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# SELEP's transition: board workshop 1

12 June 2023





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# Agenda





Time		Item	Lead
1	10:00	Introduction & welcomes	Sarah Dance
2	10:10	Context for the discussion and what we need to achieve today	Adam Bryan
3	10:20	SELEP's <b>current activities</b> <ul style="list-style-type: none"><li>- What can't just 'stop'?</li><li>- What are Government's ongoing expectations?</li></ul>	Helen Russell
4	10:50	Presentation of <b>scenarios</b> and possible approaches to GPF/GBF funding opportunities <ul style="list-style-type: none"><li>- Followed by questions</li></ul>	Adam Bryan
5	11:30	Scenarios & GPF/GBF <b>discussion</b> in two groups <ol style="list-style-type: none"><li>1. Are there other considerations or further scenarios?</li><li>2. What, in your view, are the pros and cons of each presented scenario?</li><li>3. Which do you favour and why?</li></ol>	2 x facilitators
6	12:45	Lunch	
7	13:00	<b>Feedback</b> from groups	Adam Bryan
8	13:30	Planning our <b>next steps</b> after 7 <sup>th</sup> July	Sarah Dance
9	13:45	AOB	Sarah Dance



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# Current activities



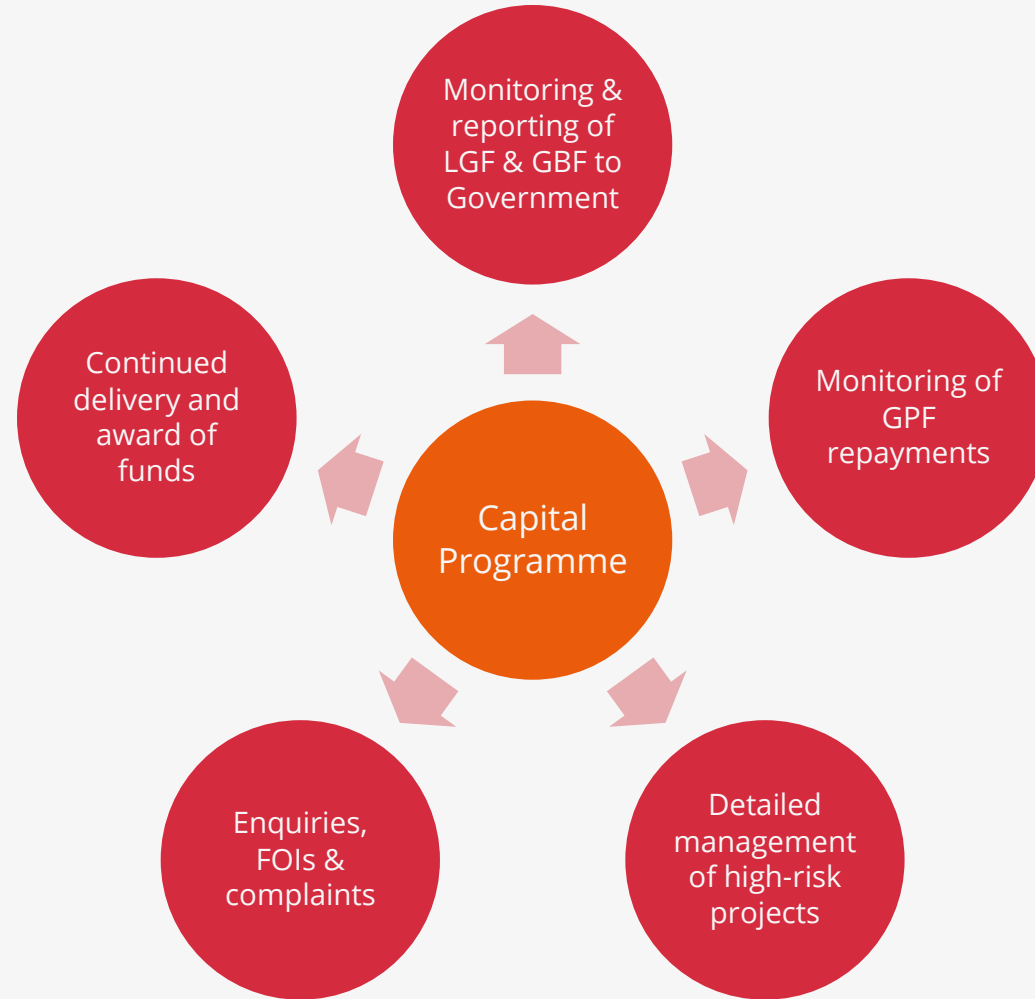
## Day to day activities

Management of team	Supporting LEP transition	National advocacy of local needs	LTC benefits and business outreach
Operation of Strategic and Accountability Boards	Maintenance of the Ltd company	Monitoring and reporting of revenue programmes	CV19 recovery fund and follow up work
Legacy and evaluation work	Engagement with LEP Network	Regional leadership – Catalyst South	Legacy work around ESF
Support to sub-national transport bodies	Board role on Town Boards	Proactive communications	Engagement with Maritime UK
Dvpmt of data and intelligence	Strategic skills work – SWG, SAP	Provision of data for LSIPs	Championing of South2East Strategy
Digital Skills Partnership	Work with universities and U9 approach	Bilaterals with Government	Work with sub-regional bodies
Partnership work with BROs	Support to Freeports	Deployment of Ind. Technical Evaluator	Delivery of £600m capital programme



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# Capital Programme





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# Strategy: Data and Intelligence





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# Strategy: Partnerships







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# Business Support





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GBF/GPF



## Option 1: SELEP Capital Grant

<b>Headline</b>	Combine remaining GBF and GPF to create a legacy capital grant fund to be dispersed by SELEP in 2023/24
<b>Benefit / risks</b>	Opportunity for SELEP to support capital programmes that will deliver maximum economic benefits for the region. Maintains compliance with the Assurance Framework – albeit the GPF funding will be rebadged as grant funding. Loss of revolving loan fund function – potentially impacting on availability of funds for future investment in economic growth
<b>Estimated funds</b>	£2.049m GBF + £9.610m GPF (excluding £5.315m GPF repayments due in 2023/24)
<b>Process</b>	<p>A combined process for GBF and GPF, following principles of previous SELEP capital funds. Criteria for projects will be based on the overall objectives of the GPF to support development at stalled investment sites, improve skills and learner numbers, accelerate the delivery of new houses and support the creation of new jobs. Government guidance indicates that the GBF should be spent on shovel ready projects. Projects will be expected to align with SELEP's existing Recovery and Renewal Strategy.</p> <p>Needs and priorities identified by SELEP working groups could also form part of this process provided they are supported by an appropriate Federated Board or local authority.</p>
<b>Additional considerations</b>	A mechanism for managing existing GPF loans will need to be established and thought given as to how these loans should be accounted for when shaping the process.

*Note: During 2023/24 SELEP remains bound by the Assurance Framework which sets out obligations in relation to agreeing a prioritisation approach and assuring Value for Money at a SELEP level.*



## Option 2: SELEP wide GPF loan programme

<b>Headline</b>	Retain GPF as regional loan programme by inviting a partner authority to manage the fund as an ongoing evergreen investment fund to span the legacy area. Consideration to be given as to whether SELEP run a GPF process in 2023/24 prior to handover to partner authority.
<b>Benefit / risks</b>	Maintaining the fund as a recyclable loan would be desirable in the context of limited future funding to support economic growth. Delivery of a GPF round in 2023/24 by SELEP would ensure compliance with Assurance Framework. Process of transferring programme to partner authority likely to be lengthy.
<b>Estimated funds</b>	£9.610m GPF (excluding £5.315m GPF repayments due in 2023/24)
<b>Process</b>	<p>Programme transferred to partner authority on the basis that it is retained as a regional, revolving loan fund to be used to support economic growth. Details of the process used to allocate funding would be proposed by lead partner authority.</p> <p>2023/24 round of funding by SELEP would follow process used for previous GPF rounds – other than ITE costs needing to be managed locally.</p> <p>A separate GBF grant reallocation process to be run in 2023/24 by SELEP. Funding to be allocated in accordance with the original purpose of the fund (shovel ready, quick delivery projects).</p>
<b>Additional considerations</b>	It is proposed that any repayments on existing loans would be returned directly to the lead partner authority for reallocation through the fund.

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## Option 3: Disaggregate GPF to Federated Area level

<b>Headline</b>	Disaggregating the funding on the basis of a localised approach to GPF loan funding with Federated Board-led continued management and monitoring
<b>Benefit / risks</b>	Removes the requirement to run a SELEP GPF process during 2023/24 and gives more control to federated areas to determine local priorities. However, this may limit the regional strategic impact of the fund and would not be compliant with the requirements of the SELEP Assurance Framework. Retains the revolving loan fund function of the GPF
<b>Estimated funds</b>	£9.610m GPF (excluding £5.315m GPF repayments due in 2023/24)
<b>Process</b>	<p>Funds to be disaggregated to four federated areas on a per capita basis with consideration given to the value of existing GPF loans.</p> <p>Funding would be disaggregated on the basis that the revolving loan fund function is retained and that the funding is used for economic growth purposes.</p> <p>A separate GBF grant reallocation process to be run in 2023/24 by SELEP. Funding to be allocated in accordance with the original purpose of the fund (shovel ready, quick delivery projects).</p>
<b>Additional considerations</b>	<p>Repayments on existing loans made directly to relevant local authority for inclusion in the revolving fund.</p> <p>Variation in appetite for loan funding across the SELEP region may mean this option is not attractive to all partner authorities.</p>

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# Transition scenarios



## Principles of transition

- That a mainstream, independent and influential **voice of business** is present through the transition period and beyond
- That the transition works to ensure that there is **no gap in business engagement** and support is made available to establish new arrangements
- That SELEP **staff affected by change are provided with clarity** at the first possible point and that contract terms are not changed (i.e. that permanent staff are not transferred to fixed term contracts)
- That the process is **in line with *likely* Government policy** and therefore results in the eventual closure of SELEP, irrespective of the scenario chosen to get there

- All statements in this presentation represent our best estimation of the current situation and are subject to further policy announcements from Government or commitment from local partners.
- All financial statements are based on initial estimates but these assumptions need to be confirmed when the work is developed. For example, SELEP's core funding for 23/24 is subject to an ongoing application process.





## Scenario A: No change

<b>Headline</b>	Substantive LEP team remains in place to deliver pan-area activities
<b>Functions</b>	Strategic pship activity; full Capital Programme Management; Business Support
<b>Timeline</b>	Fully funded up to March 2025 (LEP revenue funding)
<b>Governance</b>	No change: Strategic & Accountability Boards continue as is
<b>Finances</b>	Revenue budget available to cover all costs
<b>People impact</b>	No immediate impact.
<b>Pros</b>	Enables value-added 'regional' work to continue and supports continuity while (new) local arrangements are fully developed and political decisions made clear
<b>Cons</b>	Operating within limited Government mandate; limited remaining support may further reduce

## Scenario B: Independent core SELEP team

<b>Headline</b>	A reduced independent LEP team remains in place to deliver core activities
<b>Functions</b>	Limited to strategic pship activity; Capital Programme ongoing responsibilities; Business Support
<b>Timeline</b>	Operating to March 2025 with transition planned from April 2025
<b>Governance</b>	Strategic & Accountability Boards remain but pared back to reflect reduced role
<b>Finances</b>	Revenue budget available to cover all costs and subsequent close
<b>People impact</b>	Consultation required to determine in-scope, transfers or redundancy*
<b>Pros</b>	Maintains pan-area activity; mitigates loss of expertise; allows time to plan transition and support/align to devolution plans; retain business engagement
<b>Cons</b>	Could cause some confusion if change not communicated clearly



## Scenario C: Hosted core team

<b>Headline</b>	A core team delivers core activities but is subsumed within a Local Authority
<b>Functions</b>	Strategic partnership activity; Capital Programme responsibilities (inc new GBF/GPF); Business Support
<b>Timeline</b>	Operating to March 2025 with transition planned from April 2025
<b>Governance</b>	SELEP Ltd is replaced with a partnership MoU; Accountability Board or similar structure still required for programme oversight
<b>Finances</b>	Agreed funding for revenue costs transferred to host authority (if not Essex CC)
<b>People impact</b>	Consultation required to determine in-scope, transfers or redundancy. Opportunities in host authority
<b>Pros</b>	Enables continuity of core work; retains expertise; provides good continuity to staff
<b>Cons</b>	Board could become complicated. Proper business engagement would be difficult.



## Scenario D: Dispersal of Activities by March

<b>Headline</b>	SELEP Ltd closure. Movement of all staff and functions into local authorities
<b>Functions</b>	Funded functions delivered by staff moved to Local Authorities.
<b>Timeline</b>	Effective 1 <sup>st</sup> April 2024 or as close to that date as possible
<b>Governance</b>	Contracts novated; functions transferred formally; Boards disbanded. Government requirements for ongoing delivery to be established. Require analysis of Framework Agreement to ascertain close down obligations on partners
<b>Finances</b>	Revenue remaining to cover 1) close down, 2) AB costs incurred, 3) moved staff
<b>People impact</b>	Staff moved to Local Authorities or compulsory redundancy through consultation
<b>Pros</b>	Clean break; strong policy response; could provide clarity to staff at early stage
<b>Cons</b>	Limited time to agree processes and gain commitment; loss of value added strategic work; risk of alienating business; potential for quick loss of expertise

## Key planning considerations – all scenarios

- Government's **next announcement on LEPs/LEP funding is still expected before Summer Recess** and this will be a major consideration in building our next steps and determining the legacy responsibilities on Essex CC relating to the capital programme.
- Assuming that change is preferred, we would have to develop a timetable for transition and integration that allows for all legal and employment processes to happen. This may run **beyond April 2024**
- Government's expectation is that LEP functions are integrated into Local Authorities. We have focused on LEP-side planning. But, **what is the start point for integrated delivery in Local Authorities?**



## Scenarios Summary

	A	B	C	D
<b>Headline</b>	No change	Independent core team	Hosted core team	Dispersal of all activities
<b>Function</b>	All existing functions	Strategic pship; capital programme	Strategic pship; capital programme	Functions and staff moved to LAs
<b>Timeline</b>	To March 2025	March 2025, transition thereafter	March 2025, transition thereafter	Effective 1/4/24 or as close as possible
<b>Governance</b>	No change	Pared back Strat & Acc Boards	Ltd replaced by MoU; Board for oversight	Formal transfer & disband all functions
<b>Finances</b>	Fully funded by existing revenue	Fully funded by existing revenue	Agreed funding transferred to host	Revenue to cover close down/AB/staff
<b>People impact</b>	None	Consultation to determine in-scope	Consultation to determine in-scope	Staff moved to LAs or compulsory red.
<b>Pros</b>	Cont of value-add strategic work	Bus engmt; retain skills; time to plan devo	Retains skills/work; aligned with policy	Strong policy response
<b>Cons</b>	Limited mandate	Could cause confusion	Bus engagement becomes difficult	Loss of value-add work; alienation of bus; limited time

## Principles of transition: reprise

- That a mainstream, independent and influential **voice of business** is present through the transition period and beyond
- That the transition works to ensure that there is **no gap in business engagement** and support is made available to establish new arrangements
- That SELEP **staff affected by change are provided with clarity** at the first possible point and that contract terms are not changed (i.e. that permanent staff are not transferred to fixed term contracts)
- That the process is **in line with *likely* Government policy** and therefore results in the eventual closure of SELEP, irrespective of the scenario chosen to get there

## Key meetings ahead

- SELEP Accountability Board to note progress: **16<sup>th</sup> June**
- SELEP Strategic Board: **7<sup>th</sup> July**
- SELEP Senior Officers face to face: **20<sup>th</sup> July**

