
**Minutes of the meeting of the SELEP Accountability Board, held in
Committee Room 1 at County Hall at 10.30am on Friday 26 July.**

Present:

Cllr Lee Scott	Chair, Essex County Council
Cllr Roger Gough	Kent County Council
Cllr Keith Glazier	East Sussex County Council
Cllr Simon Curry	Medway Council
Cllr Lee Watson	Thurrock Council
Cllr Anne Jones	Southend-on-Sea City Council

Also Present:

Helen Dyer	SELEP/Essex County Council
Amy Ferraro	Essex County Council
Stephanie Mitchener	Essex County Council (as delegated S151 Officer for the Accountable Body)
Stephanie Ennis	Essex Legal Services
Lorna Norris	Senior Finance Business Partner, Essex County Council (Accountable Body)
Emma Taylor	MHCLG
Greg Wilkinson	MHCLG
Michael Veasey	Sector Growth Manager, Essex County Council
Jack Daniels	Sector Growth Lead, Essex County Council
George McCullough	Head of Regeneration and Place, Thurrock Council
Adam Bryan	Director of Place, Medway Council
Jasmine Langley	Democratic Services, Essex County Council

Online Attendees:

Sunny Ee	Assistant Director – Regeneration, Medway Council
Jessica Jagpal	Strategy and Economic Investment Programme Manager, Medway Council
Michael Neumann	Head of Finance Corporate & Strategic Partnerships, Essex County Council
Sarah Nurden	Kent and Medway Economic Partnership (KMEP) Programme Manager, Kent County Council
Steve Samson	Interim Head of Economy, Kent County Council
Gary MacDonnell	Network Programme Manager, Essex County Council
Nick Brown	Head of Economic Inclusion, Southend-on-Sea City Council
Alex Colbran	Local Growth Programme Manager, East Sussex County Council

1. Welcome and Apologies for Absence

Cllr Lee Scott welcomed members to the meeting.

Apologies were received from:

- Cllr Kevin Bentley (substituted by Cllr Lee Scott)
- Cllr Harinder Mahil (substituted by Cllr Simon Curry)
- Cllr Daniel Cowan (substituted by Cllr Anne Jones)
- Simon Cook

2. Minutes of the previous meeting

The minutes of the meeting held on Friday 16 February 2024 were agreed as an accurate record.

3. Declarations of Interest

There was one declaration of interest from Cllr Anne Jones in respect of Agenda Item 6, Cllr Jones declared that a close relative works for c2c.

4. Questions from the public

There were none.

Ongoing SELEP Transition

Helen Dyer gave a verbal update to the Board regarding the ongoing SELEP transition with key points being highlighted below:

- The closure of SELEP Ltd has not been as straightforward as previously predicted. There are continuing discussions with Essex Legal Services regarding the steps which need to be taken to ensure the closure of the company is achieved at the earliest opportunity.
- With respect to the Variation to the Framework Agreement, Essex County Council is in the process of finalising its governance to allow the Variation to be completed. The governance is expected to be completed in August.
- The draft Transition Agreement has been updated to reflect feedback from partner authorities and the change in approach to transition requested by Government. The agreement is being reviewed by the Accountable Body with a view to circulating an updated draft in August.
- Work has been ongoing with local partners and MHCLG to agree the status of each of the projects within the SELEP Capital

Programme. This work will determine where future responsibility for the projects will lie and will be reflected in the Transition Agreement, alongside more comprehensive Position Statements which will give the full breakdown of project information as of 31 March 2024.

- Moving forward, Helen will circulate regular updates as and when there is progress to report.

In response to a question from Cllr Gough, Helen stated that delays in progressing the transition of SELEP activities have primarily arisen as a result of resource challenges, but that following the Board meeting her focus will solely be on finalising the planned transition of activities.

Cllr Scott expressed his thanks to Helen for all her hard work on progressing the transition and this was echoed by all Board members.

5. Getting Building Fund Update

The Accountability Board (the Board) received a report from Helen Dyer, SELEP Programme Closure Lead, the purpose of which was to update the Board on the Innovation Hub: Diversification of Chatham Town Centre project and to consider whether the Getting Building Fund (GBF) funding should remain allocated to the project.

The report sought to address a governance issue which had arisen in respect of the prioritisation of and award of funding to the Innovation Hub: Diversification of Chatham Town Centre project.

Helen highlighted that there was no suggestion that the delivery of the project was not going well or to plan, the purpose of the item was purely to consider the governance issue.

As outlined in the report, in July 2023 the Strategic Board agreed a number of criteria that projects were required to meet in order to be included in the new GBF pipeline - including a criterion for there to be no barriers to delivery, such as outstanding permissions or consents. The Strategic Board agreed that any remaining barriers to delivery would render a project ineligible for receipt of GBF funding.

The final Business Case for the project stated that there were no outstanding planning permissions. This information in conjunction with evidence of compliance with the other criteria resulted in a determination that the project was eligible for inclusion in the pipeline and funding was awarded to the project in January 2024.

It was since determined that, following a change in advice from Medway Council's planning consultant, there was a need for two planning applications to be submitted and determined for the project. The change in advice was given after the submission of the final Business Case and

due to changes in the project team at Medway Council the need to inform SELEP was overlooked.

Consequently, it was confirmed that the criteria agreed by the Strategic Board was not fully met at the point of prioritisation and funding award and had the revised planning advice been shared with SELEP, the Innovation Hub project would not have been included in the pipeline.

Both planning applications have been determined and Medway Council have provided assurances that project delivery is on track and GBF funding is expected to be spent in full by September 2024.

The role of SELEP and the Accountable Body is to ensure that decisions taken by the SELEP Boards are implemented and to ensure ongoing compliance with the Assurance Framework. In addition, it is the expectation of MHCLG that decisions taken by the Board in respect of the GBF are in line with the requirements of the Local Assurance Framework which in turn should reflect the National Local Growth Assurance Framework.

Consequently, given that it had been confirmed that the criteria agreed by the Strategic Board had not been fully met and therefore the decision to award funding to the project was not in line with the Assurance Framework, it was recommended that the funding be removed from the project and reallocated through the prioritised project pipeline.

Cllr Curry asked the Board to agree option two as set out in the report, which was to retain the funding against the Innovation Hub project. Cllr Curry stated that there were no longer any barriers to the completion of the project and that the project was well underway, with expectations of opening in October 2024 or sooner. The project will deliver 1,331sqm of SME space and the Hub will link in with the wider redevelopment of Chatham Town Centre. Cllr Curry indicated that there are a number of other projects underway in the area which include a new healthy living centre in the same location as the Innovation Hub. The Hub will create 91 direct jobs and will offer co-working space, meeting rooms, hot-desking and Business Support. Cllr Curry reported that an external operator has already been selected to run the Hub once it is open.

Cllr Curry reiterated that the project is now in full compliance with the criteria agreed by the Strategic Board and had been assessed as offering High value for money. Removal of the GBF funding would create issues in terms of delivery and additional funding via borrowing would need to be sought, which would prove difficult given the current Local Authority funding landscape.

Cllr Curry asked the Board to apply flexibility and pragmatism when considering the report. Whilst acknowledging that there was initially an issue with the planning consents, this has now been mitigated and the project is in delivery. Cllr Curry also highlighted that it may be necessary

for the Board to meet again should the decision be taken to remove the funding from the Innovation Hub project.

Whilst acknowledging why the recommendation to remove the funding had been put forward by the Accountable Body, Cllrs Gough, Glazier, Watson and Jones spoke in favour of supporting the retention of funding against the Innovation Hub project and gave supporting evidence with key points being highlighted below:

- The planning issues have been resolved and the project is now in compliance with the criteria agreed by the Strategic Board.
- The project is well underway with an estimated timeline of delivery by October 2024 or sooner.
- Removal of funding would cause issues with project delivery and would adversely impact upon a Council which is already facing significant financial pressures and would cause ongoing deficits.
- The removal of funding would require further work by the SELEP Secretariat, and potentially the Board, which would cause practical difficulties given the imminent winding up of SELEP.

In response to a query from Cllr Gough, Stephanie Mitchener outlined the possible risks to the Accountable Body should the Board take a decision which contradicts the recommendation set out in the report. As the decision would not be compliant with the Assurance Framework, the Board would need to set out very clear justification for their decision. Where decisions which sit outside the requirements of the SELEP Assurance Framework are taken, there is a risk that MHCLG could seek clawback of the funding – although this appears unlikely as the Grant Conditions specified by Government would be met in this case. The greater risk is that the future award of funding by MHCLG could be adversely impacted but with SELEP closing, future arrangements will be different and therefore there may not be an impact. The other risk is that the next project on the pipeline may seek to make a claim as a result of the decision taken by the Board. Should the Board choose to take the alternative decision proposed by Cllr Curry, Stephanie proposed a collective agreement across all partners that the Accountable Body should not bear that risk alone, and that should the risk come to fruition, the Accountable Body would consult with all partner authorities around an approach to dealing with the risk.

Greg Wilkinson from MHCLG was invited to comment. Greg indicated that he couldn't speak about what might happen in the future but stated that MHCLG assurance processes (project change request) were set out in the report.

Following the discussion, an alternative recommendation was proposed as set out below.

Resolved unanimously:

1. **To Agree** that the GBF funding can be retained against the Innovation Hub: Diversification of Chatham Town Centre project, providing that should there be any challenge to this decision, including any request for clawback of the funding from MHCLG, that any costs arising in respect of this risk were agreed to be shared by all SELEP Local Authority partners.

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

The Board received a report from Helen Dyer the purpose of which was to update the Board on the Stanford le Hope/London Gateway and Grays South Local Growth Fund (LGF) projects.

George McCullough, Thurrock Council, gave a presentation on the Stanford le Hope/London Gateway and Grays South LGF projects, with key points being highlighted below:

Stanford le Hope:

- The redevelopment and upgrade of Stanford le Hope railway station is crucial to unlock and serve the surrounding economic and housing growth areas.
- The project has suffered from significant cost inflation which has led to the simplification of the project and the appointment of Network Rail as the Delivery Partner.
- Planning permission for Phase 1 (station) was granted in July 2022 and a planning application was submitted for Phase 2 (transport interchange) in 2023.
- Due to the S114 procedure which Thurrock is currently working through, the Council's capital funding for the project was removed last year.
- Following completion of GRIP stage 4, a gateway review is underway to confirm the optimum scheme which will deliver the operational and funding requirements, whilst achieving the optimum price for the Council.
- The Business Case for the optimum scheme will be presented to Cabinet and the Commissioners with the aim of securing approval in November 2024.
- Thurrock have requested the temporary reallocation of £5.4m from the Grays South project to help fund the Stanford le Hope project.
- The objectives of the project are to ensure that the railway station capacity does not constrain demand, whilst meeting the travel plan commitments of DP World and Thames Enterprise Park, to provide a facility which is convenient and safe, with appropriate crossing and platforms and to increase the use of sustainable transport modes.
- The new station will offer increased capacity and a multi-modal transport interchange adjacent to Stanford le Hope railway station.

Grays South:

- The level crossing at Grays station presents a risk to pedestrians and has been rated as one of the most dangerous crossings on the UK network. In addition, the level crossing affects the vitality of the town centre. Network Rail intends to close the crossing and therefore an alternative pedestrian provision must be delivered.
- The project has suffered from significant cost inflation and engineering complexity. The original budget of £27.4m set in 2017 had increased to £46m by 2023.
- In 2023, Thurrock Council Cabinet took the decision to abort the underpass scheme. Thurrock Council is working with partners, Network Rail and c2c, to develop a viable alternative scheme which meets the project objectives. All partners remain committed to resolving the crossing and finding a viable solution with a strategic meeting scheduled for 7 August to evaluate the available options.
- The project objectives are to improve public safety at the site of the level crossing and maintain footfall along the High Street.

Helen outlined the risks associated with both projects and indicated that, if SELEP were continuing to operate, further updates on both projects would be brought to future Board meetings until the risks were fully mitigated. However, given the imminent closure of SELEP, it is recommended that responsibility for future decision making and monitoring sits with the Greater Essex Partnership, under the new Accountable Body structure requested by MHCLG. This will ensure that the projects remain subject to the same level of scrutiny as has been applied by this Board.

Cllrs Watson and Gough spoke in support of the recommendations set out in the report. Cllr Watson stressed the importance of both projects to Thurrock and outlined the ongoing engagement with Network Rail with respect to the Grays South project in particular.

Resolved unanimously:

1. **To Note** that with respect to the Stanford le Hope/London Gateway project, the Section 151 Officer of Thurrock Council has provided the required assurances, as set out in section 3.7 of the report, to the Section 151 Officer of the Accountable Body, meaning that delivery of the project can proceed as agreed, including the temporary transfer of £5.4m of LGF from the Grays South project, subject to the full funding package of the Stanford le Hope project being agreed in October 2024.
2. **To Note** that with respect to the Grays South project, it has not yet been possible for the Section 151 Officer of Thurrock Council to provide the required assurances to the Accountable Body due to

further work required to agree the preferred delivery option which will determine the historic and future funding position.

3. **To Note** that the Section 151 Officer of the Accountable Body will continue to engage with the Section 151 Officer of Thurrock Council to ensure that the required assurances can be provided.
4. **To Note** that following the closure of SELEP, Essex County Council is expected to retain accountability for the LGF allocated to on-going projects within the Greater Essex area, including the Stanford le Hope/London Gateway and Grays South projects.
5. **To Note** the intention for a Greater Essex Partnership Board to be established as a Local Authority Joint Committee following the transition of LEP functions to Upper Tier Local Authorities and to ensure ongoing monitoring and oversight of delivery of the SELEP legacy capital programmes within Greater Essex.
6. **To Agree** that should the required assurances not be received by the Section 151 Officer of the Accountable Body in respect of the Grays South project that future decision making in respect of that project can be undertaken by the Accountable Body; noting that the intention is to determine any decisions required via the proposed joint committee arrangements planned for the Greater Essex Partnership Board.

7. Finance Update

The Board received a report from Lorna Norris, Senior Finance Business Partner, the purpose of which was for the Board to consider the provisional outturn position for the SELEP Revenue budget for 2023/24 and to agree a budget for 2024/25 following the delay in the closure of SELEP. Key points are highlighted below:

- The provisional outturn position for the SELEP Revenue budget for 2023/24 shows an overall improved position against the forecast discussed by the Board in February.
- There was an underspend against the budget position which arose primarily from attracting higher than forecast external interest against the capital balances that were held throughout the year and due to the efforts throughout the year to minimise costs due to the anticipated closure of SELEP.
- Overall, the net cost of services was £172,000, with a net contribution required from the operational reserve of just over £66,000. This left a balance of just over £1.5m in the operational reserve and, as agreed in February, it remains the intention to disaggregate this amount to the respective Upper Tier Local Authority partners on completion of the external audit and the SELEP Transition Agreement.

- The report set out the exemplification of the allocation of the reserve across each partner, showing an overall small improvement on the position that was set out in February.
- Other adjustments and movements in reserves reflect the amendments made in line with the decisions the Board took in February including to recognise the anticipated redundancy costs for the SELEP Secretariat where necessary.
- A draft statement of accounts has been prepared for SELEP and is currently undergoing the required external audit, with anticipated conclusion being in September.
- Summary tables from the accounts have been included in the report for information but remain subject to the completion of the external audit.
- As previously agreed, following completion of the audit approval of the accounts will be sought from the Section 151 Officer of the Accountable Body, prior to publishing.
- As set out in the report, due to the delay in the closure of SELEP, it is necessary to agree a budget to meet the costs that are being incurred in 2024/25. These include staffing costs in relation to those members of the SELEP Secretariat who were retained between April and June, costs to the Accountable Body for providing ongoing support and contract costs for the retention of the website.
- 2024/25 costs are proposed to be funded from the Future Commitments reserve, which represents the funds which were set aside to meet the future costs of Essex County Council associated with their role as Accountable Body for SELEP. The balance of the reserve will be applied to any costs incurred by the Accountable Body following the closure of SELEP, including the agreed contribution to any redundancy costs arising in relation to members of the SELEP Secretariat who have transferred to local partner authorities to support ongoing LEP functions.
- Any residual uncommitted reserves will be transferred to partners as agreed, alongside the remaining capital balances held in relation to the GPF funds.
- As there are no further Board meetings planned, it is proposed that the final outturn position for 2024/25 and the application of reserves is agreed by the Section 151 Officer of the Accountable Body following completion of the Transition Agreement.

Cllrs Gough and Glazier sought further clarification with respect to the assumptions which had been applied when developing the proposed budget for 2024/25, including the timelines assumed for the closure of SELEP and the application of interest received on balances held by the Accountable Body. Lorna responded to these queries and confirmed that the majority of the 2024/25 expenditure had either already been incurred or was committed (i.e. costs were known for the entirety of 2024/25). The Future Commitments reserve is intended to be used to cover all costs incurred in 2024/25, with the intention remaining that the Operational

reserve will be disaggregated to partners in accordance with decisions previously taken.

Lorna confirmed that, in the absence of another Board meeting, the final financial position will be shared with Local Authority Partners and the Accountable Body will be happy to respond to any queries on the information supplied.

With respect to the application of interest received on balances held, Lorna indicated that this had not been considered at this stage but would form part of future considerations.

Resolved unanimously:

1. **To Note** the provisional revenue net cost of services for 2023/24 of £172,000 set out in Table 1 of the report;
 2. **To Approve** the provisional outturn position for the SELEP revenue budget for 2023/24 in Table 1 of the report, including the net contribution from the Operational Reserve of £66,031;
 3. **To Approve** the movement in reserves set out in Table 5 of the report;
 4. **To Note** the draft summary statements for the 2023/24 accounts in Appendix A of the report which will be subject to external audit and final approval by the S151 Officer of the Accountable Body by October 2024.
 5. **To Approve** the 2024/25 Budget, including the planned use of Reserves and Capital Balances in Tables 7 to 9 of the report respectively.
 6. **To Approve** that the final outturn position and use of reserves for 2024/25 can be agreed by the S151 Officer of the Accountable Body following completion of the Transition Agreement.
 7. **To Note** that the residual revenue reserves will be allocated to the respective upper tier local authority partners, in accordance with the decisions taken at the February 2024 Board meeting, following completion of the Transition Agreement.
- 8. Future meetings dates**

The Board noted that no further meetings were scheduled.

The Chair thanked Board members and officers for their support, input and participation during Accountability Board meetings and closed the meeting.