



SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

STRATEGIC BOARD AGENDA PACK

Friday 1 October 2020
Zoom Video Conference



Agenda

Item 1	10:00	Welcome	Chris Brodie	
Item 2	10:05	Minutes from 25 June 2021 meeting Declarations of Interest Matters arising: SELEP Conference and AGM Confirmation of Written Resolution Mid-Year Conversation	Chris Brodie and Adam Bryan	Pg. 3
Item 3	10:10	Evolution of SELEP for 2022/23 <i>Update on LEP Review and agreement of strategic priorities</i> Decisions: agree priorities for 2022/23	Chris Brodie and Adam Bryan	Pg. 7
Item 4	10:45	Succession Planning Decision: agree approach for the replacement/extension of Chair and Deputy Chair	Suzanne Bennett	Pg. 14
Item 5	11:00	Statements of Account – 2020/21 Decision: approve Accounts for SELEP Ltd	Lorna Norris	Pg. 20
Item 6	11:15	Capital Programme Update Decision: agree to extend spending period for 7 LGF projects and 2 GBF projects	Helen Dyer	Pg. 27
Item 7	11:30	Growing Places Fund Update Decision: agree changes to one project	Helen Dyer	Pg. 37
Item 8	11:40	Growth Hub Update <i>Update on latest position of the review and activities in year</i>	Jo Simmons	Pg. 43
Item 9	11:50	Sector Support Fund Update <i>Update on SSF projects</i> Decision: endorse extension to one project	Adam Bryan	Pg. 47
	11:55	AOB & Close		

For information item:
Covid19 Recovery Funds Update

Future Strategic Board meeting dates: 10 December,
18 March 2022

Annual General Meeting will be held on 3 November

Minutes of Strategic Board: 25th June 2021

Attendees

Chris Brodie	Chair
Sarah Dance	Deputy Chair
Adam Bryan	CEO
Aideen Sadler	Opportunity South Essex
Angela O'Donoghue	Further Education representative
Carol Ford	Kent and Medway Economic Partnership
Carole Barron	Higher Education Representative
Claire Lewis	Success Essex
Clive Soper	Team East Sussex
Cllr Graham Butland	Essex District/Borough/City Councils representative
Cllr Keith Glazier	East Sussex County Council
Cllr Lesley Wagland	Essex County Council
Cllr Mark Coxshall	Thurrock Council
Cllr Rodney Chambers	Medway Council
Cllr Roger Gough	Kent County Council
Cllr Ron Woodley	Southend Borough Council
Cllr Trevor Bartlett	Kent District/Borough/City Councils representative
David Sheppard	Team East Sussex
Graham Peters	Team East Sussex
Jo James	Kent and Medway Economic Partnership
Liz Gibney	Kent and Medway Economic Partnership
Matthew Arnold	Kent and Medway Economic Partnership
Paul Winter	Kent and Medway Economic Partnership
Penny Shimmin	Social Enterprise Representative
Perry Glading	Opportunity South Essex

Apologies: Ana Christie (substituted by David Sheppard), Cllr Kevin Bentley (to be appointed under item 3- substituted by Cllr Lesley Wagland), Prof Karen Cox (substituted by Carole Barron), Geoff Miles (substituted by Paul Winter)

Other attendees:

Alastair Gale	Port of London Authority	Ian Lewis	Opportunity South Essex
Alex Riley	SELEP Secretariat	Ioni Sullivan	East Sussex County Council
Amy Bernardo	Essex County Council	Iwona Bainbridge	SELEP Secretariat
Amy Ferraro	SELEP Secretariat	Jim Wilkinson	SELEP Secretariat
Andy Arnold	East Sussex County Council	Jo Simmons	SELEP Secretariat
Bernard Brown	Member of the public	Joanne Cable	Medway Council
Brian Horton	SELEP Secretariat	Katherine Wyatt	SELEP Secretariat
Charlotte Moody	Essex County Council	Laura Wallis	Essex County Council
Christopher Seamark	Kent County Council	Lorna Norris	Essex County Council
Dave Evans	East Sussex County Council	Louise Aitken	SELEP Secretariat
David Smith	Kent County Council	Paul Chapman	Essex County Council
Eleanor Clow	SELEP Secretariat	Richard Dawson	East Sussex County Council
Emma Lindsell	Southend Borough Council	Robert Willis	Essex County Council
Francesca Martin	BEIS	Sharon Spicer	SELEP Secretariat

Helen Dyer	SELEP Secretariat	Stephanie Mitchener	Essex County Council (S151)
Helen Russell	SELEP Secretariat	Stephen Taylor	Thurrock Council
Howard Davies	SELEP Secretariat	Suzanne Bennett	SELEP Secretariat
Iain McNab	Cities and Local Growth Unit		

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. Chris Brodie welcomed the Board to the meeting.
- 1.2. The Board members introduced themselves individually.

Item 2: Minutes of last meeting, declarations of interest, matters arising (9'33" timestamp on video)

- 2.1. The following interests were declared:
 - i) Jo James declared a non-pecuniary interest relating to Item 8 as Chief Executive of Kent Invicta Chamber of Commerce who manage the Kent and Medway Growth Hub.
 - ii) Graham Peters declared a non-pecuniary interest as Chair of the Newhaven Enterprise Zone relating to Item 10.
- 2.2. The Board agreed the minutes of the last meeting.
- 2.3. Chris Brodie gave thanks on behalf of the Board to Councillor Rob Gledhill for his valuable service to the Board.
- 2.4. Adam Bryan updated the Board with matters arising, including the results of the Annual Performance Review and internal audit which were both given the highest result possible.
- 2.5. Adam Bryan explained that a number of statements have been received relating to delivery of projects through Seachange Sussex. These statements will be handled in accordance with our complaints procedure, as the LEP is obliged to do, and the claims will be investigated accordingly. Where appropriate information will be reported back to the Board and this will all be undertaken within the context of the direct contracting relationship with East Sussex County Council.

Item 3: Appointment of Directors and Diversity Champion (15'26")

- 3.1. The Board resolved to appoint Councillor Kevin Bentley as a permanent Director of the South East LEP Ltd. Following this decision Councillor Bentley's substitute, Councillor Wagland, joined the meeting as a full voting member.
- 3.2. The Board resolved to appoint Councillor Mark Coxshall as a permanent Director of the South East LEP Ltd. Following this decision Councillor Coxshall joined the meeting as a full voting member.
- 3.3. The Board agreed to form a Diversity Working Group, to be organised by Sarah Dance. Instead of appointing a Champion during this meeting, the Working Group will propose a Champion from within the group to the Board in October.
- 3.4. The Board clarified that they will be able to co-opt non-Directors to this Working Group and that local authorities will be engaged.
- 3.5. The Board noted the removal of Councillor Finch due to no longer being eligible and the resignation of Councillor Gledhill.

Item 4: Making better use of the River Thames (28'33")

- 4.1. Alastair Gale from the Port of London Authority presented to the Board.
- 4.2. The Board thanked Alastair Gale for the interesting presentation and had a general discussion around collaborative working.

Item 5: Recovery and Renewal Update (59'14")

- 5.1. Sharon Spicer and Helen Russell, SELEP Strategy and Intelligence Managers, presented an update to the Board.
- 5.2. Angela O'Donoghue highlighted an issue within transport and logistics with the availability of HGV driving tests. She will collaborate with the secretariat regarding a letter.

Item 6: LEP Review Update (1h20'56")

- 6.1. Chris Brodie and Adam Bryan provided an update to the Board regarding the latest knowledge on the LEP Review; there is some progress but also still concerns regarding the pace of the work.
- 6.2. The Board may need to take decisions in October without receiving the full details of the LEP Review.
- 6.3. The Board acknowledged that this is a difficult time for the Secretariat and Directors are generally keen to be engaged with future planning.

Item 7: Chair Recruitment and Board Effectiveness (1h38'00")

- 7.1. Given the slower progress of the LEP Review, the Board agreed to delay any decision around Chair succession to the October meeting. The second decision regarding related policy changes was therefore unapplicable.
- 7.2. A Board Effectiveness Survey will be distributed to the Board members to assist with the develop of the SELEP generally and within the LEP Review.

Item 8: Growth Hub Update (1h42'26")

- 8.1. Jo Simmons presented an update to the Board.
- 8.2. Jo Simmons explained that the original December timeline for evolving the Growth Hub has been delayed due to the LEP Review and we anticipate being in a position to present again to Board later in the year, which will include feedback from Federated Area Boards.

Item 9: Freeport East (1h52'55")

- 9.1. Adam Bryan presented to the Board.
- 9.2. The Board agreed to the appointment of Chris Starkie, CEO of New Anglia LEP, as the joint representative to the Freeport East Governance Board, with Adam Bryan as his alternate.
- 9.3. The Board highlighted the importance of also having representation on the Board of the Thames Freeport.

Item 10: Sector Support Fund Update (2h00'29")

- 10.1. Adam Bryan presented to the Board.
- 10.2. The Board agreed to endorse the request to extend the delivery timetable for the Accelerating Opportunities within the Newhaven Enterprise Zone project until September 2021.
- 10.3. Andy Arnold from East Sussex County Council presented an update on the Accelerating Nature-Based Climate Solutions project to the Board.

10.4. The Board thanked Andy Arnold for an interesting presentation.

Item 11: AOB & Close (2h10'46")

11.1. Chris Brodie closed the meeting.

Item 3: Evolution of SELEP for 2022/23

Executive Summary

1. Overview

- 1.1. The LEP Review, which has been running through 2021, has created much uncertainty for SELEP and the other 37 LEPs in England. Now due to report at the time of the publication of the Levelling Up White Paper, this delay means that there continue to be no assurances with respect to the future role and funding for LEPs and SELEP is now at the point of no return in respect of downsizing its operation for 2022/23.
- 1.2. In order to support the forthcoming conversations around reductions to our operation and staffing base, the Board is asked to offer its views around the working priorities for SELEP, recognising that there are some areas of work that will have to stop.
- 1.3. In addition to this, it is prudent for the Board to consider other activities which are impacted by this uncertainty, including the award of future revenue funding through the Sector Support Fund (SSF) and our future management of the Growing Places Fund (GPF) given our changing role.

2. Decisions: Board is recommended to:

- 2.1. **Agree** the priority areas of work for SELEP in 2022/23, noting that these will be reduced on previous years' plans to reflect the tighter financial envelope and reduced secretariat team
- 2.2. **Note** the current reduction of core funding, its ongoing impact on the SELEP Secretariat and its ability to perform against the Delivery Plan for 2021/22.
- 2.3. **Endorse** the cancelling of any new Sector Support Fund (SSF) funding awards on the basis of the *in-year* reduction of revenue support to SELEP from Government and the knock-on impacts into next year. There is currently £126,736 of unallocated funding. SSF will be considered for reinstatement in the event of the receipt of the second tranche of core funding. Should the second tranche of core funding not be received, the remaining £126,736 should be diverted to support the SELEP operational budget in 2022/23, subject to Accountability Board approval.
- 2.4. **Agree** to divert the uncommitted funding from the existing CV19 programme to support the SELEP operational budget in 2022/23, subject to Accountability Board approval. This is estimated to be circa £450,000.
- 2.5. **Agree** that all investment decisions for projects NOT currently already on a pipeline should be put on hold until the next meeting of the Strategic Board in December 2021. Currently it is expected that further information regarding the future of LEPs will be published as part of the Levelling Up White Paper, which is understood to be aligned with the Autumn budget on 27 October. It is hoped that this additional information will allow for recommendations on future investments, including the ongoing function of the Growing Places Fund, the revolving infrastructure fund, to be better aligned with Government's direction of travel.

3. Rationale for Decisions

- 3.1. The uncertainty caused by the LEP Review is having a profound impact on the delivery of our agenda and everybody involved in undertaking the associated tasks. We cannot assume the



receipt of any funding which is not yet announced and will have to reshape our activities accordingly, impacting upon the delivery against our priorities, the operation of our funding streams and, most importantly, the secretariat team.

- 3.2. Over the coming few weeks, the SELEP Chief Executive Officer (CEO) will be leading a formal consultation process with the staff which will have the principal aim of moving our 2022/23 budget within our remaining reserves. This will necessitate redundancies across the team and the corresponding need for SELEP to reduce its working agenda. It is important today for the board to offer an indication of the relative priority of working areas, recognising that certain activities will now be undertaken by other organisations.
- 3.3. It should be noted that the proposals under consideration will apply to financial year 2022/23 only, they are not a permanent solution. If a multi-year funding agreement for LEPs is not secured as part of the current Spending Review then it will be necessary to instigate further reviews in 2022/23, in addition to a review to reshape in line with Government's direction of travel. This approach will have to continue until multi-year funding is identified or reserves are replenished to a level that allows SELEP to underwrite the risk of single year settlements that are not confirmed until just before the start of the relevant financial year.

Further Information

4. Decision 1: Agree the priority areas of work for SELEP in 2022/23

- 4.1. The requirement to respond positively to the LEP Review and to operate within what is likely to be a reduced budget necessitates an early conversation around our working priorities for next year. As described above, this direction of travel will inform the upcoming process to reduce the size of the SELEP secretariat. While Board members would recognise that the SELEP secretariat has always been lightly resourced, it has generally been the case that we have been able to work smartly with officers across the federated areas to support a large body of work. Notwithstanding future messages from Government, Board members should note that this change will have a severe impact on what is possible to deliver and should consider this limitation when identifying areas of focus.
- 4.2. The SELEP CEO will pay particular attention to the views of Board members when framing next year's activities and the future shape of the team. In identifying what we should look to deliver, there are three broad categories to consider: ongoing obligations; work in train; and our interpretation of the possible positive outcome of the LEP Review.
- 4.3. **I. Ongoing obligations:** in any circumstances, SELEP's activities will need to be supported by the Accountable Body and provision will need to be made in the core budget to pay for the direct support from Essex County Council's officers as arrangements are renewed. Additionally, the management of the capital programme and the monitoring of its outputs and outcomes will be an ongoing responsibility of the SELEP team whatever the outcome of the LEP Review as there are a number of projects which are yet to complete.
- 4.4. **II. Work in train:** Board members will be aware of the impact of SELEP's strategy work, not least around skills and the activities of the 'Major Projects Group' – there to support the coalescence of supply chains and locally derived construction skills for the large projects planned across our area.
- 4.5. Appendix A provides a dashboard with an overview of delivery against the four strategic priorities of the SELEP Recovery and Renewal Strategy. It presents the following:



- Macro-economic measures at a national and SELEP level
 - Key activities and outputs from the previous quarter
 - Activities and deadlines for the coming quarter; and
 - Outcome measures aligned to the four priorities that our activities are seeking to influence
- 4.6. A review of this document should provide board members with a timely refresh on the important and impactful areas of work for SELEP as we look to establish upon which we will maintain our focus.
- 4.7. **III. Outcome of the LEP Review:** while the outcome of the LEP Review is still unknown, Board members may recall that officials agreed the three key functions of LEPs into the future at an early stage of the process and we should take these into account when considering our own design:
- *To deliver a programme of joined-up, expert and tailored business advice and support for local businesses*
 - *To identify key local sectors and industries, and to design and deliver interventions to make them more competitive, making the most of local opportunities*
 - *To provide place-based economic expertise and insight to central and local government*
- 4.8. It is clear from this that a strategic economic growth role, underpinned by a strong intelligence function remains a clear expectation of the LEP offer. Added to this, **business support** of the type offered by the South East Business Hub (Growth Hub) via its three delivery arms will be perhaps more mission central to the LEP than ever before.
- 4.9. As well as this, there have been conversations across the country which have variously suggested that LEPs should be key to the delivery of Government's Plan for Growth and will have designated responsibilities around **Net Zero**, **Innovation**, and even **Inward Investment**. Whilst we will want to make decisions around focus in full view of local circumstances and the delivery mechanisms already in place through partners, Government's direction here will have to be followed with some precision, should they provide the requisite funding to enable it.
- 4.10. Taking all of this into account, the matrix at Appendix B displays a crude and comprehensive menu of working areas that SELEP could undertake next year. We have indicated which areas of work are obligatory and which we might plan to pursue in view of the anticipated direction of Government. The Board are invited to offer their views on the relative priority of the areas for resource which are listed. We ask that board members identify activities that are commensurate with a reduced resource, are additive to local activities. and are likely to correlate strongly with your interpretation of Government's priorities in their Plan for Growth.
- 5. Decision 2: Note the current reduction of core funding, its impact on the SELEP Secretariat and its ability to perform against the Delivery Plan for 2021/22**
- 5.1. Specific to the current financial year, Board members should be aware that the parlous financial situation has been exacerbated by the core funding settlement from Government being decoupled from the Annual Performance Review process and changed *in-year* from the anticipated £500,000 to a reduced £250,000. Government officials have indicated that a second



tranche of funding could be incoming *pending the LEP Review outcome*, but there is, as yet, no indication of the mechanism to award this funding. We cannot therefore assume that we will be in receipt of it and have reviewed all planned spending for the remainder of the year and restricted to essential expenditures only. This largely covers staff salaries and a small number of minor agreements to support the day-to-day work of the LEP. Some marketing activities and our plan to hold an in-person Annual General Meeting have been cancelled. We have also been forced to significantly pare back our strategic housing work and, unless a second tranche of funding is received, this will halt entirely at the end of the calendar year.

- 5.2. Whilst there is funding available in reserves, this must be protected as much as possible as it is the only confirmed funding available for 2022/23. The team is currently running with a number of vacancies and there will be consequent reduction in the outputs of the team. Tasks and activities that aren't deemed to be a priority have been postponed. This includes the detailed update on progress against the Delivery Plan and production of detailed KPIs. It will no longer be possible to contract external search and selection support for the recruitment of the Chair and Deputy Chair. The requirement to undertake a formal Consultation process for the team is a new task to be undertaken in Quarter 3 and further reduces the capacity of the CEO and Chief Operating Officer (COO). Following decisions on prioritisations, consideration will need to be given to exit planning for those activities that the Secretariat resource cannot support. These plans will have to be enacted in Quarter 4 to ensure activity ceases on 31 March 2022.
 - 5.3. There is a substantial risk that staffing numbers will fall further given the uncertainty facing the team and the launch of the Consultation. Whilst there is sufficient funding in the current financial year to potentially replace further losses, any recruitment would have to be on fixed term basis only. We are advised by HR professionals in Essex County Council that recruitment is currently proving very difficult, particularly with regard to fixed term contracts. It may not be possible to fill additional vacancies and further reductions to the output of the team may be necessary. The CEO and COO will need to prioritise activities, based on those priorities agreed with Board.
 - 5.4. Despite these ongoing challenges, the work of the extant secretariat team continues, and we ask all Board members to encourage officers and other stakeholders across the Federated Areas to continue to work with SELEP in the positive and collaborative way they always have done. When more of the direction of travel for the LEP Review is known, we will contact the Board immediately and plan for a further update at the December board.
 - 5.5. As Board members are aware, all the financial transactions of SELEP are contained with Essex County Council who are the Accountable Body for the partnership. All contracts with obligations, financial or otherwise, are held in the name of Essex County Council and not in the name of South East LEP Ltd. Whilst the Company is party to some of the newer contracts (since the incorporation of the Company), the company has no financial obligations or liabilities and is not trading. There is therefore no risk of engaging in Insolvent or Wrongful Trading under the current legal framework of the company.
- 6. Decision 3: Endorse the cancelling of any new SSF funding awards on the basis of the in-year reduction of revenue support to SELEP from Government. SSF to be considered to be reinstated if the second tranche of core funding is received. Should the second tranche of core funding not be received, the remaining £126,736 should be**



diverted to support the SELEP operational budget in 2022/23, subject to Accountability Board approval.

- 6.1. Board members will be aware that the Sector Support Fund is a SELEP creation, a fund designed to divert revenue support funding into activities designed to support sector growth across the area. Using the GPF revenue allocation which other LEPs have alternatively used to grow their own secretariat teams, the funding sits under the financial delegation of the SELEP CEO. It has previously been determined that decisions made under the CEO's delegated authority should ideally be endorsed in advance by the Strategic Board.
- 6.2. There remains £126,736 in the notional SSF pot and there are three projects in development which are seeking this funding. These projects could still be brought forward for consideration and board endorsement at the December meeting.
- 6.3. However, given the reduction of revenue funding and the critical challenges that this has posed to the SELEP secretariat, detailed in 5.1 above, it seems imprudent to make SSF awards at the current time. The Board is therefore asked not to endorse any new SSF awards with immediate effect, and to only consider reinstating the normal process if the second half of core funding for 2021/22 is confirmed, also recognising the resource impact of monitoring a further swathe of approved SSF projects. In lieu of the release of a further £250,000 revenue funding to LEPs in 2021/22, the Board is recommended that we close the SSF indefinitely and deploy the funding against the working priorities identified for 2022/23; this will be subject to Accountability Board approval.

7. Decision 4: Agree to divert uncommitted funding on the CV19 fund programme to the SELEP Operational budget for 2022/23

- 7.1. There is uncommitted spend currently identified in the COVID-19 recovery fund programme of circa £450,000; of this amount, £375,000 was allocated to the 'Innovative solutions for training barriers' initiative that has not yet been put out to contract; £20,000 is uncommitted against the 'Retraining for digital roles' initiative; and the remaining was to support the Secretariat costs in delivering the CV19 fund programme (see For Information item for further details).
- 7.2. Rather than develop further proposals to put that funding to that previously agreed use, Board is asked to consider that all uncommitted amounts from this particular funding programme are diverted into the SELEP Operational budget to support spend in 2022/23, subject to approval by Accountability Board. This would simply enable us to deliver against the continued obligations relating to the existing suite of investments across all capital and revenue funds and further working priorities established by the Board today.

8. Decision 5: Agree that all investment decisions for projects NOT currently already on a pipeline should be put on hold until the next meeting of the Strategic Board in December 2021

- 8.1. At the time of writing there is little to no certainty about the role of LEPs in 2022/23 and future years. Given this high level of uncertainty it is proposed that there be a moratorium on investment decisions for projects that are not currently on a pipeline. It is recommended that this moratorium remain in place until the next meeting of the Strategic Board in December 2021. This approach will allow projects on pipelines to come forward should funding become available.

- 8.2. Following the publication of the Levelling Up White Paper there should be some indication as to the role of LEPs in the future. With this clarity there can be assessment of the current structure of the wider partnership and the roles of Strategic and Accountability Boards. The role of these Boards impacts on how funding will flow and whether the arrangement with Essex County Council to manage all financial transactions and legal obligations can continue.
- 8.3. This moratorium will ensure that decisions that potentially impact future year resource requirements can be made when there is better clarity about the future role and funding of LEPs.
- 8.4. Board members should be aware that the evident Government decision to move LEPs away from the management of capital funding is likely to negatively impact upon the likelihood of maintaining the Accountability Board in current form and as a consequence, the ability of Essex County Council to manage all funding and obligations on behalf of SELEP – which might require that all legal responsibilities, including that of the employment of staff, are moved within the company (SELEP Ltd).
- 8.5. Given the uncertainties that remain around the future, the Board is recommended to agree that SELEP enters into no new contractual agreements that would require additional or ongoing resource into 2022/23 until further notice. This will be reviewed at subsequent meetings of the Accountability and Strategic Boards.
- 8.6. Board should note that two projects in the pipeline are an exception to this – the Leigh Port Quay Wall (Cockle Wharf) project – an existing GPF commitment which is close to entering into contract; and the No Use Empty GPF project in Kent.
- 8.7. When more is understood, we will bring a discussion around the future management of SELEP funding, including the Growing Places Fund, to an upcoming meeting of the Accountability and Strategic Boards.

9. Next Steps

- 9.1. The advice of the Board around working priorities will inform the staff consultation exercise which will complete within the calendar year 2021. An update will be provided to the Board at the next appropriate juncture and the SELEP Accountability Board will be provided with a balanced 2022/23 SELEP budget at the upcoming November meeting.
- 9.2. Linked to this is the outcome of the LEP Review, for which more should be known before the December Strategic Board. On that basis, SELEP's own practical interpretation of the LEP Review will be presented to the Board at that meeting.
- 9.3. We will also bring a decision to the Board on the status of the Sector Support Fund and the future operation of the Growing Places Fund, this all being contingent upon the receipt of sufficient guidance from Government on the future role of LEPs and their funding.

10. Comments from the Accountable Body

- 10.1. The uncertainties with respect to the on-going role and financial arrangements of SELEP have raised a number of risks, particularly with respect to minimising the Accountable Body's on-going commitments, on behalf of SELEP, for which funding is not assured.
- 10.2. Agenda item 5 sets out the forecast operational reserves position for SELEP and anticipates that, in the absence of any other funding, these will be fully utilised by the end of 2022/23, with the exception of costs required to support any on-going commitments of the Accountable Body. The

impact of not receiving the full budgeted core funding from government of £500,000 in the current financial year, has, in part, been managed through a reduction in in-year costs, however, an unbudgeted withdrawal from reserves of £78,000 is now anticipated; this has the impact of reducing the funding available to support the Operational costs of SELEP into 2022/23.

- 10.3. The proposals to divert uncommitted funds such as the SSF and CV19 Support Funds, in the absence of receipt of further core funding from Government, is allowable, subject to approval from the Accountability Board, as there are no funding conditions that prohibit this. Funding streams that have restrictions for use that must be met as a condition of the funding, for example Growth Hubs grant and the Getting Building Funding, cannot generally be diverted for alternative use outside of the grant conditions.
- 10.4. The proposal to put on hold further investment decisions, in the absence of confirmed funding, is supported by the Accountable Body. The Financial Regulations of Essex County Council require funding to be secured in advance of financial commitments being made.
- 10.5. The Accountable Body continues to work closely with the Secretariat to understand the implications of the future funding position and the potential impact and cost of any redundancies that may be required as a consequence. We will also look to review the output from the Levelling Up White Paper and the Spending Review to assess the implications of not only the financial future of SELEP, but also any considerations that need to be taken into account with respect to the Structure and Governance arrangements of the SELEP.

11. Appendices, Supporting Documents and Previous Decisions

- 11.1. Appendix A - Strategy Update Dashboard
- 11.2. Appendix B - Work Areas
- 11.3. For further information please contact Adam Bryan adam.bryan@southeastlep.com

Item 4: Board Succession Planning

Executive Summary

1. Overview

- 1.1. The current terms of the Chair and Deputy Chair will end on 20 March 2022 and 28 February 2022 respectively. A number of other Board members will also be reaching the end of their two year term, as we approach the second anniversary of the establishment of SELEP Limited.
- 1.2. This report sets out a proposed approach to filling the roles of Chair and Deputy Chair and confirms the timing for Federated Boards to provide details on nominations for Directors where two-year terms have been served.
- 1.3. The selection of Federated Board members is set out in the Strategic and Federated Boards' Recruitment Policy. Federated Board leads are required to inform the Secretariat of their nominations for SELEP Directors by 31 January 2022. This will include those Directors that are being reappointed for a further term.
- 1.4. Additionally, given the financial constraints SELEP is facing, it is proposed that the allowances paid to the Chair and Deputy are ceased at the end of the current terms.

2. Decisions: Board is recommended to:

- 2.1. **Agree** that no allowances will be paid for the role of Chair and Deputy Chair once the current terms of office have expired. This would apply to any extension of term that might be offered to the Deputy Chair.
- 2.2. **Agree** the exceptions to the Strategic and Federated Boards' Recruitment Policy as set out in Table 1. The exceptions apply only to the two recruitments set out below.
- 2.3. **Agree** that the recruitment for a Chair should commence immediately following the publication of the Levelling Up White Paper, on the basis that document will contain further clarification of the role of LEPs in the future. The process will conform to the Strategic and Federated Board Recruitment Policy (Appendix A), barring the exceptions set out below in Table 1.
- 2.4. **Agree** that the recruitment for a Deputy Chair should commence immediately following the selection of a new Chair. Again this would be in line with the Policy but with the exceptions set out below in section Table 1.
- 2.5. **Agree** that a Selection Panel made up of SELEP Directors, with a business member majority, will be established to oversee both recruitments. Directors who intend to apply for either role will not be eligible to sit on the Selection Panel. Further details on the Panel can be found in Section 6.
- 2.6. **Agree** that should either of these recruitments not be able to progress, either due to lack of further guidance from HM Government or lack of suitable candidates, interim cover arrangements will be put into place where the Federated Board Chairs and Deputy Chair will cover the role of Chair of SELEP until the role can properly be filled. The detail on the interim arrangements will be developed with the Selection Panel and presented to Strategic Board for approval, should they be necessary.

3. Rationale for Decisions

- 3.1. For the partnership to function it is necessary for there to be a Chair and a Deputy Chair. As well as these roles being specified in the Assurance Framework, they also have key roles to play in heading the Strategic Board and Accountability Board respectively, as well as providing strategic leadership and support to the Secretariat.
- 3.2. Given the dire financial situation facing the LEP for financial year 2022/23 it is proposed that the allowances for the Chair and Deputy Chair roles (currently £20,000 per annum and £10,000 per annum respectively) are removed from the end of the current terms. There are many examples across the country of LEP Chairs and Deputy Chairs not being paid an allowance and this has not restricted the quality of candidates. The Chair and Deputy Chair would still be able to claim expenses in line with the Subsistence and Hospitality Policy.
- 3.3. Whilst there are other options available, it is preferred that an open recruitment process is run for selecting candidates for these roles. Other LEPs have recently run Chair recruitment processes and have been successful in finding high quality candidates. However, at time of writing, the levels of uncertainty are so high that it will be almost impossible to ensure that job profiles/short-listing criteria are fit for purpose so it suggested that the recruitment does not commence until after the publication of the Levelling Up White Paper, which may allow for greater clarity on the future role of the LEP.
- 3.4. A provision for interim arrangements is proposed. A similar arrangement has been used previously to cover a vacancy in the Chair role and was successful.

Further Information

4. Decision 1: Agree that from 1 April 2022 allowances will not be paid for the roles of Chair and Deputy Chair.

- 4.1. As set out above, currently the Chair and Deputy Chair receive a £20,000 and £10,000 allowance respectively for their roles on a per annum basis. As these roles are paid via the Accountable Body, they have to be assessed in line with the rules relating IR35 legislation for the public sector. The assessment by the Accountable Body is that these roles are liable for National Insurance contributions and as such the forecast cost to SELEP for these posts including Employers' National Insurance Contributions for 2021/22 is £41,000. These costs will increase in next year following the decision to increase Employers' National Insurance Contributions.
- 4.2. The severe financial risk that SELEP faces has been covered in the previous agenda item. It is because of these risks it is proposed that the allowances for the Chair and Deputy Chair are removed once the current terms expire on the dates set out above.

5. Decision 2,3 and 4: Recruit of Chair, Deputy Chair and exceptions to the Strategic and Federated Board Recruitment Policy

- 5.1. As set out above, it is necessary to recruit a Chair. The current Chair will reach the end of his third term of two years on 20 March 2022 and currently our governance restricts the Chair from serving more than six years.
- 5.2. The process for recruiting a Chair is set out in the Strategic and Federated Board Recruitment Policy as attached at Appendix A (section 5, page 3). It is proposed that this process is followed

excepting a few changes that are necessary due to the exceptional circumstances that SELEP finds itself. These exceptions are set out in Table 1 below. The exceptions are proposed to streamline the process given the time and resources available.

- 5.3. Given the extreme levels of uncertainty at the time of writing concerning the future of LEPs and what future role they may play in the economic growth agenda, it is proposed that the recruitment will not commence until the Levelling Up White Paper is published. Current indications are that the White Paper will be published alongside the Autumn Budget which is due on 27 October 2021 and the White Paper will give greater clarity on the future role of LEPs. Delaying until this information is available would allow for a meaningful discussion with potential candidates about the future role and ensure that role fits the direction of travel for the organisation.

Table 1 – Proposed Exceptions to Strategic and Federated Board Recruitment Policy

(paragraph within the Policy denoted in brackets)

Exception	Reasoning
Approval of the job profile, specification and shortlisting criteria should be delegated to the Selection Panel rather than being approved by Strategic Board (paragraph 5.3)	To ensure that recruitment can commence as soon as possible following publication of the Levelling Up White Paper
Recruitment consultants will not be appointed to assist with the process (paragraph 5.5)	The budgetary constraints in the current financial year do not allow for the appointment of consultants. Networks of the Secretariat, Board members and other partners will be used
Advertisements will be placed via social media rather than traditional paid-for media	Again for financial reasons it will not be possible to place adverts in national publications. The vacancy will be published on the Centre for Public Appointments website

- 5.4. These exceptions are proposed on the basis they are in place for these two recruitments only. It is not proposed that a lasting change be made to the Policy itself. The exceptions are only suggested on the basis that we currently find ourselves in exceptional circumstances due to the LEP Review.
- 5.5. It is proposed that the recruitment of the Deputy Chair follow the same process, with the same exceptions but commencing once a Chair is appointed. This will allow the newly appointed Chair to be involved in the recruitment of their Deputy. This should begin as soon as a Chair is identified, it need not wait until the new Chair has commenced their role.
- 5.6. The term of the current Deputy Chair could be extended for a further two years, should both the Board and incumbent Deputy Chair be content with that proposal. It is recommended that the Selection Panel should consider this as an option before beginning the recruitment of a new Deputy Chair. The Selection Panel would then need to propose this to Strategic Board for agreement.

6. Decision 5: Agree to the establishment of a Selection Panel

- 6.1. In line with the Strategic and Federated Boards Recruitment Policy it is proposed that a Selection Panel be established and that this Panel oversee both recruitments, with the new Chair invited to join the Selection Panel of the Deputy Chair.
- 6.2. The Selection Panel should be made up of a business majority but be reflective of the Board. The proposed make up is as follows:
 - 6.2.1. 2 private sector Directors (one to act as Chair of the Panel)
 - 6.2.2. 1 public sector Director
 - 6.2.3. 1 other Director (education or Social Enterprise)
 - 6.2.4. For the Deputy Chair Recruitment only – the newly appointed Chair of SELEP
- 6.3. Directors that intend to apply for either the role of Chair or Deputy Chair are not eligible to sit on the Selection Panel and members of the Selection Panel will not be eligible to apply for either role.
- 6.4. The Terms of Reference for the Panel would be as follows:
 - 6.4.1. **Purpose:** to oversee the recruitment process and make a recommendation of preferred candidates for the role of SELEP Chair and Deputy Chair to the SELEP Strategic Board.
 - 6.4.2. **Membership:** as above at 6.2. Members of the Selection Panel can nominate a deputy for any meeting of the Panel, but they must be members of SELEP Strategic Board. Only Panel members can vote on final selection of the preferred candidate (majority vote required on preferred candidate).
 - 6.4.3. **Meetings:** the Panel will meet to agree the job profiles, specifications and shortlisting criteria for both roles. The Panel will then meet to shortlist candidates and to assess the shortlisted candidates following interviews. These meetings will be private and will be held virtually.
 - 6.4.4. **Responsibilities:** agree the job profiles, specifications and shortlisting criteria for both roles and agree the approach to advertising and campaigns; shortlist from a long-list of candidates presented by the Secretariat; agree approach to selection; attend and conduct interviews of shortlisted candidates and propose preferred candidate to the next available meeting of the Strategic Board. The Panel should be mindful of any recommendations from the Diversity Working Group related to the recruitment of Board members. Provide oversight and guidance to the Secretariat on proposals for interim arrangements, should they be necessary.
- 6.5. The Selection Panel will be supported by the Secretariat, primarily the Chief Executive and the Chief Operating Officer.

7. Decision 6: Contingency Arrangements

- 7.1. There is a significant risk that suitable candidates cannot be found for these roles through an open recruitment. There is a risk that there is insufficient information in the Levelling Up White Paper as information contained therein is usually very summarised. This may prevent the Selection Panel being able to advance the Chair recruitment.

- 7.2. If the Chair recruitment can advance, there is a risk that a suitable candidate cannot be found. This is due to the change in status of LEPs, ongoing uncertainty about the future LEPs, the budgetary restrictions that are preventing us from contracting assistance with search and selection and the removal of the allowances. This risk is equally present for the Deputy Chair role.
- 7.3. There is limited time to appoint to both these roles, which again presents a risk. Whilst processes are being streamlined wherever possible, it is important that the selection processes are run correctly, and the processes may run on into the new financial year.
- 7.4. The Cities and Local Growth Unit (CLGU) have issued a number of exemptions to the National Assurance Framework in recognition of the exceptional circumstances in which LEPs find themselves. A list of exemptions can be found at Appendix B. One of the exemptions is that Boards can temporarily appoint board members/chairs without an open recruitment process requirement. This exemption is issued only on the basis that a full recruitment is initiated once the exceptional circumstances cease.
- 7.5. On that basis it is proposed that should either of the recruitments not proceed or not be able to complete before the terms of the current Chair and Deputy Chair come to an end; an interim arrangement be put into place using current members of the Board. Where interim cover for the Chair was required before, a collective arrangement was put into place whereby the federated Board Chairs covered the role, a similar role could be put into place again as this worked well.
- 7.6. Should interim arrangements be needed, the Secretariat will work up detailed proposals overseen by the Selection Panel and these proposals will be presented to Strategic Board for agreement at the next available meeting or by written procedure. Interim arrangements will be agreed and put into place ahead of the start of the new financial year on 1 April 2022.

8. Next Steps

- 8.1. Board members who wish to sit on the Selection Panel should contact the Chief Executive as soon as possible. When the Selection Panel is formed, Board members will be informed via email of the membership.
- 8.2. Board will also be informed via email whether the Chair recruitment will commence following the publication of the Levelling Up White Paper.
- 8.3. The Secretariat will make the necessary arrangements for scheduling meetings and continue to work with the Accountable Body to ensure the correct policies and procedures are followed.
- 8.4. The Secretariat will also work with Federated Board leads to ensure that nominations are received, and the Board can take resolutions to appoint and/or extend terms where necessary. All new Directors are required to complete the Board member induction process ahead of their first meeting.

9. Comments from the Accountable Body

- 9.1. It is a requirement under the SELEP Assurance Framework for SELEP to have a Chair and a Deputy Chair and these roles are intrinsic to the Governance arrangements for the Board and the Accountability Board.
- 9.2. The Strategic and Federated Boards' Recruitment Policy sets out the agreed process for appointing a new Chair/Deputy Chair, however, it is noted that the exemptions to the National Local Growth Assurance Framework 2021-22 permit some flexibility in these arrangements. Whilst these exemptions are not yet formally adopted in the SELEP Assurance Framework, the

exceptional circumstances and uncertainties raised by the LEP Review mean that the recommendations set out in this report are considered appropriate.

- 9.3. In addition to the requirements of the Assurance Framework, any recruitment of the Chair/Deputy Chair needs to take into account the requirements of the South East LEP Ltd Company Articles; as currently agreed, these prohibit the Chair from being in post for more than 6 years. An extension to the Chair's post is, therefore, not currently an option without approving an amendment to the Articles through the agreed process.

10. Appendices, Supporting Documents and Previous Decisions

- 10.1. Appendix A – Strategic and Federated Boards' Recruitment Policy
- 10.2. Appendix B – Exemptions to the National Local Growth Assurance Framework 2021-22
- 10.3. For further information please contact Suzanne Bennett
(<mailto:suzanne.bennett@southeastlep.com>)

Item 5: SELEP Statement of Accounts 2020/21 and South East LEP Ltd Statement of Accounts 2020/21

Executive Summary

1. Overview

- 1.1. The purpose of this paper is to present the audited SELEP Statement of Accounts for financial year ending 31st March 2021 to the Strategic Board (the Board) for their consideration; and to approve the South East LEP Ltd Statement of Accounts 2020/21.

2. Decisions: Board is recommended to:

- 2.1. Confirm they have considered the SELEP Statements of Accounts 2020/21 (Appendix A)
- 2.2. Approve the South East LEP Ltd Statement of Accounts 2020/21 (Appendix B)

3. Rationale for Decisions

- 3.1. In the establishment of the articles and governance arrangements to support South East LEP Ltd, it was agreed that none of the financial transactions or assets in relation to SELEP would be operated through the company and that the pre-existing arrangements of financial management by the Accountable Body would continue. It is, however, a requirement under the Companies Act 2006, for accounts to be delivered to Companies House, whether the company is trading or not. As a consequence, two sets of Accounts have been prepared for review by the Board: The SELEP Statement of Accounts, reflecting the financial position managed by the Accountable Body on behalf of SELEP; and the Statement of Accounts of South East LEP Ltd.

3.2. SELEP Statements of Accounts 2020/21

3.2.1. The SELEP Statements of Accounts for 2020/21, included in Appendix A, have been audited and the external auditor, Mr Athos Louca, has confirmed that the Statements of Accounts for the year ended 31 March 2021 are prepared, in all material respects, in accordance with the financial reporting provisions of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. No significant difficulties were identified during the audit and there are no significant findings from the audit to draw the Board's attention to.

3.2.2. 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 2020/21 at their meeting on 2 July 2021. Following the audit, no modifications have been proposed to the accounts and a clean audit report has been issued. 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.

3.3. South East LEP Ltd Statement of Accounts 2020/21

3.3.1. The South East LEP Ltd Statement of Accounts for 2020/21 are included in Appendix B; the company was dormant and did not trade in the period. The company received no income and incurred no expenditure in the period and therefore did not make either a surplus or deficit.

3.3.2. The Accounts are required to be approved by the Board and include the following statements:

- For the year ending 31 March 2021 the company was entitled to exemption (from audit) under section 480 of the Companies Act 2006 relating to dormant companies.
- The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared and delivered in accordance with the provisions of the small companies' regime applicable to micro-entities.

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 Accounts 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 of Accounts are included in Appendix A 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. This means that the Accounts take the same form as Local Authority statements rather than those of a commercial entity. The Section 151 Officer of the Accountable Body has responsibility for the production of the Statements of Accounts and the content therein.
- 4.4. Accounts are also required to be prepared for South East LEP Ltd to be submitted to Companies House by 30th November 2021; as dormant accounts (reflecting that no trading has occurred through South East LEP in the year), they are exempt from audit under the Companies Act 2006 section 480. These Statements are included in Appendix B.
- 4.5. The remainder of this report focuses on the financial position reported in the SELEP Statements of Accounts as at 31 March 2021 and the future financial position of SELEP.

5. Operational Income & Expenditure in 2020/21

- 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, professional fees and the Accountable Body costs.
- 5.2. The operational spend is primarily funded through government grants and match funding contributions from partners. Any surplus or deficit held at the end of the financial year is managed through the operational reserve. The summary position for 2020/21 is set out in

Table 1.

- 5.3. At the end of the financial year, expenditure exceeded income resulting in a deficit of **£354,000** to be met from reserves. This position was an improved position compared to the budgeted deficit of £727,000; this was primarily due to receipt of additional grant funding from Government to support the implementation of the Getting Building Fund programme and higher than anticipated external interest receipts on capital balances held on behalf of SELEP by the Accountable Body.

Table 1: Operational Income & Expenditure in 2020/21

Income	2020/21 £'000
Revenue Grant Funding	(2,298)
COVID-19 Grant funding	(7)
Contribution from Partners	(300)
Interest receivable on capital balances	(233)
Total Income	(2,839)
Expenditure	
Staffing	1,380
Meetings and admin	29
Chair & Deputy Chair allowance with on-costs	39
Consultancy and project work	318
Grants to Third Parties	1,426
Total Expenditure	3,193
Net Income transferred from the Operational Reserve	354

5.4. Grants and Other Funding

5.4.1. 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.

5.4.2. 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.

5.4.3. Table 2 summarises the movement in funding during 2020/21, with a total balance of funds held by ECC on behalf of SELEP at 31 March 2021 of **£38.86m**; the comparable position at the end of 2019/20 was **£96.6m**.

5.4.4. Capital balances held by the Accountable Body on behalf of SELEP have been significantly denuded through 2020/21, which saw the majority of the final Local Growth Fund (LGF) allocations being paid out to the respective Partners. In addition, the Getting Building Fund (GBF) was fully allocated; and decisions to exceptionally reprioritise Growing Places Funding (GPF) to support COVID-19 recovery measures, has reduced the overall balance of that fund. A summary of this position is set out in Table 3.

5.4.5. To note, of the funds set out in Table 3, all of the Capital funding and the majority of the revenue grants are allocated or ring-fenced for specific programmes or initiatives; these funding streams are expected to be transferred to delivery partners during 2021/22 and 2022/23, in accordance with the decisions of the Accountability Board.

Table 2: Funding Summary as at 31 March 2021

	Opening Balance April 2020 £000	Funding Received in Year £000	Funding Applied in Year £000	Closing Balance March 2021 £000
Capital Grants				
Local Growth Fund	41,412	78,512	(114,778)	5,146
Local Growth Fund (Retained Schemes)	26,651	7,100	(25,352)	8,399
Growing Places Fund (Loan Fund)	20,947	4,595	(8,725)	16,817
Getting Building Fund	0	42,500	(42,500)	0
Total Capital Grants	89,010	132,707	(191,355)	30,362
Revenue Grants				
Growing Places Fund / Sector Support Fund	1,577	1,000	(196)	2,381
Growth Hub - Core Funding Grant	0	656	(656)	0
Growth Hub - Core Funding Supplemental Grant	0	234	(234)	0
Growth Hub - Peer Network Grant	0	160	(160)	0
Brexit Readiness Funding	44	0	(44)	0
EU Transition	0	204	(204)	0
ERDF Legacy Funds	0	350	0	350
Skills Analysis Panels (SAP) Grant	44	75	(119)	0
Local Digital Skills Partnership Catalyst Grant	108	0	(71)	37
Delivering Skills for the Future	37	76	(112)	1
Careers Enterprise Company (CEC)	0	0	(0)	0
Energy Strategy Grant	7	0	0	7
Developing High Streets	0	10	0	10
Core Funding	0	625	(602)	23
Total Revenue Grants	1,817	3,390	(2,398)	2,808
Total Grants	90,827	136,097	(193,754)	33,170
SELEP Creditors	69	0	215	284
SELEP Short Term Debtors	0	0	(60)	(60)
SELEP Covid-19 Reserves*	4,400	100	(7)	4,493
SELEP Operational Reserves	1,326	0	(354)	972
Total Funding at 31st March 2021	96,622	136,197	(193,959)	38,860

*The Covid-19 reserves were established to ring-fence this funding to deliver these schemes.

5.5. A simplified balance sheet as at 31st March 2021 can be found in the Annex below.

6. Future Financial Position of SELEP

- 6.1. The Government only confirms funding for SELEP on an annual basis; this increases the risk to the partnership and the respective delivery partners.
- 6.2. The on-going risks to the operational budget of the Secretariat due to the lack of assurance from Government regarding continued funding beyond 2021/22, have been exacerbated as a result of the uncertainties and delays in reporting the outcome of the LEP review.
- 6.3. It was reported to Accountability Board in September 2021 that only half of the budgeted £500,000 of core funding from Government has been received in 2021/22, with no assurance that the remaining £250,000 will be allocated. The impact of this has meant that the latest forecast has taken the prudent approach to assume that this funding won't be received; this loss of income is planned to be mitigated both through scaling back non-essential activities and a contribution from reserves. The impact of this on the operational reserves for SELEP is set out in Table 3.
- 6.4. The current forecast suggests that without identification of additional income, the operational reserve could be fully utilized by the end of 2022/23, with expenditure in that year also needing to be reduced in comparison to 2020/21. The summary reserves position is set out in Table 3.

Table 3: SELEP Operational Reserve Summary

	2020/21 Actual £000	2021/22 Latest Budget £000	2021/22 Forecast £000	2022/23 Forecast £000	2023/24 Forecast £000
Opening balance 1st April	1,326	972	972	962	260
Planned Utilisation					
Planned withdrawal	(354)	(903)	(1,010)	(702)	-
Planned Contribution		1,000	1,000	-	-
Total	(354)	97	(10)	(702)	-
Balance remaining 31st March	972	1,069	962	260	260
Minimum value of reserve	260	260	260	260	260

- 6.5. The minimum value of operational reserves is an agreed balance maintained to ensure that sufficient funds are available to support any redundancy costs that may be incurred in the event of a wind down of SELEP. The latest assessment of funding required to support these costs suggest that the current minimum amount may need to be increased; this position will be confirmed as part of budget setting for 2022/23, including a wider assessment of the on-going obligations of the Accountable Body with respect to SELEP – a report on this will be provided to the November 2021 Accountability Board meeting.

7. Next Steps

- 7.1. The SELEP Statement of Accounts 2020/21 will be formally signed and published on the SELEP website.
- 7.2. The South East LEP Ltd Statement of Accounts 2020/21 will be formally signed and published on the SELEP website and this information will be submitted to Companies House in accordance with the Companies Act 2006.
- 7.3. The Accountable Body will continue to work with the SELEP Secretariat to review options with respect to the future funding position of SELEP, including where measures are required to reduce the size and scope of the Secretariat as referenced in agenda item 3 This will inform the 2022/23 budget proposal that is due to be reported to Accountability Board in November 2021.

8. Comments from the Accountable Body

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

9. Appendices, Supporting Documents and Previous Decisions

- 9.1. Annex (below)- Simplified balance sheet for SELEP as at 31 March 2021
- 9.2. Appendix A – SELEP Statement of Accounts 2020/21
- 9.3. Appendix B – South East LEP Ltd Statement of Accounts 2020/21
- 9.4. Background Information – Finance Update reported to SELEP Accountability Board in September 2021: [PUBLIC-Agenda-Document-Pack-SELEP-Accountability-Board-10_09_2021.pdf](#) (southeastlep.com).
- 9.5. For further information please contact Lorna Norris (mailto:lorna.norris@essex.gov.uk) or Amy Bernardo (mailto:amy.bernardo@essex.gov.uk)

Annex: SELEP's Simplified Balance Sheet as at 31 March 2021

Simplified Balance sheet as at 31st March 2021

31st March 2020		31st March 2021	
£000		£000	£000
20,129	Long term debtors GPF Loans	23,259	
20,129	Long term assets		23,259
96,622	Short term debtors Cash balance held by ECC Other short term debtors	38,860 60	
96,622	Current assets		38,920
116,751	Total assets		62,179
(69)	Creditors	(285)	
(1,817)	Revenue grant receipts in advance	(2,808)	
(113,539)	Capital grant receipts in advance (see note 2)	(53,621)	
(115,425)	Current liabilities		(56,714)
1,326	Net assets		5,465
	Usable reserves		
(1,326)	Operational Reserve (General Fund balance)	(972)	
-	Other Earmarked Reserves	(4,493)	
(1,326)	Total usable reserves		(5,465)

Notes:

- The balance sheet has been simplified to remove the impact of the non-cash accounting adjustments in relation to the Accumulated Absences Adjustment Account and the Financial Instruments adjustment Account (soft loans adjustment); the impact of removing these adjustments demonstrates the cash value of the funds held in the SELEP operational reserves (general fund). The full balance sheet is included in the 2020/21 Statement of Accounts in appendix A.
- To reconcile the total Capital grant balance held at 31st March, the GPF Loan debtor is deducted from the capital grant receipts in advance to give a net capital grant at 31 March 2021 of £30.362m.
- In taking the two notes above, the reconciliation to the total cash held by Essex county council (ECC), on behalf of SELEP, at 31 March 2021 is:

	£'000
Capital grant receipts in advance (see note 2)	30,362
Revenue grant receipts in advance	2,808
Creditors	285
Short term debtors	(60)
Other Earmarked Reserves	4,493
Operational Reserve (General Fund balance)	972
Cash balance held by ECC at 31st March 2021	38,860

Item 6: Capital Programme Update

Executive Summary

1. Overview

- 1.1. This report provides the Strategic Board (the Board) with details of projects where Local Growth Fund (LGF) spend is expected to extend beyond the Growth Deal period and where Getting Building Fund (GBF) spend is expected to extend beyond 31 March 2022. The report also provides an update on the overall position of the LGF and GBF programmes and high risk projects within both programmes, as well as introducing the LGF Lessons Learnt report.
- 1.2. The Board is asked to approve the spend of any LGF beyond 30 September 2021, and the spend of any GBF beyond 31 March 2022. Seven LGF projects have been brought forward for consideration by the Board with regard to LGF spend beyond September 2021 at this meeting, increasing the total number of projects due to spend LGF beyond 30 September 2021 to 25. The first two GBF projects seeking retention of funding beyond 31 March 2022 are also brought forward for Board consideration.

2. Decisions: Board is recommended to:

- 2.1. **Agree** LGF spend beyond 30 September 2021 for the following projects:
 - 2.1.1. New Construction Centre at Chelmsford College – expected completion February 2022
 - 2.1.2. Strood Town Centre Journey Time and Accessibility Enhancements project – expected completion December 2021
 - 2.1.3. Innovation Park Medway – Northern Site Extension – expected completion November 2022
 - 2.1.4. Bexhill Enterprise Park North – expected completion March 2022
 - 2.1.5. Kent and Medway EDGE Hub – expected completion March 2022
 - 2.1.6. Mercury Rising, Essex – expected completion December 2021
 - 2.1.7. Southend Airport Business Park – expected completion March 2022
- 2.2. **Agree** GBF spend beyond 31 March 2022 for the following two projects:
 - 2.2.1. UTC Maritime and Sustainable Technology Hub – expected completion September 2022
 - 2.2.2. Riding Sunbeams – expected completion June 2022

3. Rationale for Decisions

- 3.1. All the LGF funding, excluding funding allocated to Department for Transport (DfT) retained schemes, has effectively been distributed to local partners to support delivery of the LGF programme. When the Accountability Board agreed the transfer of the remaining unspent LGF funding allocated to the seven projects detailed in this report, it was expected that the LGF funding would be fully spent by the end of September 2021, in accordance with the extended Growth Deal period previously agreed by the Board.

- 3.2. It has now been reported that LGF spend on these projects will extend beyond September 2021 and therefore Board endorsement is required, in line with the conditions for extended LGF spend as previously agreed by the Accountability Board. All seven projects have been considered by the Accountability Board, who have agreed that LGF spend can continue beyond 30 September 2021 subject to Board endorsement.
- 3.3. If Board endorsement is not received, it will not be possible to action the decision by Accountability Board to allow LGF spend beyond 30 September 2021 for the seven projects detailed. As a result, it is likely that the return of some or all of the LGF funding allocated to each project will be required which will significantly impact on project delivery.
- 3.4. At the outset of the GBF programme, there was a clear expectation from Central Government that the GBF funding would be spent in full by 31 March 2022. This expectation was a key factor when the Board considered the prioritisation of the GBF project submissions and led the Accountability Board to carefully consider any risks to project delivery when taking the final funding decisions.
- 3.5. Subsequently, it has been indicated by local partners that a number of GBF projects are no longer able to fully spend their GBF allocations by 31 March 2022 due to the occurrence of unforeseen complications or delays during project delivery. In July 2021, Accountability Board agreed that GBF funding could be retained against projects beyond 31 March 2022 in exceptional circumstances, subject to compliance with a number of conditions and criteria.
- 3.6. The two GBF projects outlined in this report were considered by Accountability Board in September 2021 and it was agreed that GBF funding could be retained against both projects beyond March 2022 for a maximum period of 6 months, subject to Board endorsement.
- 3.7. If Board endorsement is not provided, both projects will be removed from the GBF programme and the funding will be reallocated to alternative projects on the GBF prioritised project pipeline as the projects are no longer able to deliver by 31 March 2022 as originally expected.

Further Information

4. Decision 1: Agree LGF spend beyond 30 September 2021 for the seven projects listed in 4.2 below:

- 4.1. The Board has previously agreed that LGF spend on 18 projects can extend beyond 30 September 2021. There are a further seven projects, for which LGF spend is now forecast to extend beyond September 2021.
- 4.2. The Board is asked to approve LGF spend beyond 30 September 2021 for the following seven projects:
 - 4.2.1. New Construction Centre at Chelmsford College
 - 4.2.2. Strood Town Centre Journey Time and Accessibility Enhancements project
 - 4.2.3. Innovation Park Medway – Northern Site Extension
 - 4.2.4. Bexhill Enterprise Park North
 - 4.2.5. Kent and Medway EDGE Hub
 - 4.2.6. Mercury Rising, Essex

4.2.7. Southend Airport Business Park

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

Summary of projects seeking approval for LGF spend beyond 30 September 2021 (£m)						
Project name	Total LGF allocation	LGF spend to end of 2020/21	LGF spend forecast - Q1 and Q2 2021/22	LGF spend forecast - Q3 and Q4 2021/22	Expected completion date in Business Case	Updated expected completion date
New Construction Centre at Chelmsford College	1.2952	-	0.6880	0.6072	Sep-21	Feb-22
Strood Town Centre Journey Time and Accessibility Enhancements	8.6000	8.2004	0.3280	0.0716	Jun-18	Dec-21
Innovation Park Medway - Northern Site Extension	1.5185	0.3388	0.4000	0.7797	Dec-21	Nov-22
Bexhill Enterprise Park North	1.9400	-	-	1.9400	Mar-20	Mar-22
Kent and Medway EDGE Hub	7.3440	6.1200	0.9011	0.3229	Aug-20	Mar-22
Mercury Rising, Essex	1.2280	1.0000	-	0.2280	Mar-20	Dec-21
Southend Airport Business Park	23.1625	20.2565	2.8335	0.0725	Mar-21	Mar-22
Total	45.0882	35.9157	5.1506	4.0219		

- 4.3. Delivery of the New Construction Centre at Chelmsford College project has been delayed as a result of COVID-19 related impacts on both procurement and construction. It is now expected that the Project will complete in February 2022.
- 4.4. The Strood Town Centre Journey Time and Accessibility Enhancements project is nearing completion, with only one small element of the Project still outstanding. Completion of the final element has been delayed due to a supplier issue which has resulted in a longer lead in time than expected. It is now expected that the Project will complete by December 2021.
- 4.5. Delivery of the Innovation Park Medway – Northern Site Extension project has been delayed to allow time for additional archaeological work to be undertaken on the site. This follows on from a number of archaeological finds during the delivery of the Rochester Airport improvements project. In addition, it has been decided that to maximise cost efficiencies, delivery of this phase of the project should be aligned with the Innovation Park Medway – Northern Site project allowing all LGF funded enabling works across the northern site of Innovation Park Medway to be delivered at the same time.
- 4.6. The required third party grant agreement between East Sussex County Council and the delivery partner is not yet in place for the Bexhill Enterprise Park North project. Initial enabling works have been completed at the site and it was originally envisaged that the delivery of the LGF funded works would immediately follow, forming a continuous programme of works. However, due to the delay in completing the third party grant agreement which would facilitate release of the LGF funding, the contractor has had to demobilise and leave site. Additional time is now required to facilitate completion of the third party grant agreement, remobilisation of the contractor and to account for likely delays due to working through the winter months.
- 4.7. It was noted by Accountability Board in September, that the Bexhill Enterprise Park North project did not meet all the conditions previously agreed by the Accountability Board for LGF spend beyond September 2021, as contractual commitments with the construction contractor will not be in place by the end of September as required. Accountability Board agreed that LGF spend on the Project could extend beyond 30 September 2021 as an exception, subject to receipt of confirmation that contractual commitments with the construction contractor are in place by 31 October 2021 and confirmation that the third party grant agreement is in place by 19 November

2021 (the next meeting of the Accountability Board).

- 4.8. At the Accountability Board meeting in September, LGF funding of £623,389 was returned to SELEP from the A26 Tunbridge Wells Junction and Cycle Improvements project, and it was agreed that the funding should be reallocated to the Kent and Medway EDGE Hub, Mercury Rising and Southend Airport Business Park projects in accordance with the LGF prioritised project pipeline. All three projects are nearing completion and it was expected that their LGF allocations would be spent in full by the end of September 2021. However, it was noted by the Accountability Board that the three projects would be unable to spend the additional LGF funding awarded prior to the end of September 2021. This was primarily due to the timing of the funding decision, the requirement for any funding removed from existing projects to be returned to Essex County Council (as Accountable Body for SELEP) for reallocation and the legal documentation which needs to be completed before the funding can be released. Therefore, the Board are asked to approve LGF spend beyond September 2021 for these projects.
- 4.9. More details on these seven projects and the reasons for the delays to project delivery are outlined in Appendix A.

5. Decision 2: Agree GBF spend beyond 31 March 2022 for the two projects listed in 5.2 below:

- 5.1. In July 2021, the Accountability Board agreed SELEP's position on the retention of GBF funding against projects beyond 31 March 2022. The Accountability Board agreed that GBF funding could be retained against projects subject to certain criteria and conditions being satisfied. The agreed criteria and conditions were as follows:
- 5.1.1. The maximum extension offered to a GBF project is 6 months, to 30 September 2022
- 5.1.2. Only projects which have been delayed by external factors which could not have been foreseen at the time of Business Case development can be considered for retention of GBF funding beyond 31 March 2022. External factors could relate to the impact of external agencies (i.e. Network Rail or Central Government departments) or failure of suppliers/contractors to deliver in accordance with an agreed programme
- 5.1.3. Projects must demonstrate that they meet the following six conditions before the Accountability Board will be asked to consider approving retention of GBF funding beyond 31 March 2022:
- Provision of a clear delivery plan with specific delivery milestones and completion date to be agreed by the Board
 - Confirmation that all funding sources identified to enable delivery of the Project are in place and provision of an updated GBF spend profile
 - Written confirmation that all planning requirements will be met by 31 December 2021
 - Confirmation that contractual commitments will be in place with the construction contractor by 31 January 2022
 - Confirmation that the total project cost and the project benefits remain unchanged ensuring that the Project continues to offer High value for money
 - Endorsement from Strategic Board that the funding should be retained against the

Project beyond 31 March 2022.

5.2. Following agreement of the criteria and conditions outlined above, the Board are asked to approve GBF spend beyond 31 March 2022 for the following two projects:

5.2.1. UTC Maritime and Sustainable Technology Hub

5.2.2. Riding Sunbeams

Table 2: Summary of projects seeking approval for GBF spend beyond 31 March 2022

Summary of projects seeking approval for GBF spend beyond 31 March 2022 (£m)						
Project name	Total GBF allocation	GBF spend to end of 2020/21	GBF spend forecast - 2021/22	GBF spend forecast - 2022/23	Expected completion date in Business Case	Updated expected completion date
UTC Maritime and Sustainable Technology Hub	1.300000	-	0.500000	0.800000	Mar-22	Sep-22
Riding Sunbeams	2.527500	-	1.820948	0.706552	Mar-22	Jun-22
Total	3.827500	-	2.320948	1.506552		

5.3. The delivery of the UTC Maritime and Sustainable Technology Hub project has been delayed as a result of complex and unforeseen land ownership matters which have taken longer than anticipated to resolve. It is now expected that the lease documentation will be agreed by the end of October 2021, which will allow delivery of the Project to commence.

5.4. Approval to retain the GBF funding against the Project beyond 31 March 2022 for the maximum 6 month period allowed is sought. This presents a risk as there is no scope for slippage within the programme, however, assurances have been provided that, assuming timely resolution of the lease issues, the Project can be delivered within the 6 months available. Progress on project delivery will be closely monitored by the Accountability Board.

5.5. The Riding Sunbeams project is an innovative, first of its kind project which is seeking to build and connect the world's first megawatt scale renewable solar energy plant directly powering direct current railways. Whilst efforts were made to understand how the Project would deliver the power needed by Network Rail in advance of Business Case submission, the full extent of the complexities with the connection to the Network Rail distribution system were unknown until detailed work commenced. Although these complexities are now well understood, it has taken longer than originally anticipated to reach this point and therefore approval is sought for retention of GBF funding against the Project beyond 31 March 2022 for an additional 3 months.

5.6. There remains a risk to project delivery as the Project is subject to Network Rail's GRIP process, with the Project currently working through GRIP Stages 1 to 3, but this will be closely monitored by the Accountability Board.

6. Additional information

Financial position – LGF and GBF

6.1. As the Board will recall, SELEP was required to provide confirmation to Central Government that all the LGF funding would be contractually committed and spent by 31 March 2021 to secure receipt of the final tranche of the LGF funding. In reality, it was not possible to spend the full remaining balance of the LGF on the approved projects in 2020/21 and therefore the Accountability Board agreed that SELEP should use the 'freedoms and flexibilities' afforded by Central Government to transfer the unspent LGF to local partners' own capital programmes prior to the end of 2020/21. This would then allow partners to fund LGF projects in later years.

- 6.2. In accordance with this decision all the LGF funding, excluding funding allocated to DfT retained schemes, has been effectively distributed to local partners to support delivery of the LGF programme. Delivery of the ongoing LGF projects and spend of the funding transferred to local partners will continue to be monitored until all projects have reached completion.
- 6.3. Central Government awarded SELEP a GBF allocation of £85m - £42.5m of this was transferred to Essex County Council, as the Accountable Body for SELEP, in 2020/21 with the balance transferred in 2021/22. In accordance with Government requirements, the full £42.5m GBF allocation received in 2020/21 was transferred to local partners prior to the end of the last financial year. Delivery of the GBF projects has progressed more slowly than originally anticipated, and GBF spend on project delivery during 2020/21 totalled only £13.614m.
- 6.4. As at the end of Quarter 1 2021/22, the Accountable Body were still holding £37.5m of the GBF funding allocation. It is expected that the majority of the GBF projects will complete within the 2021/22 financial year as originally expected, with a small number of projects seeking approval for retention of their GBF funding allocation beyond the end of March 2022 as set out in this report. The expectation is that any remaining unspent GBF funding will be transferred to local partners at the end of 2021/22 to support delivery of the GBF projects into 2022/23, similar to the approach adopted for the LGF programme.

High risk projects – LGF and GBF

- 6.5. There are 8 projects within the LGF programme which have been identified as High Risk, with a risk score of 5 out of 5. This risk score has been based on an assessment of deliverability, financial position and reputational risk, in line with guidance from Central Government.
- 6.6. Projects with a risk score of 5 are listed in Table 3 below and an individual update is set out in Appendix A.

Table 3: High Risk LGF projects

Project Name	Scheme Promoter	Total LGF allocation (£m)	LGF spend to end 2020/21 (£m)	LGF spend forecast - Q1 and Q2 2021/22 (£m)	LGF spend forecast - Q3 and Q4 2021/22 and beyond (£m)	Main project delivery constraint
Queensway Gateway Road	East Sussex	10.00	10.00	-	-	Land acquisition required for several parcels of land to enable completion of the project
Bexhill Enterprise Park North	East Sussex	1.94	-	-	1.94	Third party grant agreement between East Sussex County Council and delivery partner outstanding
A127 Fairglen Junction Improvements, Essex	Essex	15.00	1.50	-	13.50	Awaiting DfT approval of the Business Case
A28 Chart Road, Kent	Kent	2.76	2.76	-	-	Awaiting release of S106 funding to enable the delivery of the project
Maidstone Integrated Transport Package	Kent	8.90	6.53	-	2.37	Complex programme of interventions with consent required for specific interventions within programme
A28 Sturry Link Road	Kent	5.90	1.109	-	4.791	Required land acquisition is ongoing
London Gateway/Stanford-le-Hope, Thurrock	Thurrock	7.50	7.50	-	-	Planning permission is outstanding for Phase 2. Increased costs and uncertainty regarding benefit realisation
A13 Widening, Thurrock	Thurrock	76.50	76.50	-	-	Project programme and costs have differed significantly from position set out in Business Case

- 6.7. The M2 Junction 5 improvements project has been removed from the list of High Risk projects following the approval of the proposed improvements by the Secretary of State for Transport.

This project is now expected to progress to delivery in early 2022.

- 6.8. Regular update reports on the Queensway Gateway Road project have been provided to Accountability Board, and at their last meeting it was agreed that an update on the Project should be provided to the Board to flag the issues related to progress on project delivery.
- 6.9. The Queensway Gateway Road project will deliver a single carriageway road link between A21 Sedlescombe Road North and Queensway in Hastings. Construction of this road link provides access to designated employment development sites within the Bexhill Hastings Growth Corridor which would otherwise not be brought forward.
- 6.10. LGF funding was awarded to support delivery of the Project in March 2015, and at this time it was expected that the project would be delivered by November 2016. The Project has progressed more slowly than anticipated, initially due to delays in securing the required planning permission due to a judicial review challenge and due to delays in receiving the Section 278 agreement required to allow the connection of one end of the new road with the existing Queensway.
- 6.11. The new Queensway Gateway Road is now 90% complete but delivery of the final section of the road, including the roundabout connection with the A21, has been impacted by delays that the delivery partner has experienced in securing the land to construct the scheme as approved by Hastings Borough Council planning committee.
- 6.12. The latest update on the project from East Sussex County Council to the Accountability Board stated that whilst the original plans to acquire the land are still being pursued, an alternative proposal is being developed which will allow the creation of a signalised connection with the A21. Delivery of this connection remains subject to securing a Traffic Regulation Order (TRO) to allow the closure of Junction Road, final technical approval from both Highways England and East Sussex County Council and completion of a further Section 278 agreement. It has been indicated that, subject to these actions being achieved, the signalised connection will be constructed by late November 2021. Subject to the required TRO being in place, the full length of the new Queensway Gateway Road will open to the public at this point.
- 6.13. As outlined above, the final connection with the A21 (the roundabout) is dependent upon completion of the required land acquisition. Under the preferred scenario, the required land will be secured through negotiation, allowing an earliest start date onsite of early 2022. If land cannot be secured through negotiation, and a Compulsory Purchase Order process is deemed necessary, completion of the project could be delayed by anywhere between 6 and 18 months to allow time for this process to be completed.
- 6.14. The delay in completing the final section of the Project presents a risk to the realisation of the employment and traffic flow related benefits outlined within the Business Case. The connection with the A21 is critical to not only ensure that the levels of congestion are reduced but also to facilitate the unlocking of the development sites which will bring forward the stated employment benefits.
- 6.15. Due to the delays in completing the connection with the A21, the benefits will not be realised in accordance with the profile set out in the Project Business Case which indicated initial job creation in 2018/19. For this reason, the Accountability Board will receive an update on both the anticipated employment benefits and the timeline for the realisation of these benefits at their next meeting in November 2021, alongside a further update on progress towards project delivery.
- 6.16. There are 3 projects within the GBF programme which have been identified as High Risk, with a risk score of 5 out of 5. The same criteria have been used to calculate these risk scores as was

applied to the LGF projects.

- 6.17. Projects with a risk score of 5 are listed in Table 4 below and an individual update is set out in Appendix B.

Table 4: High Risk GBF projects

Project Name	Scheme Promoter	Total GBF allocation (£m)	GBF spend to end 2020/21 (£m)	GBF spend forecast - 2021/22 (£m)	GBF spend forecast - 2022/23 (£m)	Main project delivery constraint
Fast Track Business Solutions for the Hastings Manufacturing Sector	East Sussex	3.5000	-	3.5000	-	Planning consent outstanding. Third party grant agreement not yet completed
Riding Sunbeams	East Sussex	2.5275	-	1.8209	0.7066	Project is unable to spend full GBF allocation by 31 March 2022
UTC Maritime and Sustainable Technology Hub	East Sussex	1.3000	-	0.5000	0.8000	Project is unable to spend full GBF allocation by 31 March 2022

- 6.18. The challenges faced by the UTC Maritime and Sustainable Technology Hub and Rising Sunbeams project are already outlined within this report.
- 6.19. The Fast Track Business Solutions for the Hastings Manufacturing Sector project faces two key risks. Firstly, the third party grant agreement between East Sussex County Council and the delivery partner remains outstanding and secondly, planning consent for the Project has not yet been granted. The Accountability Board have agreed that, if both these risks cannot be fully mitigated by their next meeting on 19 November, the Project should be removed from the GBF programme and the funding reallocated to alternative projects on the GBF prioritised project pipeline.

Lessons Learnt Report - LGF

- 6.20. At the March 2021 meeting, the Board was presented with an initial assessment of the primary causes of delays to project delivery. This information was provided as an interim measure until a full assessment of the performance of the LGF programme could be carried out. This assessment has now been completed, and the LGF Lessons Learnt document is provided at Appendix C.
- 6.21. The Lessons Learnt Report has been written by the SELEP Secretariat using information provided through the programme reporting process and following discussions with local partners. The Report provides background on the establishment of the LGF by Central Government and the allocations made to SELEP during the course of the Growth Deal period. There is an assessment of how the LGF received by SELEP has been invested both by geography and by intervention type. The Lessons Learnt Report also considers the governance of the programme, delivery of project outputs and delivery of project outcomes.
- 6.22. The Report identifies eleven Learning Points, which can either be applied to current ongoing SELEP funding streams, such as the GBF, or in most cases any potential future capital investment programmes.
- 6.23. It is acknowledged that Central Government has indicated that future capital investment programmes will not be routed through LEPs, however, it is not necessarily the case that the position won't change in the future. Should any further capital funding sources become available to LEPs in the future, the Board will be asked to consider which of the Learning Points should be implemented to ensure most effective management and delivery of the new funding stream. Given the current position, it is not considered necessary for the Board to make these decisions at this point.

- 6.24. It is considered that the Learning Points identified within the report could be used by local partners to help shape their processes as they become the custodians of upcoming economic growth investment funds.
- 6.25. The LGF Lessons Learnt Report was considered by the Accountability Board in July 2021, and initial feedback received both from Accountability Board and local partners has been incorporated into the attached updated draft.
- 6.26. The Board is asked to discuss the Learning Points set out in the LGF Lessons Learnt Report and to provide their feedback on the LGF programme to help shape the final version of the document.

7. Next Steps

- 7.1. Delivery of the ongoing LGF projects, including those set out within this report, and spend of the funding transferred to local partners at the end of 2020/21, will continue to be monitored until all projects have reached completion with regular updates provided to the Accountability Board.
- 7.2. For those GBF projects which have received approval for retention of funding beyond 31 March 2022, project updates will be provided at each Accountability Board meeting to ensure that the projects remain on track to complete GBF spend by 30 September 2022 at the latest. If delivery of the projects is further delayed, an additional decision will be brought to the Accountability Board to consider the next steps with regard to the continued retention of funding against the projects.
- 7.3. At each Accountability Board meeting, an update is provided on the high-risk projects listed in Appendices A and B, with the Board often receiving individual update reports to note progress or to agree next steps.
- 7.4. The LGF Lessons Learnt Report will be updated to reflect any comments provided by the Board and will then be presented to the Accountability Board in November for final agreement. Monitoring and Evaluation of completed LGF projects will continue for as long as SELEP are in a position to do so, and further updates on the realisation of project benefits will be provided to both the Accountability Board and the Board at future meetings.

8. Comments from the Accountable Body

LGF

- 8.1. 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 2021. This commitment was planned to be met through the transfer the remaining funding to the respective lead local authority responsible for delivering the Projects under the terms of the SLA or grant agreements in place.
- 8.2. Where LGF is required to be spent beyond 31st March 2021, the agreement enables the Local authorities to either hold the LGF as a ringfenced grant or spend the LGF across their wider capital programme as a capital swap. Where LGF has been applied as a capital swap, during the subsequent financial years, local authorities will use their own capital programme to fund spend on the LGF project.
- 8.3. Should the Board choose not to endorse the spend of LGF beyond 30th September 2021 for the recommended Projects, a decision will need to be made by Accountability Board on the future position of the projects, 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.

- 8.4. The LGF grant conditions do not include a requirement to provide monitoring and evaluation of project delivery. Monitoring and Evaluation of completed LGF projects is a requirement of the SELEP Local Assurance Framework. If this cannot be assured due to uncertainty over future funding this presents a reputational risk to the SELEP.

GBF

- 8.5. Essex County Council, as the Accountable Body, is responsible for ensuring that the GBF funding is utilised in accordance with the conditions set out by Government for use of the Grant.
- 8.6. GBF is allocated through a grant determination from MHCLG via section 31 of the Local Government Act 2003; this is subject to the following condition:
 - 8.6.1. The grant may be used only for the purposes that a capital receipt may be used for, in accordance with regulations made under section 11 of the Local Government Act 2003.
- 8.7. The grant conditions do not impose an end date for use of the funding, albeit that it was the expectation of Government that all funding is defrayed by 31st March 2022.
- 8.8. SELEP have discussed the proposed approach regarding the retention of GBF funding beyond March 2022 with Government and it was confirmed that no additional governance or approvals would be required from Government in this respect.
- 8.9. Should the Board choose not to endorse the spend of GBF beyond 31st March 2022 for the recommended Projects, a decision will need to be made by Accountability Board on the future position of the projects, which may include cancellation; any such decisions will be managed through the SLAs in place with the respective partner Authorities to support the GBF programme and may include recovery of GBF spent to date, where conditions for funding can no longer be met.

9. Appendices, Supporting Documents and Previous Decisions

- 9.1. Appendix A: LGF Projects spending beyond 30 September 2021 and a summary of high risk LGF projects
- 9.2. Appendix B: GBF Projects spending beyond 31 March 2022 and a summary of high risk GBF projects
- 9.3. Appendix C: LGF Lessons Learnt Report
- 9.4. Background documents
 - 9.4.1. [Accountability Board Agenda Pack 02 July 2021](#)
 - 9.4.2. [Accountability Board Agenda Pack 10 September 2021](#)
- 9.5. For further details contact: SELEP Capital Programme Manager, Helen Dyer (helen.dyer@southeastlep.com)

Item 7: Growing Places Fund update

Executive Summary

1. Overview

- 1.1. This report provides the Strategic Board (the Board) with an update on the position of the Growing Places Fund (GPF) programme and the prioritised project pipeline.
- 1.2. The report also sets out the latest position with the Centre for Advanced Engineering project and outlines the proposed changes to the GPF repayment mechanism which are required due to the impacts of the COVID-19 pandemic. The Board are asked to endorse the outlined change to the repayment mechanism for the Project, subject to Accountability Board approval in November 2021.

2. Decisions: Board is recommended to:

- 2.1. **Endorse** the revised GPF repayment mechanism outlined in this report for the Centre for Advanced Engineering project, subject to Accountability Board approval in November 2021.

3. Rationale for Decisions

- 3.1. In November 2017, the Board agreed the prioritisation of the projects submitted under Round 2 of the GPF. These projects included the Centre for Advanced Engineering Project at South Essex College which was ultimately awarded £2m of GPF funding by the Accountability Board in December 2017.
- 3.2. At the time of funding award, it was expected that the GPF loan would be repaid in full in 2021/22 through income received as a result of land disposal.
- 3.3. South Essex College have now indicated that as a result of the impacts of the COVID-19 pandemic, the agreed repayment schedule and originally stated repayment mechanism are no longer realistic and alternative proposals have been put forward. As these proposals represent a significant change from the information provided during the prioritisation process, the Board are asked to consider endorsing the project changes before they are considered by Accountability Board in November 2021.
- 3.4. Alternative proposals to the recommended course of action have been discussed, but the recommended course of action is the option that would ensure the timeliest repayment of the loan. The College cannot repay to the original schedule and would default on the GPF loan if required to do so. If South Essex College were to default on the GPF loan, this would reduce the level of funding available for future reinvestment.
- 3.5. The Board need to consider this decision now, to ensure that there is sufficient time for the Accountability Board to consider the updated repayment schedule in November 2021 and for the required variation to the GPF loan agreement to be completed prior to the end of 2021/22, when repayment of the GPF loan was originally expected.

4. Decision 1: Endorse the revised GPF repayment mechanism for the Centre for Advanced Engineering project

- 4.1. South Essex College, through Essex County Council as lead local partner authority, sought £2m of GPF investment to support the delivery of the Centre for Advanced Engineering in Eastwood Essex, which was expected to provide approximately 8,300m² (gross internal area) of state of the art advanced automotive, electronic, process engineering and technical construction facilities. This facility was designed to play a central role in meeting the regional and local need for skills and employment in the automotive, engineering and construction industries.
- 4.2. At the time of funding approval, it was expected that the project would support 896 new learners, the upskilling of adults and 224 new apprentices.
- 4.3. The Project was successfully delivered and was fully open by December 2018. To date the Project has supported 458 new learners, 73 apprentices and has created 21 teaching jobs at the site. It should be noted that the number of apprentices supported by the Project has been adversely impacted by the COVID-19 pandemic as it has not been possible to complete all the practical elements of the apprenticeship and therefore there has been a need for existing apprenticeships to be extended into the 2021/22 academic year.
- 4.4. As set out in Section 3 of this report, at the time of the funding award it was expected that the GPF loan would be repaid in full in 2021/22 through income received as a result of land disposal.
- 4.5. During the COVID-19 pandemic, whilst some Department for Education grants were retained, South Essex College saw a significant overall reduction in their income. In addition, restrictions from Central Government on the ability of the college to furlough staff meant that the college could not take significant steps to reduce their expenditure. Consequently, the college reported significant deficits in 2019/20 and 2020/21.
- 4.6. It has been necessary to use the land receipts which were due to be used to repay the GPF loan, alongside funds from reserves in order to cover these deficits. As a result, South Essex College are no longer able to repay the GPF loan as originally envisaged.
- 4.7. To support the development of South Essex College's new campus at Thurrock, the college has a revolving credit facility which must be renegotiated every three years, or in the event that the college fails to meet certain key performance indicators set out within the agreement. A key priority for the college is to meet their responsibilities under the revolving credit facility agreement, ensuring that monthly repayments are made as required. It is expected that over the next five years, the college will be able to reduce its debt level by over 25%.
- 4.8. In addition, there are plans for South Essex College to sell approximately 14 acres of surplus land. An agreement has been reached with the adjacent landowner who is progressing design and planning matters with regard to the development of their own land and the surplus land owned by the college. Development of the site will not be taken forward until the Thurrock Local Development Framework has been adopted. It was originally expected that the document would be published in 2021, however, due to the impacts of the COVID-19 pandemic on the ability to undertake effective public consultation, this has been delayed until 2024.
- 4.9. Whilst sale and development of the site will not be certain until the Local Development Framework has been adopted and a reserved matters application approved, the college and its partners remain confident in the need for, validity and benefits of the scheme which would bring much needed housing to the area. It is anticipated that, subject to the adoption of the Local



Development Framework, the land will be sold in 2024/25. The income from disposal of the site will be used to further reduce the balance of the revolving credit facility.

- 4.10. As a result of the sustained efforts by the college to significantly reduce the balance of the revolving credit facility over the next four years, it is forecast that from 2025/26 sufficient trading surpluses will be available to repay the GPF loan. The revised repayment schedule proposed by the college is shown in Table 1.

Table 1: Proposed revised repayment schedule for the Centre for Advanced Engineering GPF project

£m	2021/22	2025/26	2026/27	Total
Original Repayment Schedule	2.00	-	-	2.00
Revised Repayment Schedule	-	1.00	1.00	2.00

- 4.11. South Essex College have also developed a contingency plan to demonstrate repayment of the GPF loan should there be any further waves of COVID-19 or similar, which impact on the college’s recovery. Whilst this scenario is not expected to arise, GPF repayment would be made as follows: 2025/26 - £0.50m, 2026/27 - £0.75m and 2027/28 - £0.75m. If the need to implement this repayment schedule arises, this will be subject to further decisions by both the Board and Accountability Board.
- 4.12. It should be noted that Essex County Council officers have been in regular dialogue with South Essex College regarding the revised repayment schedule. Assurances are currently being sought from the College that the repayment schedule is achievable. To this end, a long term cashflow statement has been provided by the College and is currently under consideration by Essex County Council finance officers. A further letter of assurance has been requested from the Director of Finance (or equivalent) at the College to confirm that the cashflow statement is a true and fair reflection of the position based on the information currently available. The Essex County Council Section 151 Officer will be provided with a briefing on the proposals put forward by South Essex College. These actions will all be completed in advance of the November Accountability Board meeting, allowing full assurance to be provided to the Board with regard to the achievability of the repayment schedule outlined.
- 4.13. When considering this decision, the Board should be aware that under the terms of the GPF loan agreement, there is a requirement for the Accountability Board to receive six months’ notice of any change to the Project prior to its implementation. In this case, whilst the Accountability Board have been advised of a repayment risk against the Centre for Advanced Engineering project, the revised repayment schedule will not be presented to Accountability Board until November 2021, following consideration of the project changes by this Board.
- 4.14. The intention was that a decision would be taken by the Accountability Board in September 2021, to allow the Project to provide less than six months’ notice of the proposed change, however, due to quorum being lost during the course of the meeting, it wasn’t possible for this decision to be taken. The decision will now be taken retrospectively in November 2021, subject to Strategic Board endorsement being granted.

5. Additional information

GPF Financial Position

- 5.1. The COVID-19 pandemic has had a significant impact on the ability of projects within the GPF programme to deliver in accordance with their expected construction programme and to



repay in accordance with the agreed repayment schedule. As a consequence and following work by scheme promoters to understand the impacts of COVID-19 on their projects and their intended repayment mechanisms, the Accountability Board has considered revised repayment schedules for 9 projects since March 2020. The repayment mechanisms to be adopted by all 9 projects, remains in accordance with that set out in the original project Business Cases.

- 5.2. Whilst the changes to the GPF repayment schedules were necessary to protect the GPF pot, enabling future reinvestment in alternative projects (subject to the outcome of the discussion at Agenda Item 3), they have resulted in extended GPF repayment schedules and a short-term reduction in the amount of funding being returned to SELEP for reinvestment. In line with the decision taken by the Board in April 2020, no interest has been charged on the GPF loans which have been unable to meet their original repayment schedules due to the impacts of the COVID-19 pandemic.
- 5.3. It is now considered that the repayment risk faced by the GPF programme has reduced as the country takes initial steps to recover from the COVID-19 pandemic. However, repayment risks will continue to exist until the full impact on the property sales and rental market is understood and there is greater certainty regarding the long-term survival of commercial tenants who are occupying buildings delivered through the GPF programme. These risks will continue to be monitored and reported to the Accountability Board as required.

Benefits Realisation

- 5.4. Due to the COVID-19 pandemic a number of projects have raised risks in relation to the realisation of the benefits set out within their original Business Cases. In most cases it is expected that the project benefits will still be realised, however, this is now likely to be over a longer time period than originally anticipated. This is for a number of reasons including extended construction programmes, likely impact on the tourism sector, uncertainty regarding the effect on the property sales and rental market and the as yet unknown long-term impact on the economy and the viability of businesses. This will continue to be monitored as scheme promoters gain a clearer understanding of the wider economic impacts of the COVID-19 pandemic, with information being sought as to the reasons for the delay in realising forecast project benefits.

Prioritised project pipeline

- 5.5. Round 3 of the Growing Places Fund was launched in October 2019 and culminated with the Board agreeing the prioritised project pipeline in June 2020. Subsequently in December 2020, the Board agreed changes to the pipeline and agreed that the Accountability Board could employ some flexibility to the order of the pipeline when awarding funding to projects to facilitate accelerated investment of the available funding.
- 5.6. Since the agreement of the prioritised project pipeline, regular funding decisions have been taken by the Accountability Board, in line with the level of funding available for reinvestment. Eight projects on the pipeline have now been awarded the GPF funding sought to support delivery. An update on the status of projects on the GPF project pipeline is set out in Appendix A.
- 5.7. The Board are asked to note that the Accountability Board agreed the removal of the Barnhorn Green Commercial and Health Development (Phase 2) project from the GPF pipeline in February 2021. The Project was initially seeking GPF investment of £3.5m, which was split into two phases during the prioritisation process, with each phase receiving £1.75m



GPF. Phase 1 of the Project was awarded £1.75m GPF by the Accountability Board in February 2021.

- 5.8. It was noted at the February 2021 Accountability Board meeting, that the scheme promoter now intended to bring the entire Barnhorn Green project forward in one phase, using the initial £1.75m GPF allocated to the project. The remaining project cost was to be funded through PWLB borrowing and a small local contribution. The project scope and expected benefits were not affected by this change in delivery approach. Hence the decision was taken to remove Phase 2 of the Project from the pipeline.
- 5.9. There are two projects remaining on the GPF project pipeline – Leigh Port Quay Wall (Southend) and No Use Empty Residential (Kent). There is sufficient GPF funding available to support investment in one of these projects during 2021/22, however, the consideration of any further GPF investment decisions by Accountability Board will be dependent upon the outcome of the Board's discussion under Agenda Item 3.

6. Next Steps

- 6.1. Subject to Board endorsement today, the Accountability Board will consider the proposed revised repayment schedule for the Centre for Advanced Engineering project at their meeting on 19 November 2021.
- 6.2. Work will continue to monitor risks to GPF repayment and the realisation of forecast project benefits. Regular updates will be provided to the Accountability Board over the coming months.
- 6.3. GPF investment decisions by Accountability Board will be placed on hold, pending the outcome of the Board's discussion under Agenda Item 3. If it is agreed that SELEP Ltd. will not enter into any new GPF loan agreements at this time, other than for those projects which have already been approved by Accountability Board, all remaining GPF funding decisions will be deferred until the Board have had the opportunity to consider the use of the GPF funding within the new role of the LEP.

7. Comments from the Accountable Body

- 7.1. A total of £15.167m GPF was carried forward from 2020/21 and available for reinvestment into the pipeline in 2021/22.
- 7.2. The Board are advised to note that in consideration of the reprofiling request and the further repayment risks that are highlighted, a delay in the amount of GPF repaid by existing projects, as a result of re-profiled repayment schedules, will reduce the amount of GPF available for possible reinvestment, should the GPF revolving loan scheme continue in future years.
- 7.3. The Board are advised to note that in consideration of the reprofiling request, the terms are requested to be extended from a 2021/22 final repayment date to 2026/27 final repayment date. This extends the commitment of SELEP and the Accountable Body to future years for the administration of the Project. It should be noted that there are other GPF projects with a repayment profile completing in 2026/27 as part of the agreed business case.
- 7.4. If an existing GPF project is put forward for a change to its repayment schedule, under the terms of the credit agreement between Essex County Council as Accountable Body for SELEP, SELEP Ltd, and the lead County/Unitary Authority, the lead County/Unitary Authority is required to provide assurance that there is reasonable justification for a delay in repayment and that the project is still viable in the longer term to make the repayments in full.

8. Appendices, Supporting Documents and Previous Decisions

- 8.1. Appendix A: GPF prioritised project pipeline
- 8.2. Background documents:
 - 8.2.1. [Accountability Board Agenda Pack 02 July 2021](#)
 - 8.2.2. [Accountability Board Agenda Pack 10 September 2021](#)
- 8.3. For further details contact: SELEP Capital Programme Manager, Helen Dyer (helen.dyer@southeastlep.com)

Item 8: Growth Hub Update

Executive Summary

1. Overview

- 1.1. The purpose of this report is to provide an update to Strategic Board (the Board) on the evolution of the Growth Hub delivery model, and the impact and risks of the LEP Review on this work.
- 1.2. At the June meeting of the Board, an update was provided on the work undertaken so far to review the Growth Hub delivery model. The purpose of this work is to ensure a responsive, adaptive, and operationally flexible service across the region.
- 1.3. Recommendations for change were due to be presented to Board in June. This work is now on hold until the outcome of the LEP Review. It also needs to align with the outcomes of the national Business Support Reform, timing of which is currently unknown, and the findings of the national Growth Hub Evaluation, which is expected to report by the end of the calendar year.

2. Decisions: Board is recommended to:

- 2.1 Note the update presented in this report.

3. Summary of Update

- 3.1 In summary, this update describes work completed in Quarter 2, following a presentation to Board in June on an independent report commissioned by SELEP to inform our recommendations to evolve the Growth Hub delivery model. Work completed in Quarter 2, which will also inform the recommendations is:
 - 3.1.1. A survey of Federated Area Board members on the Growth Hub service (presented in Appendix A);
 - 3.1.2. the South East Business Hub Annual Evaluation 2020/21 (presented in Appendix B) and associated recommendations (presented in Appendix C).
- 3.2 An update is also provided on current and planned activities of the Growth Hub this financial year, for which core and supplementary funding has been secured.

4. Rationale for update:

- 4.1. This update is presented now to bring to the Board's attention the findings of the latest pieces of work that will help shape the recommendations for the Growth Hub once the findings of the LEP Review are known. It also provides information on the current activities of the service.
- 4.2. Implementation of agreed recommendations to evolve the delivery model was originally scheduled for 2022/23. It will now not be possible to implement any changes to the Growth Hub model to be effective from 1 April 2022 as changes to the model cannot be implemented ahead of a definitive steer from Government as to their requirements. If this steer is provided ahead of December Board meeting, it would not leave sufficient time for our delivery partners to make the necessary arrangements ahead of implementation of new model by 1 April 2022. A revised timeline for the implementation of any changes, if recommended, will be provided to Board as part of the approval for the changes to the model.
- 4.3. Delivery of the Growth Hub service in 2022/23 is also dependant on timely confirmation of



Growth Hub core funding, which in part funds the SELEP Growth Hub Lead, together with LEP core funding that provide some additional support to the Growth Hub via the Secretariat. The continuation of support that isn't funded by the Growth Hub grant is dependent on the Board identifying business support as a key priority as part of the discussion relating to the SELEP Evolution Report that will be considered earlier on the agenda at the meeting on the 1 October 2021.

Further Information

5. Update 1: Federated Area Board Survey

- 5.1. Federated Area Board members were invited to take part in a Growth Hub Survey that opened on 26 July and ran through the summer, closing on 10 September. The purpose of the survey was to seek members' views on key operational aspects of the Growth Hub. The results are presented in Appendix A.
- 5.2. The survey comprised ten statements with an agree-disagree response style, together with free text boxes for comments against each statement. A total of 20 responses were received with ten individual written comments.
- 5.3. Headlines drawn from the results are:
 - 5.3.1. Whilst all participants were aware of the Growth Hub, 10% did not understand what the service is seeking to achieve, and 28% did not agree that the service is well known by businesses in their area;
 - 5.3.2. 81% agreed that Area Growth Hubs should provide a consistent 'core' service, with 76% agreeing that it should capture and analyse data/ intelligence to help shape future support;
 - 5.3.3. 38% agreed that the service should prioritise high growth potential businesses to demonstrate best value for money, and a further 33% disagreed with this;
 - 5.3.4. 24% agree that the service has a strong and easy-to-navigate digital offer, whilst 14% disagree and 62% remain neutral;
 - 5.3.5. 86% agreed that Area Hubs should work together to share best practice and resources, with 72% agreeing that best use should be made of regional economies of scale; and
 - 5.3.6. 76% agreed that the SELEP Growth Hub should have a shared strategy for the outcomes it wants to deliver, and 10% disagreed with this.
- 5.4. The results of this survey will be used to help shape recommendations for the delivery model.

6. Update 2: South East Business Hub Annual Evaluation 2020/21

- 6.1. SELEP is required by BEIS to evaluate the Growth Hub service every year, which is completed using an external consultant paid for using core funding specified for this purpose.
- 6.2. The evaluation report for the last full financial year is presented in Appendix B and reflects comments and feedback from Hub staff, key partners, and businesses who have used the service. It evaluates the activities undertaken throughout 2020/21 and the ability and success of the service to rise to the severe challenges presented by COVID19, around service reach and delivery, scale-up support and Peer Networks, partnership working and KPI achievement.



- 6.3. The report contains 10 provisional recommendations that have been shared with the SELEP Growth Hub Steering Group for discussion. The Steering Group noted that some of the recommendations are straightforward and can readily be implemented; some are more substantial and need to be considered as part of the evolution of the delivery model; and some are not practical or beneficial at this time.
- 6.4. A summary of the recommendations, discussion by the Steering Group and consequent next steps is provided in Appendix C, which highlights those that will be carried forward and considered as part of the Growth Hub delivery model recommendations.
- 6.5. The South East Business Hub Steering group will maintain oversight of the findings of the annual evaluation report, which will also be subject to discussion with the Cities and Local Growth Unit Growth Hub team within BEIS in Quarter 3, alongside the Growth Hub Annual Report for 2020/21. The outcomes of this meeting will be considered and reflected in future work.
- 6.6. Board should note that the implementation of recommendations that are relevant to the evolution of the Growth Hub delivery model is subject to the outcomes of the LEP Review, national Business Support Reform, confirmation of Growth Hub core funding for 2022/23 and agreement by this Board.

7. Update 3: Growth Hub activities in 2021/22

- 7.1. Growth Hub core and supplementary funding for this financial year is provided via a Grant Funding Offer from the Department for Business, Energy and Industrial Strategy (BEIS) for £890,000, which is claimed retrospectively every quarter for pre-agreed activities against eligible criteria set by BEIS.
- 7.2. This funding is largely allocated to Area Growth Hubs via Service Level Agreements, where it is deployed to manage and staff the service, primarily through business navigators and specialist advisors, with some communications, administration, and data personnel. Other costs accounted for include marketing and events, data licences and expenses.
- 7.3. Funding retained by SELEP provides for the Growth Hub lead and Data Intelligence Officer, website and CRM maintenance, the annual evaluation, and activities required to evolve the Growth Hub in line with BEIS expectations as per 1.2 above.
- 7.4. In addition to business as usual activities, the Growth Hub has been awarded further funding of £225,000 to deliver a second national Peer Networks programme across the region; the first was rolled out in 2020/21. The programme convenes small cohorts of SME leaders for interactive group sessions, led by trained facilitators, with the aim of improving overall leader and business performance. The programme is being contracted out by Business East Sussex, and Kent and Medway, and Business Essex, Southend and Thurrock are contracting out with some in-house coordination.
- 7.5. At a regional level, the review of the South East Business Hub website is scheduled for Quarter 3 this year. This activity was agreed by Board in December 2020 as part of the work to evolve the Growth Hubs. The project will engage with key staff in the Area Growth Hubs and SELEP Secretariat to identify improvements around terminology, content, consistency, and navigation of the sites, to improve the end-user experience.
- 7.6. Improvements will be implemented as soon as is practicable, either in-house subject to available resource and/or by the websites' creator. Where this is not possible within current budgets,

improvements will be deferred until further Growth Hub core funding has been confirmed.

- 7.7. The Growth Hub is also starting to receive national direction to support and promote the net-zero carbon agenda, although this remains unfunded to date. Growth Hubs have been identified as a key vehicle to mobilise businesses for the Together For Our Planet campaign and are being provided with campaign packs and workshop sessions to enable this.
- 7.8. At a pan-regional scale SELEP continues to work closely with Hertfordshire LEP and the Greater London Authority as a 'cluster' on all Growth Hub related matters, and as part of the national Growth Hub Network. £20,000 of core funding is allocated to a cluster budget for shared and collaborative initiatives including tele-marketing, advisor/navigator training, and podcast production.

8. Next Steps

- 8.1. The outcomes of the LEP Review are to be linked to the Levelling Up White Paper, which is expected after the Spending Review 2021 in October. Once further information is available on the future model and funding for both LEPs and Growth Hubs, expected to emerge through quarters 3 and 4, work will continue to develop new potential options and recommendations for the Growth Hub delivery model, and these will be presented to Board at the earliest opportunity.
- 8.2. Updates will also be provided to Board on current Growth Hub activities, review of the website project, and progress made against the findings of the annual evaluation.

9. Comments from the Accountable Body

- 9.1. The activities and objectives of the Growth Hubs are subject to Growth Hub Core and Supplemental funding being secured and received from Government. The grant conditions and funding have been received for 2021/22, therefore current year activities are being progressed.
- 9.2. A delay in confirmation of future years Growth Hub Core funding from Government impacts on the strategic planning for delivery of activities from the Growth Hubs beyond 2021/22.

10. Appendices, Supporting Documents and Previous Decisions

- 10.1. Appendix A: Results of the Federated Area Boards Growth Hub Survey
- 10.2. Appendix B: South East Business Hub Annual Evaluation Report 2020/21
- 10.3. Appendix C: Summary of recommendations from the annual evaluation, comments and next steps
- 10.4. Strategic Board Agenda Pack (Item 6), Growth Hub Update and ERDF Legacy Funding:
https://www.southeastlep.com/app/uploads/2020/06/SELEP-Strategic-Board-June-2020_Agenda-Pack.pdf
- 10.5. Strategic Board Agenda Pack (Item 5) Evolution of the Growth Hub and Business Support:
https://www.southeastlep.com/app/uploads/2019/11/SELEP-Strategic-Board-Agenda-Pack_Dec-2020.pdf
- 10.6. Strategic Board Agenda Pack (Item 8) Growth Hub Update:
https://www.southeastlep.com/app/uploads/2020/10/SELEP-Strategic-Board-Agenda-Pack-June-2021_amended.pdf
- 10.7. For further information please contact Jo Simmons, Business Development Manager (jo.simmons@southeastlep.com)

Item 9: Sector Support Fund Project Update

Executive Summary

1. Overview

- 1.1. Following the notification that HM Government would only be paying half of the Core Funding in the current financial year, and with no current information on mechanism for releasing the second tranche, the Chief Executive Officer has put a temporary hold on non-essential revenue spending. The views of the Board are being sought earlier in the agenda as to whether further Sector Support Fund (SSF) investments should be made at this time. Following the meeting of the Board, an update on the decision will be provided to the project promoters that have been working on business cases.
- 1.2. A project change request has been received in relation to the SELEP Creative Open Workspace Master Plan and Prospectus project and the Board are asked to agree an extension to the project delivery programme.
- 1.3. Currently there is £126,736 of SSF that is unallocated.

2. Decisions: Board is recommended to:

- 2.1. **Endorse** the request to extend the delivery timetable end date for the SELEP Creative Open Workspace Master Plan and Prospectus project from July 2021 until March 2022.

3. Rationale for Decision 1

- 3.1. The SELEP Creative Open Workspace Master Plan and Prospectus project has experienced a series of difficulties since it was endorsed by the Board in March 2019, elements of the project have proved more difficult than originally expected, early brief writing and consultant procurement was also more complicated than expected and finally the Covid-19 pandemic caused additional unexpected issues.
- 3.2. East Sussex County Council, as project leads, have submitted a request to further extend the project timeline. The Prospectus is now complete and ready for publication. The Prospectus will be presented to a future Strategic Board meeting in this financial year when there is sufficient time available on the agenda. The Workspace Master Plan element of the project has not progressed in line with the project plan due to delays in procuring consultancy and then ensuring quality outputs from that contact following its award.
- 3.3. Following discussions with contractors, the project sponsor is now confident that remaining tasks in the project plan can be completed by March 2022. Finally, Value for Money and expected benefits will not be affected by this extension.

Further information

4. Decision 1: Project extension request

- 4.1. The SELEP Creative Open Workspace Master Plan and Prospectus project aims to address the gap in suitable workspace for the Creative Cultural and Digital Sector across the SELEP area.
- 4.2. The outputs of the project will be:



- 4.2.1. a refreshed South East Creative Economy Prospectus to describe exemplary pipeline projects alongside complementary work packages addressing skills and business support needs;
 - 4.2.2. produce a Creative Open Workspace report and toolkit to accelerate the pipeline of open workspace projects;
 - 4.2.3. to deliver a Cultural planning policy guidance note that can be adopted by local authorities to support the inclusion of creative workspace in new developments and the re-purposing of under-used buildings as creative workspace;
 - 4.2.4. to help enable three Creative Enterprise Zones, leading to increased Business Rates yields;
 - 4.2.5. to encourage a SELEP-wide pipeline of investment-ready open workspace projects; and
 - 4.2.6. to help development of governance and operating structure for a new creative workspace finance vehicle.
- 4.3. The Board endorsed the allocation of £49,000 SSF in March 2019, contributing to a total project cost of £70,000, At this time, it was expected that the project would complete in March 2020.
- 4.4. A request to extend the timeline of the project was received by the SELEP Chief Executive Officer (CEO) in December 2020, to extend the project completion date until July 2021. The initial stages of the project suffered from enforced delays due to the clarification of the consultants brief and ensuring initial outputs were achieved, leading to a delay in the consultancy team being procured to August 2020. This request was approved in December 2020.
- 4.5. As the Covid-19 pandemic continued early in 2021 the group took the decision to pause the project in order to take stock and sense check the project plans. This led to further delays.
- 4.6. It is intended that the project extension will allow for the delivery of all outputs as stated in the original funding application.
- 4.7. The project extension will not impact on project costs.
- 4.8. Benefits and Value for Money are forecast to be the same as originally outlined in the original application
- 4.9. To date, none of the SSF funding has been drawn down as the SSF grant agreement with East Sussex County Council remains outstanding. The signing of the original grant agreement was severely protracted and more recently updated grant agreements have been delayed due to the change requests submitted for this project. If this change request is endorsed every effort will be made to expediate the further approvals and ensure the grant agreement is finalised.
- 4.10. The Board is asked to endorse the request to extend the delivery programme for this project until March 2022.

5. Update on existing Projects

- 5.1. All projects provide a quarterly update to the SELEP Secretariat in order to provide updates to the Board.

5.2. Quarterly updates on progress and spend are set out in Appendix A and B.

6. Risks to Current Projects

- 6.1. The Secretariat has been speaking to the Building Back Better project following a delay to the start of the project due to staff changes at the delivery partner. As stated above the project has been flagged as high risk until the change request is received and assessed by the SELEP Secretariat and Accountable Body. This is expected to be received in the next few weeks to ensure a change request can be considered by Board in December 2021.
- 6.2. A SSF investment of £192,000 into the project was endorsed by the Board in December 2020. The total project cost was £285,065 and had an expected start date of March 2021, the grant agreement was signed on the 14 May 2021, and the expected completion date was March 2022. No funding has been drawdown for the project.
- 6.3. SSF projects are clearly 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.
- 6.4. As the project has not started, we believe that the application will still be delivered as set out in the original application as 12 month project, albeit on a revised timeline. However, any future decision on extending timelines will need to be considered against the context of uncertainty on the future role of LEPs and whether extending beyond this financial year is a workable option.

7. Other Information:

- 7.1. Full details of the criteria for SSF bids are available on the SELEP website, [Guidance Note](#). This guidance has been updated to reflect the criteria agreed by the Board in June 2020 to ensure projects support Brexit and/or COVID-19 economic recovery.
- 7.2. At the June 2020 meeting a further £1,000,000 was allocated to the SSF programme which was extended until 31 March 2022 or when the fund is exhausted, whichever is sooner.
- 7.3. To date the Board has endorsed 21 projects for SSF support to the value of £2,373,271. However, £7.25 has been returned to the SSF pot by the project Delivering skills of the future through teaching: teaching for growth. Details of the allocations made this financial year can be found below at Table 1. Summary information on the projects can be found at Appendices A and B.



Table 1: Sector Support Fund Balance 2021/22

	2020/21
Funding	£
Covid-19 Recovery Fund	1,000,000
c/f 2019/20	206,500
Total 2020/21 funding	1,206,500
Returned to the SSF pot*	-7
Total SSF allocated to Projects 2020/21	1,079,771
Balance SSF remaining	126,736

*Note: £7.25 has been returned to the SSF pot by the project: Delivering skills of the future through teaching: teaching for growth

8. Next steps

- 8.1. If the Board endorse the change request for an extension to the delivery programme for the SELEP Creative Open Workspace Master Plan and Prospectus project, the SELEP Chief Executive Officer will be asked to formally approve the extension.
- 8.2. The draft SSF grant agreement will be updated to reflect the extension to the delivery programme and steps will be taken to ensure that this agreement is finalised as soon as possible.
- 8.3. Promoters of projects that are being developed for future investment will be informed of the agreed position for the Fund following discussion with the Board at the October 2021 meeting and next steps where appropriate.

9. Comments from the Accountable Body

- 9.1. A total SSF fund of £1,206,500 was established for 2020/21; of this, successful funding applications of £944,771 were awarded in 2020/21 and the end of year remaining balance of SSF funding was £126,729.
- 9.2. The SSF carry forward balance of £126,729 from 2020/21 has been approved by the Accountability Board as part of the approval of the 2020/21 final year position and carry forward at the July 2021 Board meeting.
- 9.3. There have been no SSF project applications presented to the Board for endorsement or approved by the SELEP CEO in 2021/22 at the time of this meeting.
- 9.4. The SELEP Creative Open Workspace Master Plan and Prospectus Project promotor has confirmed that the change request for an extension to the delivery programme, does not affect the expected project benefits or total project costs, which will remain unchanged from the original SSF application endorsed by the Board and approved by the SELEP CEO. The value for money assessment of the ITE remains unchanged.
- 9.5. Should the Board endorse the recommended SSF change request and the SELEP CEO formally approves this, the grant will be transferred to East Sussex County Council (ESCC) as lead

authority via a grant agreement with the Accountable Body and SELEP Ltd; 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, including the change request in this report.

- 9.6. For all Projects included in appendices A and B, where a grant agreement is not yet in place, the funding will not be able to be transferred to the respective Lead Authority until the agreement has been finalised. The Accountable Body is supporting the Secretariat to finalise the outstanding agreements.

10. Appendices, Supporting Documents and Previous Decisions

- 10.1. Appendix A – Summary of SSF Projects with Board Endorsement
- 10.2. Appendix B – Delivery Updates and RAG rating for current projects
- 10.3. Appendix C – Creative Open Workspace Master Plan and Prospectus project
- 10.4. Sector Support Fund Guidance Note, including eligibility criteria [LINK HERE](#)

For further information contact Howard Davies, SELEP Capital Programme Officer (howard.davies@southeastlep.com)