



SOUTH EAST  
LOCAL ENTERPRISE  
PARTNERSHIP

# STRATEGIC BOARD AGENDA PACK

**Friday 13 October 2023**  
Zoom Video Conference



## Agenda

<b>Item 1</b>	10:00	<b>Welcome</b>	Sarah Dance	
<b>Item 2</b>	10:05	<b>Minutes from 7<sup>th</sup> July 2023 meeting Declarations of Interest</b>	Sarah Dance	Pg. 3
<b>Item 3</b>	10:10	• Draft SELEP Integration Plan and LA's update	Helen Russell	Pg. 10
<b>Item 4</b>	10:40	• Options for use of GPF Funding	Helen Dyer	Pg. 22
<b>Item 5</b>	11:10	• CV19 Recovery Fund Evaluation Highlights	Jo Simmons and Louise Aitken	Pg. 36
<b>Item 6</b>	11:20	• Growth Hub Update	Jo Simmons	Pg. 44
<b>AOB &amp; Close</b>				

### Information items:

None

### Future Strategic Board meeting dates:

8<sup>th</sup> December 2023

# Minutes of the Strategic Board Meeting: 7<sup>th</sup> July 2023

## Attendees

Sarah Dance	Chair
Simon Cook	Deputy Chair
Adam Bryan	CEO
Carol Ford	Kent and Medway Economic Partnership
Cllr Christine Bayliss	District/Borough/City Councils representative
Cllr Graham Butland	District/Borough/City Councils representative
Cllr Keith Glazier	East Sussex County Council
Cllr Kevin Bentley	Essex County Council
Cllr John Lamb	Southend-on-Sea City Council
Cllr Lauren Edwards	Medway Council
Cllr Derek Murphy	Kent County Council
David Rayner	Success Essex
Graham Peters	Team East Sussex
David Sheppard	Team East Sussex
Jo James	Kent and Medway Economic Partnership
Karen Cox	Higher Education Representative
Lara Fox	Success Essex
Penny Shimmin	Social Enterprise Representative
Perry Glading	Opportunity South Essex
Mark Curle	Opportunity South Essex
Alison Turner	Team East Sussex

## Other attendees:

Keri Lawrence	SELEP Secretariat	Jo Simmons	SELEP Secretariat
Michael Neumann	Essex County Council	Line Bannister	Essex Legal Services
Stephanie Mitchener	Essex County Council	Lorna Norris	Essex County Council
Dave Evans	East Sussex County Council	Louise Aitken	SELEP Secretariat
Helen Russell	SELEP Secretariat	Paul Chapman	Essex County Council
Howard Davies	SELEP Secretariat	Tristan Smith	Essex County Council
Iain McNab	DLUHC	Brian Horton	SELEP Secretariat
Gregory Wilkinson	DLUHC	Charlotte Jaggard-Brown	Essex County Council
Ian Lewis	OSE	Sharon Spicer	SELEP Secretariat
Stephen Taylor	Thurrock Council	Steve Samson	Kent County Council
Emily Baker	Essex County Council	Sarah Langmead	Essex County Council
Vivien Prigg	SELEP Secretariat	Mark Doran	Essex County Council
Matthew Brown	Colchester City Council	Nicholas Brown	Southend-on-Sea City Council

***This meeting was held as a virtual meeting 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**

Apologies: Cllr Roger Gough (substituted by Cllr Derek Murphy), Matthew Arnold (technical difficulties), Professor Karen Cox (late joining), Vince Lucas, Cllr Andrew Jefferies, Ana Christie, Cllr Tony Cox (substituted by Cllr John Lamb), Liz Gibney

**Item 2: Minutes of last meeting, declarations of interest, matters arising (2'00" timestamp on video)**

- 2.1. The Board agreed the minutes of the last meeting as an accurate record. The list of attendees of the last meeting to be amended for accuracy to reflect the attendance of Mark Curle.
- 2.2. The following interests were declared:
  - i) Cllr Derek Murphy declared an interest as a board member of the Ebbsfleet Development Corporation.
  - ii) Jo James declared an interest as the CEO of Kent Invicta Chambers who deliver the Growth Hub in Kent and Medway.
- 2.3. Sarah Dance updated the Board on the recent Annual Performance Review, subsequent to which government raised concerns with respect to projects still to complete and apropos governance which reflects the ongoing deep dive in relation to projects delivered by Sea Change Sussex. Adam Bryan added that an outcome to the deep dive is being sought, that the outcome would be shared with the Board and all actions flowing from that outcome responded to.
- 2.4. Sarah Dance wished to thank Graham Peters on behalf of the Board for his dedication to LEP matters and a wide range of business boards over recent years as he leaves to take on the role as Vice Lord-Lieutenant of East Sussex. Welcome to David Sheppard as new Chair of TES. Graham Peters thanked Sarah Dance for her contributions as Chair formerly Vice Chair of SELEP and acknowledged the work of Adam Bryan and the Secretariat team.
- 2.5. Sarah thanked the SELEP Secretariat and the Board for their commitment during this time of change and the work all of the Board are doing for their communities. Sarah wished to remind the Board that it is essential that everyone remember their role and responsibilities as Directors and to adhere to the Nolan principles in all discussions and stressed she felt confident the Board will continue to do that.

**Item 3: Governance Update (8'33" timestamp on video)**

- 3.1. Adam Bryan presented to the Board.
- 3.2. Mark Curle queried whether the Power of Attorney will be updated on Adam Bryan's departure, which Adam confirmed.

**Resolved:**

- 3.3. **To approve** the changes to the Assurance Framework as detailed in Appendix A.
- 3.4. **To agree** to enter into a new Power of Attorney (Appendix B) for a period of 12 months from the 28<sup>th</sup> of July 2023.
- 3.5. **To Note** the appointment of Simon Cook as Deputy Chair of the South East LEP Ltd.
- 3.6. **To Note** the appointment of County/Unitary Council Directors:
  - i) Cllr Lauren Edwards, representing Medway Council from the 24<sup>th</sup> of May 2023.
  - ii) Cllr Tony Cox representing Southend-on-Sea City Council from the 18<sup>th</sup> of May 2023.
  - iii) Cllr Andrew Jefferies representing Thurrock Council from the 24<sup>th</sup> of May 2023.
- 3.6. **To Note** the latest log of decisions made under the SELEP Ltd Power of Attorney.

**Item 4: Growth Hub Update (12'52" timestamp on video)**

- 4.1. Thank you from Sarah Dance to Essex County Council for stepping up to host the BEST Growth Hub this year, to ensure that businesses are still able to get support in the current economic climate.
- 4.2. Jo Simmons presented to the Board.
- 4.3. The core responsibility is to provide a consistent and compliant core service and that is what the Growth Hub will do in this year's funding envelope. Growth Hub Funding sits separate to LEP funding although traditionally funding has come via LEPs. The Growth Hub service will comfortably be delivered for the remainder of this year however the future of the Growth Hub will naturally be wrapped up in the transition work for LEPs.
- 4.4. Sarah Dance wished to pay tribute to Jo for her work under difficult circumstances.
- 4.5. Perry Glading thanked Jo for the helpful update and asked whether the arrangements with Essex County Council for the next nine months will flow into the arrangements for the future. He stressed that it is important for businesses that there is continuity of service.
- 4.6. Jo Simmons agreed and stated that Growth Hub funding for 2024/25 is currently unknown. However, there is a sense from discussions with DBT that the SELEP hub and spoke model provides a sensible framework for future delivery should funding be forthcoming, and/or that the three area hubs could theoretically operate individually in their own right should funding be forthcoming. As Essex County Council is hosting the Growth Hub this year it gives them a helpful insight into the current delivery model.
- 4.7. Cllr Derek Murphy wished to pick up the point made that there is a need to press government for decisions to provide certainty. There is a need for as much clarity as possible, but there is an appreciation of the difficulties in obtaining clarity and thanked the team for their hard work.
- 4.8. Jo Simmons fed back that there is an indication there may be guidance with respect to the Growth Hubs contained in the anticipated government guidance for LEPs and, failing that the Autumn Statement; she agreed that businesses require clarity of service continuity irrespective of how the funding is routed.

**Resolved:**

- 4.9. **To Note** the Growth Hub Annual Report for 2022/23, presented in Appendix A, and the Growth Hub funding allocation for 2023/24 service delivery.
- 4.10. **To Note** the temporary closure of the BEST Growth Hub service and actions being taken to establish a service for the greater Essex area in early July.
- 4.11. **To Note** the Schedules 1 and 3, presented in Appendices B and C respectively, which constitute the Growth Hub delivery model and forecast spend for 2023/24.

**Item 5: GBF Allocation (27'58" timestamp on video)**

- 5.1. Helen Dyer presented to the Board.
- 5.2. David Sheppard asked for clarification on which of the items will be dependent on getting guidance from government prior to summer recess. Helen Dyer confirmed that SELEP are awaiting government guidance as to the use/allocation of the Growing Places Fund and at this stage are proposing to allocate the Getting Building Fund (GBF) funding in accordance with the Assurance Framework as expected by government. David Sheppard further wanted assurances on what Plan B would be if either the government guidance was not made available in a timely manner or was not comprehensive enough.
- 5.3. Adam Bryan clarified that GBF funding should have been deployed by last March. The fact that monies have been paid back is a positive reflection on SELEP processes which have allowed for repayment, nevertheless there is an urgency for the funds to be spent. There is a much larger amount of Growing Places Fund funding to

be allocated, and there is less urgency for it to be spent given its nature as a loan fund. What is most important is that all funding is allocated correctly.

- 5.4. Jo James wished to raise a concern on behalf of business board members in terms of financial liability. Up until this point business members have been safeguarded by the SELEP structure and the role of the Accountability Board in the distribution of funds. Jo wished to clarify if there were likely to be changes in the way that SELEP allocated funding outside of the existing structure prior to closure, and if so whether SELEP will take independent legal advice as to whether there will be any potential changes with respect to liability given that for some of the business members it would be personal liability.
- 5.5. Secondly, Jo James noted in the Strategic Board papers that SELEP is proposing not to cover ITE costs on projects and that these would need to be met by project promoters or Local Authorities. Her question was whether the ITE costs could be covered out of the GBF funding pot to ensure consistency to the evaluation and a fairer way to go forward.
- 5.6. In response to the second question at 5.5, Adam highlighted that ITE costs have been borne out of SELEP Secretariat costs until recently. However, the rules are very clear with respect to Capital versus Revenue expenditure. Stephanie Mitchener confirmed the position that ITE costs are deemed as Revenue costs. GBF is only allocated as Capital funding and it would not be possible to apply any of it to Revenue costs. In the past, SELEP Secretariat reserve funds have been used to cover those costs. However, the Board are aware that the financial position for Secretariat costs this year is very tight with no additional funding coming in for the LEP beyond this year, therefore the budget is currently committed.
- 5.7. Adam Bryan assured Jo James in relation to her first query at 5.4 above that what is being proposed for GBF funding allocation is in line with the Assurance Framework, offering maximum protection for Board Directors, and seeking final approval via the Accountability Board. These are fully familiar and compliant arrangements and nothing different is being proposed. With respect to GPF funding, it may look very different going forward but, in those circumstances, SELEP will take clear advice from government and make sure that all the legal implications and changes are understood, any transition arrangements required are properly implemented and that Directors first and foremost are given the assurances and security needed.
- 5.8. Cllr Derek Murphy highlighted for the Board to note and to flag early that with respect to covering ITE costs, Kent County Council would not have specific resources to do so.
- 5.9. Mark Curle highlighted the tight timeframe for the GBF funding allocation process and asked if there are schemes that could be brought into consideration quickly and be approved to ensure the spend is deployed within the given timeframe. Helen Dyer expressed that she felt confident that Local Authorities have projects in the pipeline given that there were a number of smaller projects on the government long list which could be delivered with a quick turnaround. With respect to the deadline and timeframe for allocation of funding, Helen confirmed that the timeframe was very similar to that used in previous funding rounds.
- 5.10. Simon Cook noted that one of the issues that may delay funding allocation is the planned date of the Accountability Board meeting. He asked that Helen clarify whether the Accountability Board could be brought forward or an additional meeting scheduled to allow the funding decisions to be taken at an earlier date. Helen confirmed that the Investment Panel is set to meet in November 2023 and that the Accountability Board could convene in January 2024 if required. Sarah Dance moved that where possible all necessary meetings, including that of the Investment Panel, should convene as soon as possible whilst adhering to the necessary governance processes.

**Resolved:**

- 5.11. **To Agree** to reverse the decision made in February 2023 to run one combined prioritisation process for the award of the available Growing Places Fund (revolving capital loan) and Getting Building Fund (capital grant) funding.

- 5.12. **To Agree** the approach to and process for reallocating the available Getting Building Fund funding set out within the report.

**Item 6: SELEP Transition (49'40" timestamp on video)**

- 6.1. Adam Bryan and Helen Russell presented to the Board.
- 6.2. Sarah Dance wished to pay tribute to Adam and the staff team for the professionalism and approach to the planned changes. She expressed that what was outlined in the presentation highlights the considerable legacy that SELEP has to celebrate and considerable learning and knowledge to share and whatever happens with the transition that it is crucial that learning isn't lost and there is an orderly and productive exit plan for the LEP.
- 6.3. Jo James reiterated that the Directors value the work of Adam Bryan and the SELEP Secretariat team, and to reassure the team on behalf of the Directors that every decision made in the transition process will be made with the team's best interests at heart.
- 6.4. Cllr Derek Murphy wished to highlight that going forward Kent and Medway councils would still maintain links and contacts with the federated bodies, and although they would be the Higher Tier Authority, decisions would still be made in consultation through the existing business bodies and connections. This would provide the platform for engagement during the transition period which would give businesses confidence about the stability of what is being proposed at Local Authority level.
- 6.5. Carol Ford seconded Jo James' commitment and stated that as a KMEP business representative Director she is available to offer help over the Summer with the transition process where needed.
- 6.6. Cllr Kevin Bentley thanked Adam Bryan and Helen Russell for the presentation and emphasised that looking to the future, Option D is what the government wants areas to do and it would provide clarity for everyone including businesses, staff and the public. From the Essex point of view, there is a desire for the transition process to be speeded up with a clear path in place before October to give that clarity. Cllr Bentley stressed that there is a lot of expertise in the team and it would be a terrible waste if that were to disappear and he invited private sector colleagues to consider how that expertise could be utilised as well as public sector colleagues. With respect to the business voice, SELEP have been very good with SME and the Chambers and others who have been heavily involved which must continue, however Essex County Council is working to also engage with the larger strategic businesses (employing 5,000 people or more) in the area.
- 6.7. David Sheppard advised that in a previous similar transition process he was involved in as director, the retention of core staff was addressed not just by relying on the good will of the team in question but by putting in place a comprehensive retention programme to run in parallel with the transition process and everyone came out well. He wanted to encourage the Secretariat team to view this transition period as a challenge and an exciting project which would reflect well on staff through its execution. However, it is beholden on Directors to consider how to maintain retention.
- 6.8. Simon Cook acknowledged that Option D had not been Adam Bryan's preference but that decision was better than indecision. He asked Adam to outline what the Board could do to support the process going forward.
- 6.9. Cllr John Lamb agreed that it is regrettable that the LEP is folding, he viewed the creation of the LEP from the outset as a wonderful opportunity to get businesses involved and bring funding into local areas. Cllr Lamb reiterated that whilst it is disappointing to see the end of the LEP, Option D is the one which will provide precise and clear future arrangements. He echoed that Adam Bryan and the team have done a tremendous job across the whole of the LEP area for many years and as was highlighted in the presentation, so much has been achieved in the areas by working with businesses that could not have been achieved to the same degree had Local Authorities been working alone.
- 6.10. Adam Bryan responding to Simon Cook's question at 6.8 outlined that the most valuable input from the Board is the engagement needed to get the transition 'right'. There is a need for regular meetings of key officers, and

to make sure that the detail is understood because there are a number of legal considerations and a large Capital Programme of projects. The worst case scenario would be to come to the next Strategic Board meeting in October and to put something to the Board that can't be signed up to. There are going to be really important check points over the next few weeks as this transition plan is developed, and it is therefore essential to get the necessary opinions, expertise and input from all partners. Adam emphasised the goodwill across the LEP which far outstrips that of other LEP areas and that this will be the basis for ensuring that the Transition Plan will be in place by October which will provide clarity for staff and Directors and the smooth transition everyone wishes to see.

- 6.11. Sarah Dance added that it would be worth considering a series of 'task and finish groups' to look at specific areas of the transition and help develop and guide that work. Helen Russell clarified that work is already underway ahead of the planned Senior Officer Group meeting on the 19<sup>th</sup> of July in which core components of the LEP work are divided into workstreams with a lead member of the team and relevant partner participation. The Secretariat welcomes input from Directors in that work.
- 6.12. Jo James confirmed that she is happy to provide any help and support when required and stressed that whilst there may be an inclination to speed up the process, the transition does need to be undertaken in a considered and timely way. She agreed that the success of SELEP lies in the strong Public/Private sector partnership and joint voice and that it is incumbent on all partners to ensure that the new Local Authority led structures continue to reflect that Public/Private sector partnership and that businesses continue to have an equal say around the table.
- 6.13. Simon Cook raised that the presentation had outlined the wider partnership engagement of SELEP and the myriad of partnerships in place across the region and would be interested to hear from those partners about what the impact has been of cross-regional collaboration at the next meeting if possible.
- 6.14. Helen Russell outlined that work is already underway within SELEP to pull together the breadth of membership of the partnerships and feedback on the impact of joint working which will be shared with the Board.

**Resolved: (1h41'42" timestamp on video)**

- 6.15. **To Agree** to the adoption of 'Scenario D' for the transition of the LEP and the integration of its activities into Local Authorities.
- 6.16. **To Agree** to support the development of a detailed transition plan, for agreement at the next Strategic Board with local authority partner commitment to providing written confirmation detailing the capacity available within each authority.
- 6.17. **To Note** the need to maintain all 20+5 Board Director positions until the LEP is disbanded to ensure that quorate decisions can be made by the Strategic Board to see through the transition detailed above.
- 6.18. **To Agree** to adopt the SELEP Delivery Plan for 2023/24.
- 6.19. **To Note** the change in executive leadership of the LEP.

**Item 7: AOB & Close**

- 7.1. No Other Business.
- 7.2. As this is Adam Bryan's last meeting as CEO, Sarah Dance wished to pay tribute to his incredible and tireless work for the LEP. Sarah outlined that Adam's professionalism and dedication has helped navigate some tricky waters, his ability to build an equally dedicated team has been significant and on a personal note he will be missed. Adam Bryan reflected that it has been a privilege to have the role as CEO for SELEP, that it has been fantastic to build a team like that of the SELEP Secretariat and to engage with such a wide range of people across the region. Adam reiterated that he is excited for the next step in his career but will always look back fondly at his time at SELEP. Sarah took the opportunity to thank the rest of the team, and to welcome Helen



Russell as the new CEO. Sarah Dance thanked the Board Directors for their commitment, and their significant contribution. She emphasised that it is imperative that partners continue to work cleverly and closely over the next while. The future looks challenging, but SELEP can continue to deliver for the people, the communities and the economy of the South East over the next few months. Sarah Dance closed the meeting.

## Item 3: SELEP Integration Plan

### Executive Summary

#### 1. Overview

- 1.1. At Spring Budget 2023, the Chancellor announced that the Government was ‘minded to’ withdraw central government support (core funding) for Local Enterprise Partnerships (LEPs) from April 2024 and transfer their functions – namely, business representation, strategic economic planning, and the delivery of government programmes where directed – to upper tier local authorities (UTLAs), where they are not already being delivered by combined authorities or the Greater London Authority.
- 1.2. Whilst formal confirmation of this ‘minded to’ decision had not been officially received, based on clear understanding that this would be forthcoming and the progress being made by Local Authority partners on plans for devolution, in line with 2022’s Levelling Up White Paper, a paper was presented to the Strategic Board in July 2023 on the future of the LEP. The decision was made to work towards full integration of all LEP functions into UTLAs by 31 March 2024.
- 1.3. On 4 August 2023 the LEP and UTLAs received a letter from DLUHC confirming that from April 2024, the Government’s sponsorship and funding of LEPs will cease. Alongside this, technical guidance for LEPs and local authorities was published. This can be found in Appendix A.
- 1.4. Following the Strategic Board’s decision, a meeting was held on 19 July 2023 with Local Authority Senior Officers to discuss and plan the integration process. Since then, the LEP secretariat has and will continue to work with all six UTLAs, the Accountable Body and other partners (as appropriate) to ensure all relevant information and detail is shared, options for future operations are discussed and processes and timelines for integration agreed. This work to date has culminated in a draft SELEP Integration Plan which can be found in Appendix B.
- 1.5. The key *known* dates (past or future) are as follows:

Date	Meeting	Meeting focus
26 May 2023	SELEP Senior Officer Group and wider officer partners	Discussion on normal SELEP business and emergent principles of transition
12 June 2023	SELEP Special Board Workshop (non-voting)	Available board members to advise on development of papers for July Strategic Board
16 June 2023	SELEP Accountability Board	Normal business but advise informally on progress
7 July 2023	SELEP Strategic Board Meeting	Agree principles of transition and preferred scenario for moving forward
19 July 2023	SELEP Senior Officer Group (face to face)	Develop integration plans according to the decision of



		the 7 July meeting
13 September 2023	SELEP Senior Officer Group	Review first draft outline integration plan
22 September 2023	SELEP Accountability Board	Note progress
3 October 2023	SELEP Senior Officer Group	Review final draft outline integration plan
<b>13 October 2023</b>	<b>SELEP Strategic Board Meeting</b>	<b>Sign-off of draft SELEP-wide Integration Plan. Update on UTLA specific planning.</b>
17 November 2023	SELEP Accountability Board	TBD
8 December 2023	SELEP Strategic Board Meeting	TBD
<b>12 January 2024</b>	SELEP Accountability Board	TBD
16 February 2024	SELEP Accountability Board	TBD
22 March 2024	Proposed final SELEP Strategic Board Meeting	TBD, in person. Invites to wide group of partners and stakeholders

- 1.6. It is worth noting that LEPs nationwide are at different stages of the transition journey. Some are intending to continue as commercial entities, others are continuing by commission of their local authorities, whilst the remaining are likely to cease over the coming year or more. Of the latter there are variations in the strength of the relationships between the LEP and its local authority partners and complexities of structures and operating models.
- 1.7. Whilst SELEP is complicated in some ways, particularly relating to its scale and the number of UTLAs its covers, both the federated model and the good relationships that exist between the LEP and local authority partners, gives confidence that a smooth and effective transition can take place, at the earliest opportunity.
- 1.8. It should also be noted that the Government guidance stated that the LEP Network will receive funding in 2024/25 to support transition and the move to future ways of working.
- 1.9. The separate Appendices to this paper are as follows:
  - A. Technical Guidance published by Government in relation to LEP integration.
  - B. SELEP draft Integration Plan

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

- 2.1. Agree the draft SELEP Integration Plan and its development into a final Integration Plan by December 2023.
- 2.2. Note the risks and dependencies highlighted in this paper and the Integration Plan.

### **3. Rationale for Decisions/Actions**

- 3.1. SELEP and local authority partners are collectively working at pace to determine the detail, tasks, timelines, risks and dependencies associated with integration.
- 3.2. It is essential that Board Directors understand these and are clear on the critical path to achieve the transition by 31 March 2024.
- 3.3. This plan has and will continue to be developed with the agreed principles of transition, presented to Strategic Board in July 2023:
  - 3.3.1. That a mainstream, independent and influential voice of business is present through the transition period and beyond;
  - 3.3.2. That the transition works to ensure that there is no gap in business engagement and that local support is made available to establish new arrangements;
  - 3.3.3. That SELEP staff affected by change are provided with clarity at the first possible point and that contract terms are not downgraded – i.e., that permanent staff are not transferred on to fixed term contracts.
- 3.4. As stated in July, the completion of SELEP's important work and successful integration into local authorities relies on the staff being available to undertake it. With all the changes ahead, there remains the significant risk that SELEP's available resource will further reduce as people seek certainty around their futures elsewhere. Board members should remain particularly mindful of this risk.
- 3.5. We should also acknowledge that some residual activities may need to continue to be undertaken. These will be determined by achieving the milestones within the critical path, including further clarifications from Government.
- 3.6. Essex County Council as Accountable Body to the LEP will be keen to ensure that this work is supported, and that resource is made available from what is remaining of the SELEP revenue budget. The Accountable Body comments later in this document will address this important point.

## Further Information

### 4. Decision 1: Agree the draft SELEP Integration Plan for development into a final Integration Plan.

- 4.1. At the Senior Officers Group meeting in July, it was agreed that workstreams should be established to facilitate the integration planning. Through these the LEP has and continues to work with all six authorities, the Accountable Body and other partners (as appropriate) to ensure all relevant information and detail is shared, options for future operations are discussed and processes and timelines for integration agreed.
- 4.2. Coinciding with the release of the technical guidance from Government, the workstream meetings worked through the detail and implications of this. It was agreed that the guidance raised a number of questions that required further clarification, in order for SELEP to proceed fully with integrating functions. There were many specific questions raised, which were subsequently submitted to government on the 16<sup>th</sup> August 2023, and we await a response. The table below broadly sets these out.

Area	Guidance States	Issue
Accountable Body	Local Growth Fund and Getting Building Fund. Where a LEP ceases to operate, its Accountable Body will subsume any loan books and be responsible for ongoing monitoring requirements.	<p>The Accountable Body, Essex County Council and the other UTLAs agree that it is not practical or desirable that one Accountable Body remains for the LEP area, once the LEP has closed and its governance arrangements ceased.</p> <p>It was requested that Government agree to six, or three (as to be decided by UTLAs) Accountable Bodies from April 2024.</p> <p>It was also requested that Government clarify what the expectations of an Accountable Body are going forward.</p>
Assurance Framework	The National Local Growth Assurance Framework (NLGAF) will remain in force and will continue to apply up to a reasonable point before integration. In principle, the LEP should adhere to the requirements for as long as they are applicable. For all LEPs that have integrated into local institutions, or do so in 2023-24, the English	<p>It was requested that Government clarify what they consider a 'reasonable point'.</p> <p>It was also requested that Government clarify what framework, if any, local authorities will need to comply with, if devolution deals are not in</p>



	<p>Devolution Accountability Framework (2023) applies to the integrated organisation.</p>	<p>place by March 2024.</p>
<p>Growth Hubs</p>	<p>In areas where there is no devolution deal, government expects local authorities to work together to ensure seamless Growth Hub provision. From April 2024, the Department for Business and Trade expects that the gateway criteria to receive core funding to deliver Growth Hub services will be:</p> <ul style="list-style-type: none"> <li>- A strong and effective accountable body;</li> <li>- Where not possible to continue over the existing geography, the delivery area must be broadly related to the business and economic area footprint, with a minimum business (22,000) and actual population (500,000) size. It should take into account any planned devolution and likely future geographies;</li> <li>- A broadly-based business voice embedded in strategic advice and delivery arrangements; and</li> <li>- Commitment to put in place approaches for match funding, collective resourcing and/or direct funding from third parties (such as UKSPF), to enable the Growth Hub service to be further enhanced/supported.</li> <li>- There is a requirement to demonstrate delivery of key Growth Hub priorities and abide by an agreed evaluation framework, which will be monitored by the Department for Business and Trade through scheduled regular reporting and grant claim processes.</li> <li>- The level of funding for Growth</li> </ul>	<p>It was requested that Government confirm the allocation of funding for 2024/25 at the earliest opportunity to enable not only an effective establishment of Accountable Body functions but also the time for considered procurement to ensure continuity of service, where needed.</p>



	Hubs beyond 2023/24 is subject to future government spending decisions.	
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- 4.3. The guidance also makes clear that the Government encourages single upper tier local authorities, or local authorities working together across a prospective devolution deal geography or functional economic area, to create or continue to engage with an Economic Growth Board (or similar) made up of local business leaders and relevant representative bodies to (a) provide the view of local businesses as part of regional decision making and (b) work with local leaders to create a broad economic strategy for the area.
- 4.4. It states that business representative boards should follow the below guiding principles for ensuring business representation in local decision-making:
  - 4.4.1. Involve business representative organisations, such as a local Chamber of Commerce, the Federation of Small Businesses; or the designated Employer Representative Body (ERB) developing the Local Skills Improvement Plan (LSIP);
  - 4.4.2. Include a diverse range of businesses related to local economic strengths and priorities. This should include businesses of all sizes and businesses which are geographically diverse, e.g., urban, rural, coastal businesses as appropriate to the local area;
  - 4.4.3. Ensure a diversity of voices; and
  - 4.4.4. Have a clear conflict of interest policy.
- 4.5. Wherever possible, government expects local authorities to work together to deliver LEP functions within potential devolution deal geographies (whole county geographies or functional economic areas with a minimum population of 500,000, in line with the geography principles set out in the Levelling Up White Paper). It states that in areas where there is not yet a devolution deal either agreed or under negotiation, existing LEP geographies may provide a suitable starting point, and government will engage with local authorities on options in those areas as required. It should additionally be noted that government may choose not to support areas that intend to deliver LEP functions at a lower-level geography (i.e., below whole county or functional economic area).
- 4.6. Throughout August and early September 2023, SELEP held 11 workstream meetings, with the involvement, at some level, of over 50 officers. In addition to these thematic workstream meetings, two further meetings have taken place with the Senior Officers Group to develop and review the draft Integration Plan. So far, engagement overall has been strong.
- 4.7. These workstreams cover:
  - 4.7.1. Governance and Capital Programme
  - 4.7.2. Partnership and Network
  - 4.7.3. Growth Hub and Business Support
  - 4.7.4. Data and Intelligence
  - 4.7.5. Resourcing
- 4.8. In addition to the five workstreams there are cross-cutting areas of work including

communications planning, which considers how we manage common messages about future arrangements and agreeing shared lines to take as we progress through transition.

- 4.9. This has culminated in a draft Integration Plan that focuses on setting out the tasks that need to take place between now and end of March 2024 to fully integrate LEP functions into local authorities.
- 4.10. The main areas covered and progress to date within the five workstreams are outlined below.

#### 4.10.1. Governance and Capital Programme

The aim of this workstream is to work with Partners across the UTLA's to share and discuss the current position and assumptions with respect to the future decision making needed to enable the transition of the SELEP capital programmes and associated governance to inform the closure of the company and transfer of accountability to UTLAs. The objectives are to:

4.10.1.1 Obtain agreement on a proposed way forward for the future management of the SELEP capital programmes and funding, including transfer of the Accountable Body responsibilities; and

4.10.1.2 Inform the plan for the transfer of functions, funding and accountabilities to Partners to support future delivery, monitoring and evaluation.

Work has been undertaken to determine key governance decision-making points and combined to form the Governance Timeline outlined in the Draft Integration Plan.

Work has also started in relation to mapping the existing contracts and other internal resources and information held, such as those on the SELEP website, as agreement will be needed on whether and how to retain, integrate or discard.

#### 4.10.2. Partnership and Network

The purpose of this workstream is to determine the future of the SELEP Strategic Network, including engagement with the private sector and a range of external groups, partnerships and government departments; as well as the leadership, facilitation and remit of existing working groups.

Work has been undertaken to identify all partnerships and networks that SELEP manages and/or provides secretariat and project management support to, and to discuss with partners the appropriate way forward for these. Recommendations have been made for where UTLA partners feel that a level of resource should continue to be provided to support these groups at a strategic level and where alternative approaches, such as transitioning to more local coordination, would be more appropriate and officers are continuing to engage with all partners to develop plans for a smooth transition. It has been proposed by the workstream that the following groups - Major Projects Group , South East Creative Economy Network and Housing and Development Group - should continue to be supported/resourced at a strategic level.

In addition, the workstream has considered arrangements for engagement and communication with wider partners, including members of the SELEP strategic network, and with specific bodies such as the Greater South East Net Zero Hub and Town Boards.





#### 4.10.3. Growth Hub and Business Support

The aim of this workstream is to discuss the future operation of the Growth Hub and wider business support activities in local areas. The workstream has worked on the assumption that Growth Hub funding for 2024/25 will be forthcoming. It has been agreed that the current hub-and-spoke delivery model be disaggregated on 31 March 2024 and from 1 April, Growth Hub services shall be delivered through three individual hubs mirroring the current area hub geographies of Greater Essex, Kent and Medway, and East Sussex. Each will have their own Accountable Body (in principle Essex, Kent and East Sussex County Councils) and will report directly to Government.

To ensure continuity of service during the transition, decisions need to be taken swiftly for the 'new' Greater Essex and Kent and Medway Growth Hubs, on whether to procure an external provider or deliver the service in-house, and undertake procurement and/or recruitment accordingly. The procurement timeframe poses a significant risk to continuity, if notification or formal award of 2024/25 funding is not received in time to allow the procurement process to complete by 31 March 2024.

Wider business support activities, which interplay with the Growth Hub service and together comprise the local business support ecosystem, are not generally considered to be a new burden resulting from the transition. The workstream has identified that strategic activities including support mapping and gap analysis, responding to new funding opportunities, and lobbying Government to strengthen the ecosystem, is naturally evolving at county level. Mechanisms to collaborate on cross-boundary opportunities and messaging will remain through the Growth Hub Steering Groups and Network. The main issue relating to business support, which continues to be flagged to Government, is the lack of national funding post European programmes, and consequent downsizing and fragmentation of schemes and programmes within the landscape.

#### 4.10.4. Data and Intelligence

The purpose of this workstream is to determine the future need and home for SELEP's data and intelligence centre (currently held on the SELEP website) and consider future data requirements in order to support ongoing intelligence led strategic economic planning after transition. The group has reviewed the data and products currently provided by SELEP, including the use of tools, sources and subscriptions, with a view to understanding where there might be any future gaps in capacity and capabilities.

It is acknowledged that data capacity varies across UTLAs but that county level LAs in particular already provide data and analysis that can meet the needs of strategic economic planning or could be adapted to do so, and that there is appetite for collaborative work across UTLAs where appropriate in the future. Potential gaps that have been identified relate to specific subscriptions, analysis of skills data which SELEP currently provides to support LSIPs, and additional ad hoc or bespoke analysis that is undertaken to support key policy areas, projects or funding applications. SELEP officers are working with partners to provide further guidance in these areas where required and to ensure that SELEP data products continue to be accessible to partners via the SELEP website, or other alternative provision, in 2024/25. In addition, appropriate links are being made with the Growth Hub and Partnership and Network workstreams to deal with related data sharing in relation to these areas and to

consider GDPR requirements as appropriate.

#### 4.10.5. Resourcing

This workstream is in place to understand the resourcing requirements that will exist post integration of LEP functions into UTLAs and how and where the SELEP Secretariat can be transitioned to UTLAs to deliver those functions, and potentially support wider economic growth work and devolution plans and ambitions. SELEP has shared details with UTLAs on the functions of the LEP, where the existing resource is to undertake these, what HR processes might be needed and timelines to complete the transition.

UTLAs are working on their resourcing plans, as part of their wider integration planning, and identifying what roles will be needed in future. The next steps are to compile these role profiles and understand where members of the Secretariat would align and have interest and, at the appropriate point, enter into consultation to progress this.

All Board Directors, including our Local Authority Leaders, have consistently indicated a commitment to doing everything possible to retain the important expertise held in SELEP's staff and this is a critical foundation upon which our plans are developing.

- 4.11. The Integration Plan is evolving and as more is understood and agreed, work will continue in parallel to review the SELEP operational budget and reserves to gain a clearer view on the likely 2024/25 budget requirement. There will be residual activities post March 2024 and the costs associated with these will need to be determined; this will provide as clearer picture as possible as to the funds that may be available in 2024/25 to support integration into UTLAs. A further update on the SELEP finance position is expected to be provided by the Accountable Body to the November meeting of the Accountability Board.

## **Decision 2: Note the risks and dependencies highlighted in the Integration Pan.**

- 4.12. Overall, the most critical risks to timely integration are:

4.12.1. Further Government guidance being received at the right time.

4.12.2. Capacity within the SELEP Secretariat and the Accountable Body to action tasks at the required pace.

4.12.3. Securing agreement from Government to release Essex County Council in its capacity as the Accountable Body from any responsibility associated with the SELEP including the funding allocated to SELEP, managed and distributed by the Accountable Body.

- 4.13. There are some key dependencies that a successful integration will require. These are:

4.13.1. Early confirmation of the geographical coverage of new Accountable Body arrangements.

4.13.2. Capacity within the Local Authorities to action tasks at the required pace.

4.13.3. Clarification from Government to Local Authorities, regarding their future functions

and funding, received by January 2024.

4.13.4. All required Local Authority formal decision making concluded by March 2024, ahead of the March SELEP Strategic Board meeting.

4.14. Within the Integration Plan, specific risks and dependencies that could impact the delivery of the plan are:

- Timeliness of further Government guidance (expected in January 2024).
- Quality, coverage and completeness of Government guidance.
- Late confirmation of Growth Hub funding allocations and impact on continuity of service.
- Capacity within the SELEP Secretariat to progress the integration in a timely manner.
- Capacity within the Upper Tier Local Authorities.
- Capacity within the Accountable Body to undertake integration tasks in a timely manner.
- Speed and timings of formal decision-making processes within individual UTLAs.
- Agreement between Government and all partners on future Accountable Body status.
- Alignment of UTLA decision-making processes with the SELEP timetable and the 31 March 2024 deadline.
- Uncertainties over future Government support and funding for any new burdens.
- Breaks in service continuity because of late confirmation of Government funding.
- Reputational risk of poor or disjointed communications, both within the partnership (SELEP and the Local Authorities) and with external stakeholders.

4.15. Related to the last risk in point in 4.14, communications and language used around transition are a crucial part of the exercise. It is recognised that the LEP is not transferring its functions because it is not working, but rather the transition is required to implement new Government policy locally and, in doing so, should demonstrate the respect that the LEP has shown to all its partners over the years.

4.16. The risks and dependencies are mostly associated with timescales and capacity, however there are some clarifications needed from Government that could, albeit unlikely, require a change of approach, particularly in relation to the capital programme, Accountable Body status, and ongoing monitoring and evaluation requirements.

4.17. The Integration Plan includes both the critical path and local governance timelines. Both need to be refined but are intended to give the Board an indication of the key dependencies that exist and the importance of timely and clear decision making that is required to meet the overall deadline of the 31 March 2024.

## **5. Next Steps**

- 5.1. Further Government advice around the future of LEPs is expected in January 2024. On receipt of this, we will disseminate across all Board members and articulate the impact on or implications of this for the Integration Plan.
- 5.2. Transition planning will continue over the coming weeks and months and we will keep Board Directors informed of key updates and changes as they occur or at future meetings, as appropriate. Monthly Senior Officer Group meetings have been scheduled, which also include the Accountable Body to ensure that the Plan continues to develop, and local decisions are being reached. Workstream meetings will also continue as required.
- 5.3. A final Plan and update on matters relating to the team will be brought to the December meeting of the Board.

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

- 6.1. The appendices that support this paper are:
  - 6.1.1. Appendix A: Technical Guidance published by Government in relation to LEP integration.
  - 6.1.2. Appendix B: SELEP draft Integration Plan
- 6.2. Please note that these appendices provide vital information that supports the decisions set out in this paper. Board Directors are encouraged to contact Helen Russell ([helen.russell@southeastlep.com](mailto:helen.russell@southeastlep.com)) if there are any issues in accessing the information.

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

- 7.1. Any decisions made by the SELEP Boards are required to be compliant with the existing governance processes of SELEP until SELEP as a company is formally dissolved and any residual legacy issues are concluded or transitioned to the satisfaction of Essex County Council as the Accountable Body and Government.
- 7.2. Essex County Council is Accountable to DLUHC for ensuring that SELEP continues to operate in accordance with the agreed Assurance Framework; any divergence from the Assurance Framework to support the transition of the SELEP would need to be in line with the LEP Integration Guidance (in Appendix A) or require alternative support from Government.
- 7.3. SELEP does not deliver any statutory functions, however, it has been funded to date with public monies, to oversee the distribution, allocation and delivery of investment to support economic growth and recovery across the region; funding has been awarded through grants and loans to the respective upper tier local authorities, who, in accepting the funding, under the terms of the funding agreements in place, have in turn become Accountable for ensuring the appropriate application of the funding through delivery of the approved projects or programmes and assuring value for money.
- 7.4. In preparing for the transition of SELEP functions, the view and expectation of Government is required to be understood to ensure that any residual accountability or legacy considerations, particularly with respect to the funding allocations, are addressed to the collective agreement of



the Accountable Body, Government and the six upper tier Local Authority partners.

- 7.5. The SELEP Secretariat are all currently employed by Essex County Council, albeit that they are funded by the monies allocated to the SELEP and managed on behalf of the SELEP by Essex County Council as the Accountable Body; this means that the Secretariat are employed on the basis of Essex County Council's terms and conditions - this will need to be taken into account with respect to any potential redeployment, redundancy or TUPE considerations. There is expected to be a 5 to 6 month lead in time, which could include a minimum 45 day consultation process with the impacted staff, which could extend into 2024/25, depending on the required approach.
- 7.6. It is a requirement of the SELEP Framework Agreement that all costs of Essex County Council in respect of the Secretariat and its role as the Accountable Body, are met by the Partnership. A [finance update](#) was presented to the Accountability Board in September which forecasts that the SELEP revenue budget provides sufficient funds to meet the planned costs of the Secretariat and the Accountable Body through 2023/24; with sufficient residual funds available into 2024/25 to support the transition. This assumption is subject to any additional requirements of Government or the Board in respect of the Transition or support for SELEP.
- 7.7. The total value of funds required in 2024/25 will be impacted by:
  - 7.7.1. Any residual staff, contracts or other costs associated with the operation of the Secretariat into 2024/25, including potential redundancy costs;
  - 7.7.2. The activities required by the Accountable Body post closure of the SELEP (such as preparation and external audit of the Accounts and implementation of any changes to, or new legal agreements); and
  - 7.7.3. The time taken to complete the transition of LEP functions to the UTLAs (currently planned to complete by March 2023, subject to the identified dependencies), including transition of the Accountable Body responsibilities where they are on-going.
  - 7.7.4. Any residual responsibilities by the Accountable Body with respect to the SELEP Capital programmes.
- 7.8. The SELEP reserves that are expected to remain post March 2024 will be sought, subject to decision making by the Accountability Board, to meet any costs into 2024/25; any costs not required to support the residual costs of the Accountable Body will be agreed to be distributed in accordance with the decisions of the Accountability Board. Additionally, any other residual funds, such as the Growing Places Fund (see item 4 ) will need to be appropriately allocated in accordance with the decisions of the Accountability Board.
- 7.9. The Accountable Body continues to provide support to the Secretariat and Partners to support the transition plan in accordance with the governance framework of SELEP.

## Item 4: Deployment of Growing Places Fund funding post SELEP

### Executive Summary

#### 1. Overview

- 1.1. Essex County Council (as the Accountable Body) is currently holding £12.36m Growing Places Funding (GPF). Of this funding, £2.75m is allocated to specific projects leaving an unallocated balance of £9.61m. In addition, repayments totalling £5.315m are due to be made prior to the end of 2023/24. Assuming these repayments are made in accordance with the agreed repayment schedules, there will be a total of £14.925m GPF available for deployment by 31 March 2024. The GPF project pipeline, as agreed by the Board in June 2020, has been exhausted and therefore an alternative approach to deploying this funding needs to be agreed.
- 1.2. In February 2023, the Board agreed that the available GPF funding should be combined with the currently unallocated Getting Building Fund (GBF) funding allowing for the award of all available capital funding to be managed through one process. In addition, the Board agreed some underlying principles for the reallocation of the GPF funding, including that the GPF should be retained as a recyclable loan scheme.
- 1.3. Subsequent to this Board decision, Central Government made the announcement in the Annual Budget that they were minded to not provide any further core funding for LEPs after 2023/24 and that LEP functions should be integrated into Local Authorities. Following completion of an information gathering exercise, Government confirmed their 'minded to' decision in August 2023 that from April 2024, Government funding of LEPs will cease and their functions will be integrated into Local Authorities. In light of the changing environment in which SELEP was operating, the Board took the decision in July 2023 to reverse the decision taken in February 2023 and to consider the GPF and GBF funding streams separately. An approach to reallocating the available GBF funding was agreed by the Board in July 2023, and the Board were advised that options for use of the available GPF funding would be presented at a future meeting, following receipt of formal advice from Government.
- 1.4. Technical guidance in relation to the integration of LEP functions into Local Authorities has now been received from Government and a significant amount of work has been undertaken to establish how SELEP operations can be effectively integrated into Local Authorities, whilst safeguarding key activities which need to be conducted at a regional level. This work has included a review of options for use of the available GPF funding and updated options for Board consideration are set out in this report.

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

- 2.1. **Agree** which of the proposed options for deployment of the available Growing Places Fund funding to endorse:
  - 2.1.1. Option 1: Retain the Growing Places Fund as a regional loan programme by inviting a partner authority to manage the fund as an ongoing loan scheme to span the legacy area.



2.1.2. Option 2: Disaggregate the funding on the basis of one of the following proposed localised approaches.

- a. Disaggregate the fund to each Upper Tier Local Authority as a total of their existing GPF loan allocations and their proportion of the funding currently held by the Accountable Body (as exemplified in Tables 3 and 4) and accept that total parity has not been achieved.
- b. Disaggregate the fund to each Upper Tier Local Authority as a total of their existing GPF loan allocations and their proportion of the funding currently held by the Accountable Body (as exemplified in Tables 3 and 4) and investigate the possibility of implementing agreements between local authority partners with a view to achieving parity over time.
- c. Disaggregate the fund to each Upper Tier Local Authority as a total of their existing GPF loan allocations and their proportion of the funding currently held by the Accountable Body (as exemplified in Tables 3 and 4) and agree that the GPF loan agreements for projects in local authority partner areas which will be in receipt of more than their per capita share of the GPF funding pot at 31 March 2024 remain with Essex County Council, as Accountable Body, until sufficient repayments have been made to achieve parity, noting that this will require a change in the current terms of the respective credit agreements.

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

- 3.1. Essex County Council (as Accountable Body for SELEP) is currently holding £9.61m GPF funding, with further repayments totalling £5.315m due in 2023/24. The GPF funding stream was established by Central Government with a view to supporting economic growth. It is therefore important that the funding held by the Accountable Body is reinvested in appropriate projects at the earliest possible opportunity.
- 3.2. This report seeks to set out the options available for use of the GPF funding, with each of these options considered in the context of the removal of core funding from LEPs, the requirement to transfer LEP activities to local authorities, an ongoing requirement to comply with the requirements of the National Local Growth Assurance Framework and the objectives and conditions of the funding stream as set out by Government.
- 3.3. Whilst acknowledging the complexities of the current situation, there is a requirement for SELEP to ensure that the available funding is used in a timely manner to support economic growth and therefore it is important that a decision on the approach to be adopted is taken at this meeting. It is also important to note that the process for implementing the approach agreed by the Board will be complex, with decisions required from the Accountability Board in respect of the allocation and release of the funding, and therefore it is important that a decision is taken at the earliest opportunity to allow sufficient time for the process to be developed and actioned and all required decisions taken prior to 31 March 2024.

## **Further Information**

### **4. Decision 1: Agree which of the proposed options for deployment of the available Growing Places Fund funding to endorse**

- 4.1. The GPF was established by Central Government with the aim of unlocking economic growth,



creating jobs and building houses and helping to 'kick start' development at stalled sites. The Grant Determination Letter indicated that the funding could only be applied to capital expenditure.

- 4.2. In total, £45.477m GPF was made available to SELEP for investment as a recyclable loan scheme. To date, GPF has either been invested or has been allocated for investment in a total of 28 capital infrastructure projects. Full repayment has now been received in relation to 12 of these projects, with agreed repayment schedules in place for the remaining 16 projects.
- 4.3. The GPF was established by Central Government in November 2011. At that time, Government outlined three overriding objectives of the fund as set out below:
  - 4.3.1. To generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing;
  - 4.3.2. To allow Local Enterprise Partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies; and
  - 4.3.3. To establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.
- 4.4. It should be noted that whilst the above objectives were set out by Government at the inception of the GPF funding stream, they were not formalised within the grant conditions attached to the release of the funding to Essex County Council (as Accountable Body for SELEP) and therefore, it is considered that Government approval to deviate from these objectives will not be required. This position is supported by the technical advice received from Government which indicates that the management of the ongoing delivery and existing assets arising from the GPF programme should be agreed locally and that use of the financial reserves established through the fund should be determined in line with the decision of the Section 151 officer for the Accountable Body.
- 4.5. In May 2023, SELEP received a LEP Assurance Update from the Department for Levelling Up, Housing and Communities (DLUHC) which set out Government's assurance expectations for LEPs during 2023/24. This update indicated that, given that LEPs are continuing to receive core funding and that they are continuing to deliver residual projects, LEPs should continue to operate in accordance with the National Local Growth Assurance Framework throughout 2023/24. It should be noted that, despite indications that an updated Assurance Framework would be issued, Government continue to rely on the National Local Growth Assurance Framework issued in September 2021.
- 4.6. The SELEP Assurance Framework reflects the requirements of the National Local Growth Assurance Framework and sets out obligations in relation to agreeing a prioritisation approach and assuring Value for Money at a SELEP level.
- 4.7. The technical advice received from Government in August 2023 reiterates that the National Local Growth Assurance Framework will remain in force during 2023/24. The guidance indicates that the requirements of the National Local Growth Assurance Framework will continue to apply up to a reasonable point before integration and that LEPs should continue to adhere to the requirements for as long as they are applicable. Further clarification has been sought from Government as to what a reasonable point before integration would look like but it is anticipated that the SELEP Assurance Framework will remain in place until all key decisions on the Capital Programme have been taken.
- 4.8. It should be noted that, even when the requirement for compliance with the National Local



Growth Assurance Framework is no longer in place, the wider requirement of securing value for money in use of public funding will remain.

- 4.9. There remains a total of £39.058m in the GPF funding pot, of which £29.448m is currently allocated to projects through existing GPF loans (as set out in Table 1 below). As required under the SELEP Assurance Framework, this funding has been awarded to projects based on the strength of their Business Case and the need for investment rather than their geographic location. As a consequence, the GPF funding has not been awarded evenly across the SELEP area with one local authority currently party to GPF loans with an outstanding balance totalling £16.4m, whilst another local authority is not party to any existing GPF loans.

*Table 1: Existing GPF Loans*

Local Authority	No of existing GPF loans	Total value of GPF loans	Remaining balance owed (at 1 October 2023)
East Sussex	5	£10,986,500	£9,596,500
Essex	1	£2,000,000	£2,000,000
Kent	8	£20,167,000	£16,401,600
Medway	1	£550,000	£450,000
Southend	1	£1,000,000	£1,000,000
Thurrock	0	£0	£0
<b>Total - Existing loans</b>	<b>16</b>	<b>£34,703,500</b>	<b>£29,448,100</b>
GPF held by Accountable Body:			£9,609,744
<b>Total GPF funding pot</b>			<b>£39,057,844</b>

- 4.10. Given the significant disparity in the value of GPF loans across the SELEP area, it is considered important that the treatment of existing GPF loans is a key consideration when developing proposals for ongoing deployment of the funding. Whilst not a requirement of the SELEP Assurance Framework, which places obligations on SELEP to award funding based on the strength of project Business Cases and the evidenced need for investment, the SELEP Secretariat have proposed approaches to aim for achieving fairness through securing parity across the SELEP area should the Board choose to adopt a more localised approach to deploying GPF moving forward.

**Options for Board consideration**

- 4.11. A review of the potential distribution options of the GPF funding has now concluded. The underlying assumptions which informed the review are as follows:
- 4.11.1. That full repayment of existing GPF loans will be made with repayments due in 2023/24 being made to the Essex County Council (as the Accountable Body for SELEP) and future repayments made to either the incoming Accountable Body (Option 1) or the relevant Upper Tier Local Authority (Option 2);
  - 4.11.2. That no further approvals will be required from Government;
  - 4.11.3. That there will be a desire to achieve the best level of parity possible when considering future use of the funding.
- 4.12. This review has resulted in two different options being developed for Board consideration. It should be noted that neither of the options comply with the requirements of the SELEP Assurance Framework and therefore it will not be possible for any of the options to be actioned until the obligation to comply with the National Local Growth Assurance Framework is no longer applicable



or the Accountability Board have taken an exceptional decision (with the support of the Section 151 Officer for the Accountable Body) to adopt an approach for deploying the GPF funding which does not comply with the requirements of the National Local Growth Assurance Framework. It should also be noted that there are outstanding decisions on the GPF, including how the funding should be distributed, which need to be taken by the Accountability Board before the chosen approach can be formally implemented.

4.13. In summary, the options presented to the Board are as follows:

- 4.13.1. Option 1 – Retain the GPF as a regional loan programme by inviting a partner authority to manage the fund as an ongoing loan scheme to span the legacy area. Under this option, Upper Tier Local Authority partners will be invited to submit Expressions of Interest to take over the management of the GPF (the total of £39.058m) as an ongoing regional loan programme. This option will safeguard the revolving nature of the fund and will ensure ongoing compliance with the objectives of the fund. However, the complexity of transferring responsibility for the GPF programme to a lead Upper Tier Local Authority should not be underestimated. There will be a requirement for loan agreements relating to all existing projects to be transferred from Essex County Council (as current Accountable Body) to the Upper Tier Local Authority (as incoming Accountable Body).
- 4.13.2. It should be noted that this option does not comply with the governance requirements of the SELEP Assurance Framework which rely on the Federated Board structure being maintained and therefore the governance arrangements required for this option would need to be considered and agreed by the Board before the change in approach to managing the GPF funding could be implemented. It would not likely be appropriate for the lead Upper Tier Local Authority to have authority to take all funding decisions in isolation, and therefore the necessary governance is likely to include a requirement for a new decision-making Board to be established which brings together all local authority partners (similar to the Accountability Board).
- 4.13.3. Under this option, the cost of administering the loan scheme would need to be considered by the agreed incoming Accountable Body, with agreement sought in how these costs would be met, for example, through the application of an administration charge to future loan recipients.
- 4.13.4. Option 2 – Disaggregating the funding on the basis of a localised approach to GPF funding. Under this option, the entire GPF funding pot (including existing GPF loans and funding currently held by the Accountable Body) will be disaggregated to the six Upper Tier Local Authorities on a per capita basis for continued use as capital funding. The GPF funding will take on a more local focus but there is a strong expectation that the funding will continue to be used for economic growth purposes and that Local Authorities will continue to seek input from businesses when determining local priorities and use of the funding.
- 4.13.5. This option, as currently outlined, does not specify that the funding must continue to be used as a revolving loan scheme by the receiving local authorities. However, the adoption of a local revolving loan fund scheme will provide the opportunity for realisation of a greater scale of economic benefits over a longer time period and therefore, it is deemed important that consideration is given to the implementation of such a scheme.



4.13.6. It should also be noted that the technical guidance received from Government outlines an expectation that Local Authorities should work together to deliver LEP functions within potential devolution deal geographies or functional economic areas (minimum population of 500,000). It is therefore recommended that, should this approach be agreed by the Board, consideration is given to combining funds within these areas to create a fund which has the potential to offer greater benefit to the local economy. All Upper Tier Local Authorities will be asked to confirm their intended approach to managing the GPF funding prior to the February 2024 Accountability Board meeting as this information will be needed to help shape the decision regarding the distribution of the funding.

4.13.7. This option does not comply with the requirements of the SELEP Assurance Framework and therefore it will not be possible for the funding to be disaggregated until the obligation to comply with the National Local Growth Assurance Framework is no longer applicable, or the Accountability Board have taken an exceptional decision (with the support of the Section 151 Officer for the Accountable Body) to adopt an approach for deploying the GPF funding which does not comply with the requirements of the National Local Growth Assurance Framework. Whilst parity is not a requirement under the SELEP Assurance Framework, it is considered important that a fair approach is taken to the disaggregation of SELEP legacy funding and therefore it will be necessary for existing GPF loans to be taken into account when determining how much funding should be issued to each Upper Tier Local Authority.

4.14. The strengths and weaknesses of each of these options are summarised in Table 2 below and are subject to further discussion in the next section of the report.

*Table 2: Strengths and weaknesses of options for reallocation of GPF funding*

	<b>Option 1 – Retain as SELEP wide loan programme</b>	<b>Option 2 – Disaggregate funding on the basis of a localised approach to GPF funding</b>
<b>Strengths</b>	Retains the revolving loan fund function	Offers greater opportunity for local authorities to determine and support local priorities
	Retains the regional nature of the loan fund	Ensures funding continues to be used in accordance with the stated grant conditions
	Removes requirement to consider how existing GPF loans are factored into the split of funding between areas	
<b>Weaknesses</b>	Management by local partner does not comply with the requirements of the SELEP Assurance Framework and therefore changes to established governance processes would be required	Does not comply with the requirements of the SELEP Assurance Framework and would therefore need to be actioned as part of the integration of LEP activities into Upper Tier Local Authorities
	Process of transferring programme to lead partner authority likely to be lengthy	Unlikely to be able to ensure parity across all Local Authorities once existing loans considered
	Variation in appetite for loan funding across the SELEP region may mean this option is not attractive to all partners	Likely to limit regional strategic impact of the fund
		May result in the loss of the revolving loan fund function

4.15. As can be seen from Table 2, both options under consideration at this meeting offer their own benefits, however, these benefits need to be considered in the context of localised priorities for use of the available funding. Alongside these benefits significant challenges have been identified which will need to be overcome before the chosen option can be actioned. The primary challenges associated with each of the options are discussed in more detail below.

4.16. As set out in Sections 4.5 to 4.8 of this report, Government have indicated that LEPs have an ongoing obligation to comply with the requirements of the National Local Growth Assurance Framework throughout 2023/24. There are only two exceptions to this requirement, including if the area covered by the LEP is included within a Devolution Deal which is finalised prior to the end of 2023/24. Due to the complexities of the SELEP area and the number of local authority areas covered, this scenario will not arise. The second exception stems from the technical guidance issued by Government which states that LEPs should adhere to the requirements of the National Local Growth Assurance Framework for as long as they are applicable. This exception may apply if local transition arrangements are agreed prior to the end of 2023/24.

- 4.17. It has been identified that neither of the options set out in this report fully comply with the requirements of the SELEP Assurance Framework. Option 1 involves passing responsibility for managing the GPF funding to a lead Upper Tier Local Authority. Option 2 involves disaggregating the funding to the six Upper Tier Local Authorities for ongoing use as capital funding.
- 4.18. Under both of these options, decisions regarding the prioritisation of projects and responsibility for assuring Value for Money would no longer sit with SELEP as required under the Assurance Framework. In addition, the SELEP Assurance Framework requires that the GPF funding is issued as loan funding. This means that neither option can be actioned during 2023/24, unless an exemption is agreed by the Accountability Board (with the endorsement of the Section 151 Officer for the Accountable Body).
- 4.19. Regardless of the approach endorsed by the Board at this meeting, there will be a considerable amount of work required to implement the chosen option. This will include working with local authority partners to develop the process and timeline for implementation, taking required decisions with regard to the allocation of the GPF funding to the Accountability Board and revisiting and revising (as applicable) existing GPF loan agreements. These actions will all need to be completed prior to the release of the GPF funding.
- 4.20. Consequently, there may be a requirement for Essex County Council (as Accountable Body for SELEP) to continue to hold the available GPF funding throughout the remainder of 2023/24. There are also outstanding decisions on the existing GPF programme which need to be taken by the Accountability Board before the GPF funding can be deployed and the chosen approach fully implemented, including a decision on the continued inclusion of the Barnhorn Green Commercial and Health Development project and consideration of any revised repayment schedules which are brought forward in relation to any of the projects. It is currently expected that these decisions will be taken at the January and February 2024 Accountability Board meetings.
- 4.21. The biggest challenge faced in effectively deploying the available GPF funding is the need to establish a mechanism for managing the existing GPF loans. Under Option 1, responsibility for managing the GPF programme will be transferred to a lead Upper Tier Local Authority and the fund will be maintained as a regional revolving loan scheme. Under this option, the existing GPF loan agreements will be transferred to the chosen lead Upper Tier Local Authority allowing repayments on existing loans to be made directly to the lead Upper Tier Local Authority for reallocation through the fund.
- 4.22. The situation arising under Option 2 is more complex. Under this option, the available GPF funding will be disaggregated on a per capita basis at Upper Tier Local Authority level for ongoing use as capital funding. It is intended that the existing GPF loan agreements will be transferred to the responsible Upper Tier Local Authorities and that future repayments (from 2024/25 onwards) will be made to the Local Authorities, where applicable.
- 4.23. It is recommended that the remaining balance owed on existing GPF loans in each Local Authority area is taken into account when determining how the funding should be disaggregated. The total remaining value of the GPF funding pot is £39.058m (including existing GPF loans), and therefore this figure, combined with the 2021 census population figures, will be used as the basis for determining a per capita split between the six Local Authority areas.
- 4.24. The allocation for each Local Authority area will then be adjusted to take into account existing GPF loans, with the remaining balance of their per capita allocation transferred in 2024/25 or in

2023/24 (if the obligation to comply with the requirements of the National Local Growth Assurance Framework is no longer applicable and all outstanding GPF decisions have been taken by the Accountability Board). Given the significant variation in the value of the existing GPF loans, it is likely that some Local Authority areas will not receive any additional GPF funding under this option. In this circumstance, the availability of the GPF funding will be dependent upon the responsible Upper Tier Local Authorities securing return of the balance owed on the existing GPF loans.

- 4.25. Table 3 below sets out an indicative split of the GPF funding between the six Upper Tier Local Authorities and shows the remaining value of the existing GPF loans. It should be noted that this table assumes that all repayments due on existing loans in 2023/24 are received by SELEP by 31 March 2024. It should be noted that repayment of the existing loans is subject to ongoing monitoring by the Accountability Board and at the last meeting, only 2 projects with a combined GPF allocation of £3.75m reported a Red repayment risk (High risk). Neither of these projects are due to make a repayment in 2023/24 and the continued inclusion of one of the projects (Barnhorn Green Commercial and Health Development) is subject to a decision by Accountability Board in January 2024.

*Table 3: Option 2 – split of GPF funding between Upper Tier Local Authorities (assuming all repayments due in 2023/24 are received by the Accountable Body) reflecting local retention of repayments against existing GPF loans (post 2023/24) and funding currently held by the Accountable Body*

Local Authority	Population (as per 2021 census)	Per capita share of total GPF pot £m	Remaining balance owed on existing GPF loans at 31.03.2024 £m	Difference between per capita share and remaining balance owed £m	Funding to be transferred at 1 April 2024 (indicative figure)* £m
East Sussex	545,847	5.002	5.982	-0.979	0.000
Essex	1,503,521	13.779	2.000	11.779	10.840
Kent	1,576,069	14.444	14.802	-0.358	0.000
Medway	279,773	2.564	0.350	2.214	2.039
Southend	180,686	1.656	1.000	0.656	0.543
Thurrock	176,000	1.613	0.000	1.613	1.503
<b>Total</b>	<b>4,261,896</b>	<b>39.058</b>	<b>24.133</b>	<b>14.925</b>	<b>14.925</b>

- 4.26. Table 3 demonstrates that, even if repayments due in 2023/24 are made in full, it is not possible to achieve parity across the SELEP area as existing East Sussex County Council GPF loans total £0.979m more than their per capita share of the total GPF pot and existing Kent County Council GPF loans total £0.358m more than their per capita share. To mitigate for this, the amount of GPF funding to be transferred to the remaining 4 Upper Tier Local Authorities has been adjusted accordingly (as set out in the final column of Table 3). The scale of the reduction in the amount of funding to be transferred is proportionate to the population for the Local Authority area. This means that larger Local Authority partners, such as Essex County Council, will see a greater reduction in the amount of GPF funding received.
- 4.27. There have been references throughout this report to outstanding GPF decisions which need to be taken by the Accountability Board. These decisions will relate to any proposed changes to repayment schedules (should any be brought forward) and to the future of the Barnhorn Green Commercial and Health Development project. At this time, no requests for revised repayment schedules for projects which are due to make repayments in 2023/24 have been brought forward and therefore Table 3 reflects the current repayment position.

- 4.28. Following consideration of an update on the Barnhorn Green Commercial and Health Development project at the last Accountability Board meeting, which has experienced significant delay in progressing, there is a requirement for a decision to be made on the ongoing inclusion of the project in the GPF programme at the January 2024 Accountability Board meeting. Table 3 assumes that the Barnhorn Green Commercial and Health Development project is retained within the GPF programme and, as a result, the full value of the loan (£1.75m) is included within the balance owed against existing East Sussex County Council GPF loans.
- 4.29. Given the current uncertainty regarding the ongoing inclusion of the project in the GPF programme, an alternative scenario has been considered which assumes the cancellation of the project and this is set out in Table 4 below.

*Table 4: Option 2 – split of GPF funding between Upper Tier Local Authorities (assuming all repayments due in 2023/24 are received by the Accountable Body and the removal of the Barnhorn Green Commercial and Health Development project) reflecting local retention of repayments against existing GPF loans (post 2023/24) and funding currently held by the Accountable Body*

Local Authority	Population (as per 2021 census)	Per capita share of total GPF pot £m	Remaining balance owed on existing GPF loans at 31.03.2024 £m	Difference between per capita share and remaining balance owed £m	Funding to be transferred at 1 April 2024 (indicative figure)* £m
East Sussex	545,847	5.002	4.232	0.771	0.698
Essex	1,503,521	13.779	2.000	11.779	11.579
Kent	1,576,069	14.444	14.802	-0.358	0.000
Medway	279,773	2.564	0.350	2.214	2.177
Southend	180,686	1.656	1.000	0.656	0.632
Thurrock	176,000	1.613	0.000	1.613	1.589
<b>Total</b>	<b>4,261,896</b>	<b>39.058</b>	<b>22.384</b>	<b>16.675</b>	<b>16.675</b>

- 4.30. Table 4 demonstrates that if repayments due in 2023/24 are made in full and the Barnhorn Green Commercial and Health Development project is removed from the GPF programme, it is still not possible to achieve parity across the SELEP area as the remaining balance owed on existing Kent County Council loans continues to be greater than their per capita share of the GPF pot. However, the disparity is much smaller and will therefore have a reduced impact on the amount of the GPF funding available to be transferred to the other 5 Upper Tier Local Authorities.
- 4.31. As detailed in Section 1.1 of this report, repayments totalling £5.315m are due in 2023/24. The repayments due are as follows:
- 4.31.1. Sovereign Harbour (£3.575m) – responsible Upper Tier Local Authority: East Sussex County Council
  - 4.31.2. Charleston Centenary (£0.04m) – responsible Upper Tier Local Authority: East Sussex County Council
  - 4.31.3. Live Margate (£1m) – responsible Upper Tier Local Authority: Kent County Council
  - 4.31.4. Javelin Way (£0.5m) – responsible Upper Tier Local Authority: Kent County Council
  - 4.31.5. Wine Innovation Centre (£0.1m) – responsible Upper Tier Local Authority: Kent County Council
  - 4.31.6. Fitted Rigging House (£0.1m) – responsible Upper Tier Local Authority: Medway Council

- 4.32. Assurances have been sought regarding the ability of each of the listed projects to meet their obligations with regards to the repayments due in 2023/24. Five of the six projects have highlighted a Green repayment risk (low risk) and have indicated that they are confident that the repayments will be made on time. An Amber repayment risk (medium risk) was reported against the Sovereign Harbour project at the September 2023 Accountability Board meeting. Further updates on the status of this repayment will be provided at future Accountability Board meetings.
- 4.33. The scenarios outlined above (Tables 3 and 4) have assumed that all repayments due in 2023/24 will be made in full. Should this not be achievable, the disparity between the Local Authority areas will grow and it will be increasingly difficult to achieve a fair split of the funding. Any missed repayments will impact on the figures outlined above, but a failure to make the repayment due against the Sovereign Harbour (£3.575m) project will have the greatest impact and will result in East Sussex County Council being in receipt of approximately £4.5m more than their per capita share of the GPF funding. This will have a sizeable impact on the amount of GPF funding that will be available to transfer to the remaining Local Authority areas.
- 4.34. Updates on the status of the 2023/24 GPF repayments and the Barnhorn Green Commercial and Health Development project will be provided at future meetings. In the meantime, it is important that the Board are aware that the figures outlined in Tables 3 and 4 are indicative only. Should the Board choose Option 2, confirmed figures will be presented at a future meeting.

#### Option 2 – potential approaches to achieving parity

- 4.35. As outlined above, the proposed approach to managing the existing GPF loans does not allow parity to be achieved. The Board could choose to accept the disparity between the Local Authority areas and continue on that basis (Option 2a). However, if the Board are keen to achieve parity, there are potentially other options that could be considered (as listed at Section 2.1.2 of this report).
- 4.36. The first option (Option 2b) would be to investigate the possibility of implementing agreements with those Local Authority areas which are in receipt of more than their per capita share of the GPF funding (likely to be East Sussex County Council and Kent County Council) to secure the remaining balance of each local authority's per capita share of the GPF funding. Receipt of this funding would be dependent upon those Local Authority areas receiving repayments against existing GPF loans in future years. Essex County Council (as Accountable Body for SELEP) and SELEP Ltd would not be party to any agreements put in place and the responsibility for progressing these agreements would therefore sit with the six Upper Tier Local Authorities. However, the Accountable Body and SELEP Secretariat could support the process by providing any required information regarding the existing GPF loans and the balances owed.
- 4.37. The second option (Option 2c) would be to agree that the GPF loan agreements for those areas which are in receipt of more than their per capita share of the funding should remain with Essex County Council (as Accountable Body for SELEP), rather than transfer to the responsible Upper Tier Local Authority. This would mean there would be an ongoing requirement for repayments against the affected loans to be made to Essex County Council (as is the current position). These repayments would then be used by Essex County Council to ensure that parity was achieved. Once parity has been achieved, the agreements would be transferred to the responsible Upper Tier Local Authority. This approach is not ideal and would require ongoing Accountable Body resource within Essex County Council at least for the duration of 2024/25 but potentially for longer. In addition, this approach would require Essex County Council to retain some



responsibilities as Accountable Body beyond the closure of SELEP and would require changes to be made to the existing GPF loan agreements but would remove the need for additional agreements to be put in place between Local Authority partners.

- 4.38. Whilst acknowledging the challenges associated with each of the options identified in this paper for Board consideration, it has not been possible to identify any other options for use of the available GPF funding which comply with the underlying assumptions outlined in Section 4.11 of this report. The Board are asked to consider the options set out in this report and to identify their preferred approach to deploying the GPF funding. It is acknowledged that there remains a significant amount of uncertainty as to how much GPF funding will be held by Essex County Council (as the Accountable Body for SELEP) at 31 March 2024. Should Option 2 be endorsed by the Board, the lack of clarity with regard to the level of GPF funding available for disaggregation may present a barrier to the Board agreeing a preferred approach to achieving parity. If this is the case, the decision on the preferred approach within Option 2 could be deferred to a future meeting. However, it is important that a preferred approach to the deployment of the GPF funding, i.e. Option 1 or Option 2, is identified at this meeting to allow work to commence on further developing the endorsed approach.

## **5. Next Steps**

- 5.1. Following the Board meeting, work will be undertaken to develop an action plan and timeline for the implementation of the chosen approach. This work will consider how complexities should be addressed and will take into account outstanding GPF decisions which need to be taken by the Accountability Board. This work will be developed in conjunction with Local Authority partners.
- 5.2. Given the ongoing requirement to comply with the National Local Growth Assurance Framework, it will be assumed that the chosen approach will not be implemented until 1 April 2024, however, consideration will be given to the wider transition activities being undertaken (as detailed in Agenda Item 3) and the likely timeframe for the obligations of the National Local Growth Assurance Framework to no longer be applicable. This, in conjunction with consideration of the timeline for the required Accountability Board decisions, will help to determine if there is any scope for the endorsed approach to be implemented sooner than 1 April 2024.
- 5.3. Regular updates will be provided to the Board as this work is developed.

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

- 6.1. Essex County Council, as the Accountable Body for SELEP, is responsible for ensuring that the funding awarded by Government is utilised in accordance with the conditions set for use of the Grant. GPF is a capital grant awarded by Government and is subject to the following condition:
- 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.*
- 6.2. In accordance with expectations of Government when the funding was awarded, GPF is operated as a recyclable capital loan scheme.
- 6.3. A total of £12.36m GPF was held by the Accountable Body at the end of March 2023. Of this balance, £9.61m is uncommitted increasing to £14.925m uncommitted balance for 2023/24, should all loan repayments be received in line with current Board decisions and credit agreements in place.
- 6.4. The existing GPF project pipeline has now been exhausted; however, this paper sets out options



to agree the approach for deployment of the available GPF and the residual loan repayments, given the planned closure of the LEP (see agenda item 3).

- 6.5. Any decisions made by the SELEP Boards are required to be compliant with the existing governance processes of SELEP until SELEP as a company is formally dissolved and any residual legacy issues are concluded or transitioned to the satisfaction of Essex County Council as the Accountable Body and Government.
- 6.6. Essex County Council is Accountable to DLUHC for ensuring that SELEP continues to operate in accordance with the agreed Assurance Framework; as none of the options proposed in this report fully complies with the requirements of the agreed Assurance Framework, it is expected that reliance may need to be placed on the Government guidance issued in respect of LEP integration into Local Authorities. In August 2023, the Government issued LEP integration guidance which clarified that:
  - 6.6.1. The management of the ongoing delivery or closure of the programme, alongside existing assets, financial reserves, and loan books should be agreed locally, in line with any pre-existing arrangements between the LEP and its Accountable Body. Use of financial reserves established through the fund should be determined in line with the decision of the relevant Section 151 officer.
  - 6.6.2. The Section 151 officer of the Accountable Body will be required to provide an end of year assurance statement and s151 return providing assurance of compliance with the requirements of the National Local Growth Assurance Framework (NLGAF); and
  - 6.6.3. The NLGAF will remain in force and continue to apply up to a reasonable point before integration. In principle, the LEP should adhere to the requirements for as long as they are applicable.
- 6.7. The proposed options in this paper are recommended because of the planned closure of SELEP following the end of Government support for LEPs from 2024/25; this requires reliance to be placed on the guidance set out in 6.4.3 and an exceptional decision to be made to allow an exemption from the SELEP Assurance Framework, to proceed with the proposed options.
- 6.8. The condition to use the funding towards expenditure lawfully incurred by the recipient Authority, including the need to assure value for money will remain, irrespective of other exemptions that may be applied.
- 6.9. The resourcing impact of the approaches agreed for the GPF will need to be taken into consideration in light of the SELEP transition expectations set out in agenda item 3 – any decisions made in respect of the recommendations set out in this paper will need to be included as part of the wider transition planning to be developed with respective partner authorities over the coming months.
- 6.10. From a sustainability perspective, it is advisable that if option 1 is endorsed, it should be self-financing moving forward and can operate as cost effectively as possible; therefore, learning the lessons from existing investments is key to ensure that the risk to the fund is reduced as far as possible. Implementation of this option will require implementation of revised legal and governance arrangements to transition the scheme under any revised arrangements agreed.
- 6.11. Should option 2 be endorsed by the Board and subsequently agreed by the Accountability Board, the Accountable Body will put in place arrangements to transfer the funding allocations under the agreed terms; in addition, the Accountable Body, in conjunction with the Local Authority partners,



will need to effect the agreed changes to the respective credit agreements for the existing loan agreements. The resource impact for all parties to effect the changes will not be insignificant, however, the changes required will be much more complex under options 2b and 2c and the Board are advised to take this into consideration should they choose to endorse either of these options.

- 6.12. In implementing any option in respect of the GPF programme, the s151 Officer of the Accountable Body will need to be satisfied that no residual risk remains with ECC as the Accountable Body, following the transfer of the fund and closure of the LEP and the Accountability Board.
- 6.13. All costs of the Accountable Body in effecting any of the agreed changes will be expected to be met from the SELEP operational budget and / or reserves, in accordance with the decisions of the Accountability Board.
- 6.14. The current economic climate means that there is a continued risk that scheduled repayments by existing projects will not be made as planned due to difficulties experienced as a result of Brexit, COVID-19, and economic uncertainty due to the high levels of inflation and supply chain issues. It is a requirement that the respective Local Authority that is the recipient of the loan, monitors the repayment position and advises SELEP and the Accountable Body of any potential risks in this respect to enable, where appropriate, mitigations to be agreed by the Accountability Board in advance of any default in repayment.
- 6.15. The Board are advised to monitor the repayments that are due in 2023/24 as some of these have already been subject to more than one extension under the terms of their credit agreements; although, none of the Projects where repayments are due in 2023/24 reported these as being at high risk at the September 2023 Accountability Board meeting.

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

- 7.1. Appendix A: GPF repayment schedules
- 7.2. For further information please contact Helen Dyer, SELEP Capital Programme Manager ([helen.dyer@southeastlep.com](mailto:helen.dyer@southeastlep.com))

## Item 5: SELEP CV19 Recovery Funds Programme

### Executive Summary

#### 1. Overview

- 1.1. In 2020, Strategic Board (the Board) approved the use of £4.4 million Growing Places Fund to establish two Covid-19 (CV19) Recovery Funds. Service providers were contracted in June 2021 to deliver six programmes, three supporting skills development and three providing business support for SME recovery.
- 1.2. The projects had a delivery timeframe of 12 months, with an additional 12 months for impact evaluation. All six projects have now completed their activities and their evaluations, and a suite of evaluation reports and case studies is ready to share.
- 1.3. The final spend was £3.9 million (including an additional contribution of £100,000 by Essex County Council to support skills development across Essex) and the Accountability Board agreed to re-purpose all under spend to the SELEP Operational Reserve to support wider delivery activities of the LEP.

#### 2. Summary of update

- 2.1. Further to the previous update report for the December 2022 Board meeting, this report provides a high-level summary of each programme and their individual evaluations, together with links to the full suite of evaluation reports and case studies on the SELEP website.

#### 3. Rationale for update

- 3.1. Since the programmes were launched in 2021/22, it was agreed that the Board would receive regular updates relating to the delivery of the funds.
- 3.2. The programmes have now completed, and it is timely to share a summary of the final outputs and outcomes of the CV19 Recovery Funds interventions.

### Further Information

#### 4. Update 1: Summary of programmes

- 4.1. The suite of CV19 Recovery Funds programmes was launched in May 2021, comprising:
  - Starting and Succeeding in Business (£565,000) – WSX Enterprise Ltd.
  - Adapting with Digital (£750,000) – WSX Enterprise Ltd.
  - Supporting the Visitor Economy (£1,050,000) – Visit Kent and consortium partners
  - COVID Recovery Academy (£1,045,000) – Shaw Trust (including a £100,000 contribution from Essex County Council) - final spend £1,015,000
  - Digital Skills Programme (£280,000) – Tech Talent Academy – final spend £256,000
  - The Digital Bridge (£300,000) – We are Digital – final spend £263,000



- 4.2. All direct support activities completed by June 2022 and in addition, Supporting the Visitor Economy ran destination re-boot campaigns through the Summer and Autumn of 2022.
- 4.3. All providers fully delivered to time and within budget, meeting or surpassing agreed KPIs, and completing impact evaluations for each programme. The programmes also successfully ensured a fair spread of beneficiaries across the SELEP geography. A brief synopsis of each programme can be found in the programme dropdowns [here](#).
- 4.4. One of the most significant benefits of the CV19 Recovery Funds was the flexibility it provided to SELEP and contracted providers to adapt programmes quickly and where necessary, to respond to the changing impacts of the pandemic and other external factors as they emerged. This ensured support was targeted towards those who needed it most, when they needed it most.

## 5. Update 2: Business Support outputs and outcomes

### 5.1. Starting and Succeeding in Business:

- 5.1.1. A total of 176 businesses were safeguarded by the support element of the project, and a further 66 businesses were created through the start-up element. This was from a total of 446 businesses engaged throughout the programme. A total of 1,759 hours of learning were taken up by businesses looking to recover and a further 935 hours were taken up by start-ups.
- 5.1.2. The 100% grant offer was open for nine months to those on the programme that could demonstrate need. A total of 122 grants were awarded, totalling £196,088 and averaging £1,607 per applicant.
- 5.1.3. The provider has produced a [final evaluation report](#) and a [selection of case studies](#) in programme drop downs. Please click on the hyperlinks to view.
- 5.1.4. Notable outcomes from the programme included:
  - Most programme beneficiaries were from the art and entertainment, health and social care, leisure and hospitality, manufacturing, and wholesale and retail sectors. These were priority sectors for the support, to complement large-scale Government schemes at the time.
  - Of businesses supported, 98% were small, micro or sole traders, with only 2% classified as medium sized (10-50 employees). This exemplified the demand for 100% small business grants (£500-£2,000) to small enterprises struggling to start-up or survive.
  - 4 out of 5 respondents to the feedback survey were 'satisfied' or 'very satisfied' with the programme. This reflected the quality of the business advisors and the content provided through videos and webinars. Those that were not satisfied generally cited unclear processes or an unsuccessful grant application.
  - The top three benefits to businesses participating in the programme were business planning and objective setting, development of new products and services, and increased sales.
- 5.1.5. The key findings of the evaluation were that:
  - Participant learning styles shifted quickly because of the pandemic, from pre-



scheduled online courses and webinars to *on-demand learning*, where digital content and resources could be accessed and re-visited 24/7.

- The programme needed to be *agile* to respond rapidly to new COVID19 (lockdowns), economic (rising energy costs) and global (invasion of Ukraine affecting supply chains) challenges. Businesses would not have been safeguarded had the programme been unable to adapt quickly in the same way that businesses were having to.
- A programme of this pace and specificity needs *adequate time* to initiate and recruit prior to launch, so as not be compromised by the immediate and urgent demand for support from the business base and programme backers.
- Keeping eligibility criteria for the grant scheme simple and clear, together with light-touch administration, allowed grants to be defrayed in a timely way and with limited off-putting client paperwork.
- Business engagement increased dramatically when clients were allocated a dedicated business advisor in an account management style approach.

## 5.2. Adapting with Digital:

5.2.0. A total of 362 businesses were safeguarded through the programme, largely through the provision of on-demand learning and 1-2-1 advice. Across the participants, 1,874 hours of support were taken up. This was from a total of 633 business that registered, of which 508 engaged.

5.2.1. The 100% grant offer was open for nine months to those on the programme that could demonstrate need. A total of 157 grants were awarded, totalling £258,894 and averaging £1,649 per applicant.

5.2.2. The provider has produced a [final evaluation report](#) and a [selection of case studies](#) in programme drop downs. Please click on the hyperlinks to view.

5.2.3. Notable outcomes from the programme included:

- The top three sectors supported by the programme were arts and entertainment, wholesale and retail, and hospitality sectors. These were priority sectors for the support, being most significantly affected by lockdown and social distancing.
- Of businesses supported, 94% were small, micro or sole traders, 5% were medium sized (10-50 employees) and 1% were large (>50 employees). This evidenced the assumption that skills needed to adapt digitally were largely lacking in enterprises with limited resource.
- Participant demographics show that 53% were aged between 40-59 and 53% that declared were female.
- The top three benefits to businesses participating in the programme were increased sales, increased profitability, and development of new products and services.
- Of those that responded to the feedback survey, 60% were more inspired to grow their business, and 83% were directly influenced by working with the programme.

5.2.4. Adapting with Digital and Starting and Succeeding in Business were both delivered by



WSX Enterprise Ltd. The provider maximised on efficiency and economies of scale by combining some elements of the two programmes, for example the client registration portal, project management, and the grant administration process. Consequently, the key findings of the evaluation are the same as those set out in 5.1.5.

### 5.3. Supporting the Visitor Economy – 100% business grant scheme:

5.3.0. Element 1 of the programme was the Revi-VE 100% business grant scheme, which ran for 12 months. Two application periods were opened during 2021, while defrayals were made in three waves. During the total length of the programme, 399 grant applications were received and 166 grants were awarded, with a total defrayment of £438,145. The average grant was £2,639.

5.3.1. The grants were specifically for innovation or diversification to business-pivot. Business-as-usual costs and social distancing/ hygiene measures were ineligible. Overall, visitor economy grants were spent on upgrading facilities (45% of surveyed recipients), electronics (21%), professional services (19%) and 'other' (14%).

5.3.2. The provider has produced an [evaluation report](#) and a [selection of case studies](#) in programme drop downs. Please click on the hyperlinks to view.

5.3.3. Notable outcomes and findings from the programme:

- A primary business need across the sector was to expand and improve outdoor spaces. Grants were largely spent on upgrading outside areas (such as shelters and furniture) and extending facilities outdoors (including food service, lighting, and heating).
- Businesses also needed to improve their online presence, needing IT equipment such as monitors, printers and cables, alongside professional services such as website design, marketing and promotion. In addition, electronics equipment was urgently needed for content production (including cameras, microphones and drones). These trends not only supported the grant beneficiaries but also small enterprises in the supply chain, overall supporting local communities.
- 82% of grant recipients that responded to survey would not have been able to finance these purchases by alternative means. In addition, jobs were protected in 47 businesses totalling at least 89 FTE.
- Multiple immediate benefits from the grants were achieved. 48% of business respondents expanded capacity to accommodate more customers, 43% expanded their product/service range, and 41% appealed to a new audience.

Multiple longer-term benefits have also been reported. 51% of business respondents are seeing improved customer loyalty and satisfaction, 48% are in an improved financial situation, and 35% have increased flexibility with new facilities and equipment to operate in adverse weather conditions.

### 5.4. Supporting the Visitor Economy – place-based reboot campaigns:

5.4.0. Element 2 of the programme was the development and launch of place-based reboot campaigns, to help reinvigorate the visitor economy between and post-lockdowns. Campaign design was informed by insights gathered through a series of workshops



with over 100 businesses and organisations from across the SELEP area, each with a stake in place-based marketing.

- 5.4.1. The stakeholder workshops identified the need to broaden the scope of destination marketing campaigns to go beyond 'tourism' and put 'place' on a bigger scale at the heart of the model. This would extend their reach beyond tourism, to destination campaigns for people to live, play and work.
- 5.4.2. Place campaigns were then individually designed and run at different timescales for the geographical areas of Kent and Medway, East Sussex, and Greater Essex throughout 2022.
- 5.4.3. Toposophy, who was sub-contracted by the provider to manage this element of the programme, has produced a final [evaluation report](#) that comprehensively sets out the individual campaigns, the impact evaluation framework and results, and recommendations for destination management and place making organisations.
- 5.4.4. Notable outcomes and findings from the programme:
  - The reboot campaigns needed to reinvigorate confidence, footfall and spend across the visitor economy, went well beyond traditional campaigns to attract tourists and leisure visitors. Instead, they targeted more diverse audiences including residents and potential residents, investors, students, and employers. This reflected behavioural changes generated by the pandemic – lifestyles became focused on living within their local communities, and there was a general movement to relocate to rural and coastal areas.
  - A new visitor economy stakeholder network was borne from the programme, which could operate at both county-level and across the SELEP area, to engender collaboration and the sharing of expertise, tools and materials.
  - An entirely new evaluation methodology was developed to help judge the success of the place marketing campaigns, which can be used for similar campaigns implemented in the future.

## **6. Update 3: Skills Development outputs and outcomes**

### **6.1. COVID Recovery Academy:**

- 6.1.1. This programme was designed to support 1002 residents across the SELEP geography in key sectors. Final numbers of people supported totalled 1011 so the original recruitment target was exceeded. The contract stipulated that as a result of the programme, there should ultimately be at least 340 people retrained and into jobs.
- 6.1.2. Of the total numbers supported, 131 were upskilled and supported by Job Centre Plus, 340 people completed training and secured employment and the remainder had withdrawn from the programme. The target was therefore met.
- 6.1.3. An [evaluation report](#) has been produced, which includes a breakdown of the programme (at upper tier local authority level) and which illustrates a good conversion rate of people going into employment as a result of the programme, exceeding that of similar programmes. The flexibility of the programme and ability to adapt was of particular benefit.





- 6.1.4. The bespoke nature of the programme and being centred around the individual has been very positive as well as the ability to support over a sustained period and adapt to changing circumstances. Case studies have been added to the SELEP website for [Kent](#), [Essex and East Sussex](#) and [Medway](#).
- 6.1.5. The programme delivered £30,358 under the original allocated budget which has been returned to SELEP reserves.
- 6.1.6. North Essex district and borough authorities were able to utilise the procurement framework set up by Essex County Council to offer additional support in their areas. This was therefore a broader benefit of the skills programme overall and the way it was set up. Additional numbers were also delivered in north Essex for the Digital Skills Programme outlined in 6.2.

## 6.2. Digital Skills Programme:

- 6.2.1. This programme was designed to support individuals into Technology roles. Originally targets were set at 200 individuals to be enrolled of which 70% would complete the course and 75% of those to secure employment. These targets were revised as agreed at the [March 2022 Board](#), due to changing circumstances and higher costs incurred as a result of the type of technology training being requested.
- 6.2.2. The revised targets were agreed to be 60% of the original numbers, which would be 120 enrolments and 60 job progressions. This programme has now completed and progress is still being monitored but at the time of writing, 138 people had been enrolled with 106 people completing training so revised targets were exceeded. Employment outcomes are still being monitored with the current number at 44.
- 6.2.3. An [evaluation report](#) has been produced including final outcomes. [Case studies](#) are also available on the SELEP website.
- 6.2.4. The programme delivered £23,955 under the original allocated budget, partly due to the reduced outcomes and which has been returned to SELEP reserves.

## 6.3. The Digital Bridge:

- 6.3.1. This programme was able to extend beyond the original timeframe within the original budget and completed in June 2023. This was originally set up to support 750 people with kit and connectivity (according to need) and 1000 with basic digital skills.
- 6.3.2. Through a contract change award and due to the changing nature of support requested (for more in-depth, bespoke support), the original targets were revised in February 2022 to enable 400 individuals to be trained in basic digital inclusion skills, with an equipment offering.
- 6.3.3. The project supported 360 people through over 860 hours of digital inclusion training. We are Digital have calculated that for every pound spent on the project, they delivered the equivalent social value of £15.53 and 100% of learners increased confidence in using a device. Further information on the types of training provided and a case study is available in the [evaluation report](#).
- 6.3.4. The programme delivered £36,905 under the original allocated budget, partly due to



the reduced outcomes and which has been returned to SELEP reserves.

## 7. Next Steps

7.1. All SELEP CV19 Recovery Funding activities are now complete, and no further steps are proposed.

## 8. Comments from the Accountable Body

8.1 The Accountable Body entered into contracts with each of the selected suppliers, on behalf of SELEP in June 2021, to support delivery of each element of the Programme. The table below summarises the spend profile of the funding against each of the schemes; this includes an additional £100,000 contribution from Essex County Council which asked SELEP to expand delivery of the Skills programme in Essex to include this contribution.

Table 1: Covid-19 Recovery Funds Spend Summary

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	Total £'000
<b>Business Support</b>					
<b>Scheme Delivery Cost</b>	<b>4</b>	<b>1,184</b>	<b>1,179</b>	<b>-</b>	<b>2,366</b>
Returned to reserves		23	11	-	34
<b>Total</b>	<b>4</b>	<b>1,207</b>	<b>1,189</b>	<b>-</b>	<b>2,400</b>
<b>Skills</b>					
<b>Scheme Delivery Cost *</b>	<b>4</b>	<b>1,006</b>	<b>503</b>	<b>39</b>	<b>1,552</b>
Returned to reserves		418	35	95	548
<b>Total</b>	<b>4</b>	<b>1,424</b>	<b>538</b>	<b>134</b>	<b>2,100</b>
<b>Forecast Total Scheme Delivery Cost *</b>	<b>7</b>	<b>2,190</b>	<b>1,681</b>	<b>39</b>	<b>3,918</b>
Total Returned to reserves	-	441	46	95	582
Total scheme funding allocation*					4,500

\* Includes £100,000 of Essex County Council Funding Contribution applied in 2021/22

8.2 Following respective approvals by the SELEP Accountability Board, a total of £582,000 of uncommitted Covid-19 Skills and Business Support funding was or is planned to be appropriated to the SELEP Operational Reserve across 2021/22 to 2023/24, to support delivery of the wider SELEP activities; this includes a circa £91,000 under spend across individual contracts within the skills scheme where final costs were less than budgeted. The remaining under spend related to other elements of the scheme which, following review, were agreed not to be taken forward.



## 9. Appendices, Supporting Documents and Previous Decisions

- 9.0. Strategic Board Agenda pack setting out the Skills COVID-19 Recovery Fund:  
[https://www.southeastlep.com/app/uploads/2020/08/SELEP-Strategic-Board-Agenda-Pack\\_Sept-2020.pdf](https://www.southeastlep.com/app/uploads/2020/08/SELEP-Strategic-Board-Agenda-Pack_Sept-2020.pdf) (page 6)
- 9.1. Strategic Board Agenda pack setting out the COVID-19 Business Support Fund:  
[https://www.southeastlep.com/app/uploads/2019/11/SELEP-Strategic-Board\\_Oct-20\\_Agenda-Pack.pdf](https://www.southeastlep.com/app/uploads/2019/11/SELEP-Strategic-Board_Oct-20_Agenda-Pack.pdf) (page 5)
- 9.2. Accountability Board Agenda pack setting out the award agreement and delegated authorities for the Skills COVID-19 Recovery Fund:  
[https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Agenda-Pack\\_Sept-20-WITHOUT-confidential-appendix.pdf](https://www.southeastlep.com/app/uploads/2019/09/Accountability-Board-Agenda-Pack_Sept-20-WITHOUT-confidential-appendix.pdf) (page 250)
- 9.3. Accountability Board Agenda pack setting out the setting out the award agreement and delegated authorities for the COVID-19 Business Support Fund:  
<https://www.southeastlep.com/app/uploads/2020/07/Agenda-Document-Pack-16.10.20-WITHOUT-CONFIDENTIAL-APPENDICES.pdf> (page 85)
- 9.4. Strategic Board Agenda pack, for information item providing an update on the CV19 Recovery Funds:  
[https://www.southeastlep.com/app/uploads/2019/11/SELEP-Strategic-Board-Agenda-Pack\\_Dec-2020.pdf](https://www.southeastlep.com/app/uploads/2019/11/SELEP-Strategic-Board-Agenda-Pack_Dec-2020.pdf)
- 9.5. Strategic Board Agenda pack, for information item providing an update on the CV19 Recovery Funds:  
<https://www.southeastlep.com/app/uploads/2020/10/SELEP-Strategic-Board-Information-Items-Pack-June-2021.pdf>
- 9.6. CV19 recovery Funding Decision Report as published for Accountability Board 15 December 2020.
- 9.7. Strategic Board Agenda pack, for information item providing an update on the CV19 Recovery Funds October 2021: <https://www.southeastlep.com/app/uploads/2020/10/For-Information-CV19-Recovery-Funds-Update.pdf>
- 9.8. Strategic Board Agenda pack, for information item providing an update on the CV19 Recovery Funds:  
[https://www.southeastlep.com/app/uploads/2020/10/SELEP-Strategic-Board\\_Information-Pack\\_Dec-21.pdf](https://www.southeastlep.com/app/uploads/2020/10/SELEP-Strategic-Board_Information-Pack_Dec-21.pdf)
- 9.9. Strategic Board Agenda pack, for information item providing an update on the CV19 Recovery Funds:  
[https://www.southeastlep.com/app/uploads/2020/10/SELEP-Strategic-Board\\_Agenda-Pack\\_March-2022.pdf](https://www.southeastlep.com/app/uploads/2020/10/SELEP-Strategic-Board_Agenda-Pack_March-2022.pdf)
- 9.10. Strategic Board Agenda pack, for information item providing an update on the CV19 Recovery Funds:  
[https://www.southeastlep.com/app/uploads/2022/02/Strategic-Board\\_June-2022\\_Agenda-Pack-1.pdf](https://www.southeastlep.com/app/uploads/2022/02/Strategic-Board_June-2022_Agenda-Pack-1.pdf)
- 9.11. Strategic Board Agenda pack, for information item providing an update on the CV19 Recovery Funds:  
<https://www.southeastlep.com/app/uploads/2022/02/CV19-Recovery-Funds-update.pdf>
- 9.12. For further information please contact Jo Simmons, Business Development Manager ([jo.simmons@southeastlep.com](mailto:jo.simmons@southeastlep.com)) or Louise Aitken, Skills Lead ([louise.aitken@southeastlep.com](mailto:louise.aitken@southeastlep.com)).

## Item 6: Growth Hub delivery in 2023/24

### Executive Summary

#### 1. Overview

- 1.1. This report is to provide an update to Strategic Board (the Board) on delivery of the Growth Hub service in 2023/24.
- 1.2. SELEP has received an allocation of £475,000 for service delivery this year. However, notification of this funding was received from the Department of Business and Trade (DBT) on 29<sup>th</sup> March 2023, which had a direct impact on staff retention and business planning timelines. Final confirmation of the grant allocation and terms of use were not in place until 27<sup>th</sup> July 2023.
- 1.3. Due to this delay in confirmation, Southend City Council withdrew from their role hosting the Business Essex, Southend and Thurrock (BEST) Growth Hub service, and BEST closed on 31<sup>st</sup> March 2023 for approximately three months. Essex County Council now acts as the host for BEST and has procured Colbea to deliver the service for the remainder of this financial year.
- 1.4. Kent Invicta Chamber of Commerce remains the service provider for Kent and Medway Growth Hub, and Business East Sussex continues to be delivered in-house. Despite the late funding notification, all efforts were made to avoid a break in their services and avoid confusion to businesses and stakeholders alike.
- 1.5. The SELEP Growth Hub is confident in both standard and pace of delivery for the remainder of 2023/24. Growth Hub funding for 2024/25 is uncertain and once again this will pose a risk to service continuity, which will be managed in the context of SELEP's transition of functions to Upper Tier Local Authorities (UTLAs).

#### 2. Summary of update:

- 2.1. **Note** the successful reinstatement of the BEST Growth Hub service and SELEP-wide service delivery for 2023/24.
- 2.2. **Note** the ongoing risk to service continuity resulting from the annual funding cycle.

#### 3. Rationale for update

- 3.1. The Board was last updated on the status of the Growth Hub service in July 2023. At that time the BEST service was suspended, and action was being taken to establish Growth Hub provision for the greater Essex area.
- 3.2. Those actions have now come to fruition and it is timely to update the Board on the status quo, and to confirm that SELEP is on track to fully and correctly defray 2023/24 Growth Hub funding up until 31<sup>st</sup> March.
- 3.3. It is also timely to cross-reference the ongoing risks associated with annual Growth Hub funding with the Growth Hub element of the SELEP Transition Plan.

## Further Information

### 4. Growth Hub delivery in 2023/24

- 4.1. SELEP operates a hub-and-spoke Growth Hub delivery model – the South East Business Hub - which is administered and coordinated by SELEP and delivered through three area hubs: Business East Sussex (BES), Business Essex, Southend and Thurrock (BEST), and the Kent and Medway Growth Hub (KMGH).
- 4.2. The Growth Hub service is funded annually by the Department for Business and Trade (DBT) and SELEP has been allocated £475,000 for 2023/24. The associated grant funding agreement is now in place between SELEP and DBT, however notification of this year's allocation was not received until 29<sup>th</sup> March 2023, and the grant offer process started on 25<sup>th</sup> May 2023.
- 4.3. Due to risks and liabilities associated with this untimely funding process, Southend City Council withdrew their position as host to the BEST service on 16<sup>th</sup> March 2023. BEST Growth Hub staff became redundant on 31<sup>st</sup> March and the service was suspended on 1<sup>st</sup> April 2023.
- 4.4. Urgent conversations took place through April to establish a replacement service for the greater Essex area and Essex County Council (ECC) agreed to act as host for the financial year. Note that this role is independent from the role of ECC as Accountable Body to SELEP.
- 4.5. A swift and successful procurement exercise was conducted by ECC, aided by members of the SELEP Secretariat for speed, to secure an external service provider for greater Essex. As a result, and following a three month break in service, Colbea was contracted by ECC in July and the service is now fully operational until 31 March 2024. Colbea is well embedded in the greater Essex business support ecosystem and has been able to hit the ground running, thus minimising any impact on local business needs.
- 4.6. BES and KMGH avoided a break in service, despite the lateness of the 23/24 grant offer, principally because ESCC and KCC were prepared to operate at risk, underwriting costs and retaining staff where necessary. Kent Invicta Chamber of Commerce remains the service provider for KMGH, and BES continues to be delivered in-house.
- 4.7. Transfer of the Growth Hub function to UTLAs is included in the SELEP Transition Plan to be agreed by this Board. The proposals have been developed on the assumption that Growth Hub funding for 2024/25 will be forthcoming, however this is still to be confirmed by Government.
- 4.8. SELEP is flagging directly, and through the Growth Hub Network and LEP Network, the need for urgent clarification around funding because it presents such a significant risk to service continuity, successful procurement (where required) and retention of staff and expertise. Approaches and communications will be developed with and by UTLA's as part of SELEP's transition, to manage these risks moving into 2024/25.

### 5. Next Steps

- 5.1. SELEP will continue to administer the Growth Hub funding and ensure service delivery and compliance until 31<sup>st</sup> March 2024. In parallel, SELEP will develop and implement a clear and agreed transition of the Growth Hub function to UTLAs.

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

- 6.1. The activities and objectives of the Growth Hubs are subject to the terms of the funding agreement between DBT and Essex County Council as the Accountable Body for SELEP.
- 6.2. The funding awarded for 2023/24 of £475,000 reflects a below inflation uplift of £30,000, compared to 2022/23, however, is significantly lower than the amount awarded for 2021/22.
- 6.3. The delay in receipt of the funding confirmation from Government continues to impact the delivery of activities from the Growth Hubs. Despite the late allocation of the funding for 2023/24, there is no flexibility offered from DBT in the application of the funding beyond 31<sup>st</sup> March 2024; any funding not utilised prior to this date is required to be returned to DBT, under the conditions of the funding.
- 6.4. Funding agreements are in place with the respective partner authorities to enable the transfer of the funds to support local delivery; the funding agreements incorporate the terms and conditions of the agreement between ECC and the Accountable Body.
- 6.5. The terms of the Grant Agreement with DBT require an Audit of the spend to be undertaken in 2024/25 for return by the end of May 2024. A monitoring report will also be required to be undertaken in April and May 2024, also for submission to DBT by 31<sup>st</sup> May 2024. Resources within the Secretariat and local partners will be required during this period to support these returns.
- 6.6. The activities and delivery of the Growth Hub in 2023/24 will be limited to current year without the commitment of funding into future years; SELEP and the respective partner authorities are advised to continue to seek clarity from DBT, to enable the service to be secured beyond 2023/24.

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

- 7.1. Strategic Board Agenda Pack (Item 10) Growth Hub Update:  
[https://www.southeastlep.com/app/uploads/2022/11/Strategic-Board\\_Agenda-Pack\\_Feb-2023-1.pdf](https://www.southeastlep.com/app/uploads/2022/11/Strategic-Board_Agenda-Pack_Feb-2023-1.pdf)
- 7.2. Strategic Board Agenda Pack (Item 4) Growth Hub 2023/24:  
<https://www.southeastlep.com/app/uploads/2023/03/Strategic-Board-7-July-2023-Agenda-pack.pdf>
- 7.3. For further information please contact Jo Simmons, Business Development Manager  
([jo.simmons@southeastlep.com](mailto:jo.simmons@southeastlep.com))