
Summary of decisions taken at a meeting of the SELEP Accountability Board, held in MidKent College, Maidstone Campus, Oakwood Park, Tonbridge Road, Maidstone, Kent ME16 8AQ on Friday, 16 February 2024

Published on Friday 16 February 2024. Provided a decision has not been called in by close of business on Wednesday 21 February 2024 it can then be implemented.

Please note that this is a summary of decisions taken at the meeting only. A full account of proceedings will appear in the minutes of the meeting which will be published on the Council's website by Tuesday 6 March 2024.

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Present:

Simon Cook	Chair
Cllr Lee Scott	Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Keith Glazier	East Sussex County Council
Cllr Lauren Edwards	Medway Council
Cllr Andrew Jefferies	Thurrock Council

1 Welcome and Apologies for Absence

- Cllr Tony Cox
- Cllr Kevin Bentley substituted by Cllr Lee Scott
- Thomas Wolfenden

2 Minutes of the previous meeting

The minutes of the meeting held on Friday 12 January 2024 were agreed as an accurate record.

3 Declarations of Interest

There were none.

4 Questions from the public

Helen Russell Chief Executive Officer SELEP advised the Board that one public question had been received, she read the question and the response.

Question from Mr Bernard Brown

Pacific House Repayment of GPF loan.

In the report to the Board Meeting 16/2/24 the history of the project is reported in Paras 6.9 to 6.11. Loan was granted March 2014; Projected Completed June 2015; (para 6.10 page 49) as completed in June 2015 with a 93% occupancy rate in November 2023; loan to be repaid by March 2022; final payment deferred to 2023: repayment deferred again to 2024.

In reports to the board from 09/21 to 09/23 No Risk to the repayment schedule was reported.

If the loans were used only for the purposes described, Pacific House cost at least £6m to build.

Despite reports by Sea Change Sussex of 90%+ occupancy rates no sale of the property has been achieved at an asking price of £5m - £1m less than build cost- after 17 months of marketing. This suggests a Commercial Failure paid for from taxpayer funds.

Sea Change Sussex owes the public purse £3.575m. Before agreeing to defer payment again why does the Board not insist on a part repayment from revenues of the last 24 months. Why is the Board continuing to fund a Private Sector Company?

Response:

The primary Growing Places Fund loan agreement for the Sovereign Harbour project sits between Essex County Council (as Accountable Body for SELEP) and East Sussex County Council. This is the only agreement that the Board is able to influence. As Sea Change Sussex are not party to this agreement, it is not possible for the Board to require Sea Change Sussex to make a partial repayment from rental income received.

Sea Change Sussex are party to a separate agreement with East Sussex County Council in respect of the loan for this Project and this sets out the payments to be made from Sea Change Sussex to East Sussex County Council and it would be under this agreement to determine whether partial payments can be required.

East Sussex County Council have provided the following response in respect of their agreement with Sea Change Sussex:

The extension of the repayment period of the loan into 2023/24 was to enable Sea Change Sussex to undertake the necessary marketing required to secure a sale of the building and consequently repay the outstanding Growing Places Fund loan in full. As such there were no other part repayments agreed upon or expected from Sea Change Sussex throughout the year and there is no mechanism in the loan agreement to request this outside the agreed repayment schedule.

5 SELEP Operations Update

The Accountability Board (the Board) received a report from Keri Lawrence, SELEP Governance Officer, which was presented by Helen Russell, the purpose of which was for the Board to be updated on the operational activities carried out by the Secretariat to support both this Board and the Strategic Board. The report included an update on the SELEP transition arrangements, risk management, compliance with the Assurance Framework and performance against governance KPIs.

Resolved:

1. **To Note** the update on the transition of the LEP and the integration of its activities into Local Authorities at Section 4 of the report;
2. **To Note** the Risk Register at Section 6 and Appendix A of the report;
3. **To Note** the update on Assurance Framework compliance monitoring at Section 7 and Appendix B of the report;
4. **To Note** the update on Governance KPIs at Appendix C of the report.

6 Growing Places Fund Programme Update

The Board received a report from Helen Dyer, SELEP Capital Programme Manager, the purpose of which was to update the Board on the latest position of the Growing Places Fund (GPF) Capital Programme and to seek agreement on the disaggregation of the GPF funding which will be actioned following the dissolution of SELEP.

Resolved:

1. **To Note** the updated position on the GPF programme.
2. **To Agree** a two year extension (to 31 March 2026) to the Sovereign Harbour repayment term, subject to East Sussex County Council providing repayments every six months starting from September 2024 to the impacted Upper Tier Local Authorities, in accordance with the updated repayment schedule in Table 5 of the report and with a requirement that if the sale of Pacific House is completed before 31 March 2026, East Sussex County Council will pay the outstanding balance (if any) owed on the loan within thirty (30) days of completion.
3. **To Agree** that no interest will be charged during the two-year extension to the Sovereign Harbour repayment term on the remaining balance owed on the loan subject to payments being made when due. Should repayments not be made, interest shall be charged in accordance with section 6.57.7 of the report and shall be paid to the impacted Upper Tier Local Authorities in accordance with section 6.57.7 of the report.

4. **To Note** that the decisions 5 and 7 below for disaggregation of the GPF are not in accordance with the SELEP Assurance Framework as they will bring to an end the recyclable loan scheme. In taking these decisions, the Board is placing reliance on the Government Guidance issued in respect of transitioning LEP functions to Local Authorities, as set out in sections 8.8 and 8.9 of the report.

5. **To Agree** the disaggregation of the GPF funding in accordance with the approach outlined in Section 7 of the report and with the figures set out in Table 7 of the report. Noting that:

5.1 the figures in Table 7 of the report are based on the assumption that all remaining repayments due by 31 March 2024 are made as required;

5.2 the approach to the disaggregation of the GPF funding currently allocated to the Sovereign Harbour project will be dependent upon the option chosen by the Board at this meeting; and

5.3 the decisions in Agenda Item 13 in respect of GPF are agreed by the Board

6. **To Note** that the existing credit agreement in respect of the Sovereign Harbour Loan between Essex County Council, as Accountable Body, and East Sussex County Council will be incorporated into the proposed Transition Agreement, which will also incorporate the amendments to the repayment schedule set out in 2.1.2 of the report and the interest provisions set out in 2.1.3 of the report.

7. **To Agree** that with the exception of the Sovereign Harbour loan repayments, the GPF loan repayments due to be repaid by the respective Upper Tier Local Authority to the Accountable Body from 1 April 2024, as set out in Appendix B of the report will be retained by the Upper Tier Local Authority that is due to repay. Noting that the retention of the loan repayment by the Upper Tier Local Authority borrower shall be incorporated into the proposed Transition Agreement.

8. **To Agree** that if any Upper Tier Local Authority defaults on the repayment of their Growing Places Fund loan that is due by 31 March 2024, interest shall be charged in accordance with the terms of their funding agreement and interest shall be defrayed on a per capita basis based on the 2021 census population data.

7 **Getting Building Fund Programme Update**

The Board received a report from Helen Dyer, the purpose of which was for the Board to consider the overall position of the Getting Building Fund (GBF) capital programme. The report included an update on those projects which have received approval for retention of GBF funding beyond March 2022, provided an update on High risk projects and provided an update on GBF spend to date.

Resolved:

1. **To Note** the current forecast spend across the GBF programme for the 2023/24 financial year of £8.01m, as set out in Table 1 of the report.
2. **To Note** the deliverability and risk assessment, as set out in Appendix C of the report.

8 Local Growth Fund Programme Update

The Board received a report from Helen Dyer, the purpose of which was for the Board to consider the overall position of the Local Growth Fund (LGF) capital programme, as part of SELEP's Growth Deal with Government.

Resolved:

1. **To Agree** the reported LGF spend on project delivery in Q1, Q2 and Q3 2023/24 of £1.422m excluding DfT retained schemes and increasing to £1.552m including DfT retained schemes, as set out in Table 1 and Appendix A of the report.
2. **To Agree** the updated completion date for the following project which has experienced a delay of more than 6 months:
 - 2.1. Eastbourne Town Centre LSTF Access and Improvement Package – project completion delayed from May 2024 to May 2026.
3. **To Note** the intention for East Sussex County Council to bring forward a change of scope for the Eastbourne and South Wealden Walking and Cycling Package and note that, following the dissolution of SELEP, this change will be managed through East Sussex County Council governance processes.
4. **To Note** the deliverability and risk assessment, as set out in Appendix B of the report.
5. **To Note** the list of outstanding post scheme completion Monitoring and Evaluation reports, as set out in Appendix D of the report.

9 Stanford le Hope/London Gateway and Grays South LGF project update

The Board received a report from Helen Dyer, the purpose of which was to provide the Board with an update on the Stanford le Hope/London Gateway and Grays South Local Growth Fund (LGF) projects which have been identified as High risk.

The Board were asked to consider the updated Business Case for the Stanford le Hope/London Gateway project which, following significant cost increases, seeks to demonstrate ongoing compliance with the SELEP Assurance

Framework.

In addition, the Board were asked to consider a Change Request in relation to the Grays South project which was seeking approval for an extension to the delivery programme.

Resolved:

1. **To Note** the update on delivery of the Stanford le Hope/London Gateway and Grays South projects.

2. **To Agree** that, following consideration of the updated Business Case, the £7.5m LGF funding allocation can be retained against the Stanford le Hope/London Gateway project, subject to the following also being agreed:

2.1. **To Agree** that the delivery programme for the Grays South project can be extended following the decision by Thurrock Council to explore alternative scheme proposals. Noting that the expected project completion date is now September 2028.

2.2. **To Agree** that Thurrock Council can employ an Option 4 Capital Swap allowing £5.4m of the currently unspent LGF allocation awarded to the Grays South project to be temporarily transferred to the Stanford le Hope/London Gateway project to support project delivery. Noting that Thurrock Council have committed to returning capital funding of the same value to the Grays South project at a later date to enable project delivery.

3. **To Note** that the decisions taken at this meeting cannot be implemented until the required assurances have been received from the Section 151 Officer at Thurrock Council.

10 **LGF High Risk Project Update**

The Board received a report from Howard Davies, SELEP Capital Programme Officer the purpose of which was for the Board to receive an update on the current delivery status of five Local Growth Fund (LGF) projects which have been identified as High Risk; A28 Sturry Link Road, Beaulieu Park Station, A28 Chart Road, Purfleet Centre, and A127 Fairglen Junction Improvements.

Resolved:

1. **To Note** that there are on-going risks across all of the projects set out in this report that will extend beyond the end of SELEP. Provisions are to be implemented in the Transition Agreement that will set out arrangements for on-going monitoring of project delivery with the Department for Levelling Up Housing and Communities (DLUHC) from April 2024. The following is highlighted to note for each project:

A28 Sturry Link Road

To Note that there remain significant risks to the project, however, progress has been made on a number of identified issues but mitigations are required to be put in place by Kent County Council to ensure successful delivery.

Beaulieu Park Station

1. **To Note** that a significant risk in relation to the Homes England HIF funding has been fully mitigated by the signing of the Deed of Variation and delivery of the project continues.

2. **To Note** that risks remain in relation to further delays and cost escalation, but that Essex County Council will closely monitor these.

A28 Chart Road

To Note that, although there remains a significant risk to the project, Kent County Council has provided assurances that they remain committed to its delivery and will need to ensure that satisfactory mitigation plans are in place and continue to be monitored.

Purfleet Centre

To Note that, although there remains a significant risk to the project and realisation of the benefits, Thurrock Council has provided assurances that they remain committed to its delivery and will need to ensure that satisfactory mitigation plans are in place and continue to be monitored.

A127 Fairglen Interchange

To Note that approval of the full Business Case cannot be confirmed by the Department for Transport until the agreed tender costs are included, and that the new tender process is due to complete in June 2024.

11 A13 Widening LGF Project Update

The Board received a report from Howard Davies the purpose of which was for the Board to receive an update on the Value for Money assessment for the A13 Widening Local Growth Fund (LGF) project (the Project).

Resolved:

1. **To Note** that following practical completion of the Project, the latest available information indicates that it may no longer demonstrate Value for Money in accordance with the requirements of the SELEP Assurance Framework.

2. **To Note** that as part of the monitoring and evaluation process following Project completion, Thurrock Council is required to keep the anticipated benefits under review to assess whether the outcomes set out in the business case are realised.

12 Monitoring and Evaluation Update

The Board were advised that further work is required to ensure that the outputs and outcomes data received from local areas is robust and therefore this report will now be considered at the Strategic Board meeting on 22 March 2024.

13 Legal and Finance Update

The Board received a report from Lorna Norris, Senior Finance Business Partner and Susan Moussa, Supervising Associate Solicitor, the purpose of which was for the Board to note the arrangements to be entered into (subject to governance by each council) and to take decisions on the funding due to be held by the SELEP Accountable Body (Essex County Council) at the end of March 2024.

Resolved:

1. **To Note** the Councils and Department for Levelling Up, Housing and Communities are expected to enter into a Transition Agreement (as set out in paragraph 4.2 and 4.4 of the report) to formalise the arrangements in respect of integration of the LEP functions and for the Accountable Body to defray the funding in line with paragraphs 2.1.5 and 2.1.6 of the report.

2. **To Agree** the 2023/24 forecast outturn position set out in Table 1 of the report, noting that this includes the planned movements in reserves set out in Table 4 of the report.

3. **To Agree** that an appropriation can be made from the Redundancy Reserve in 2023/24 to plan to meet the cost of redundancies arising in respect of employees in the SELEP Secretariat that, following consultation due to the closure of SELEP, are unsuccessful in securing an alternative role, noting that:

3.1 This will impact on the 2023/24 final outturn position for SELEP; and

3.2 Sufficient funding has been provisioned within the reserve to meet the redundancy costs.

4. **To Agree** that the final outturn position for SELEP, including for each reserve, can be agreed by the Section 151 Officer of the Accountable Body following preparation of the 2023/24 accounts in accordance with proper practices, noting that the accounts will be subject to External Audit.

5. **To Agree** that once (i) the Transition Agreement has been signed by all six upper tier local authority partners and (ii) the Department for Levelling Up, Housing and Communities releases and discharges Essex County Council from all liabilities as Accountable Body of SELEP for projects outside of administrative Essex and each upper tier local authority takes on responsibility for projects within their administrative areas prior to 1 April 2024, the Accountable Body can transfer to the respective upper tier local authority partner(s) of SELEP the following:

5.1 The balance of funding in the SELEP Operational Reserve at the 31st

March 2024 to be transferred to the six local authority partners in accordance with the approach agreed by the Board in January 2024, that is exemplified in Table 5 of the report.

5.2 In accordance with the principle agreed at the January 2024 Board meeting, transfer to any of the six upper tier local authority partners, the redundancy liability, up to the 31st March 2025, in respect of the employment of current permanent members of the SELEP Secretariat, in a capacity supporting the close down of SELEP or the continuation of LEP functions; noting that sufficient funding has been provisioned within the Redundancy Reserve, as set out in Table 4 of the report, to meet this cost.

5.3 Transfer to Essex County Council the final balance of the Future Commitments reserve to meet costs arising in 2024/25 in respect of the close down costs for SELEP; noting that the costs will be impacted by the outcome of the on-going SELEP Secretariat staff consultation process, that is not yet known and the balance on the reserve will be adjusted accordingly; but the forecast in Table 4 of the report is expected to be the maximum amount required.

5.4 Transfer to Essex County Council the balance of the Risk Reserve, as forecast in Table 4 of the report to meet any risks arising as a consequence of being the Accountable Body, only if known risks remain unmitigated and DLUHC has not fully released and discharged Essex County Council from all liabilities arising from its role as the Accountable Body for SELEP by 31st March 2024.

5.5 Transfer any residual uncommitted reserves following the dispersal of funds in accordance with 5.1 to 5.4 above to the six upper tier local authority partners in accordance with the approach agreed by the Board in January 2024, to allocate on the same basis as the Operational Reserve, as exemplified in Table 5 of the report.

5.6 Transfer the Growing Places fund balance held by the Accountable Body at 31st March 2024, as set out in Table 3 of the report, in accordance with the approach agreed by the Board under Agenda item 6, noting that the balance held will be impacted by the decision under that item in respect of the Sovereign Harbour Project and should not all payments due to be repaid be received by 31st March 2024.

6. To Agree that subject to the Transition Agreement being signed by all six upper tier local authority partners and the Department for Levelling Up, Housing and Communities releasing Essex County Council as Accountable Body from responsibility for projects outside of administrative Essex and that each upper tier local authority takes on responsibility for projects within their administrative area, the Accountable Body is not required to recover any Growing Places Fund Loan repayments due after the 31st March 2024 and that the current recyclable Loan Scheme is ended; noting that specific provisions may be agreed in respect of the Sovereign Harbour Project under Agenda item 6, which will be incorporated into the Transition Agreement.

7. **To Note** that for SELEP to close it must have a zero balance sheet and all monies held by Essex County Council as Accountable Body will be allocated in accordance with the decisions of the Board, at the close of 2023/24 subject to the conditions set out in this report, which will result in a zero balance sheet.

14 Date of Next Meeting

The Board noted that no further meetings were scheduled.