business support in our journey to recovery and the increased workloads in their day jobs, a shared role would be sensible and give more resilience.
- 6.4. It is proposed that the appointment is made for 2 years in line with the Board member appointments. As with the Board member terms, the appointment will be able to be extended for



two years, and a further two years. Both extensions will require Board approval.

- 6.5. Should one of the two Board members step down from the Strategic Board they will be required to give up this role also and the remaining Board member will continue as Champion alone. Should both Board members step down a new SME Business Champion will be sought from Board Members.
- 6.6. If Board agree the appointment, it is proposed that the Champions work with the Secretariat to develop how the role will work.

## **7. Next Steps**

- 7.1. If approved, the Assurance Framework 2020 will be published on the SELEP website. The implementation of and compliance to the new Framework will be reported to Accountability Board.
- 7.2. The CEO and COO will work with the Accountable Body and funded partners to put into place GBF funding agreements as quickly as practical. Completion of these documents will be reported to Board at their next available meeting.
- 7.3. If appointed, the Secretariat will work with the SME Business Champions to better define the role.

## **8. Comments from the Accountable Body**

- 8.1. The Government have indicated their expectation that GBF is managed in line with the National Assurance Framework and as such the changes proposed to the SELEP Assurance Framework are considered to be appropriate.
- 8.2. It is a requirement of the Assurance Framework to have a Board member appointed as an SME Champion; there is nothing to suggest in the requirements that this role can't be shared and as this will bring additional resilience, this seems an appropriate way forward. It is advised that the Board receive regular updates on any risks and opportunities arising through championing SMEs, aligning to the SME activities supported through the SELEP Growth Hub and the COVID Business Support Fund (see agenda item 3).

### Legal Implications

- 8.3. An agreement will be drafted to transfer the GBF funding following approval of each project. This will be a tripartite agreement between ECC as the Accountable Body, SELEP Ltd and the upper tier authority receiving the funding. The terms of this tripartite agreement is subject to the conditions of the GBF to be provided by HM Government so will be finalised upon receipt of the conditions from HM Government.

## **9. Appendices, Supporting Documents and Previous Decisions**

- 9.1. Appendix A: Assurance Framework 2020
- 9.2. Appendix B: Tracked changes version of Assurance Framework 2020
- 9.3. Appendix C: Template Local Growth Fund SLA

For further details please contact Suzanne Bennett, Chief Operating Officer SELEP (suzanne.bennett@southeastlep.com)