

Report to: Lead Cabinet Member for Strategic Management and Economic Development
Date of meeting: 2 June 2015
By: Director of Communities, Economy and Transport
Title: South East Local Enterprise Partnership Accountability Board
Purpose: To agree the establishment of the South East Local Enterprise Partnership Accountability Board and to agree nominations and delegations

RECOMMENDATIONS: The Lead Member is recommended to:

- (1) Agree to the establishment of the South East Local Enterprise Partnership (SE LEP) Accountability Board as a Joint Committee from 12 June 2015;**
 - (2) Delegate power to the SE LEP Accountability Board to determine matters relating to the SELEP as set out in the Joint Committee Agreement substantially in the form set out in Appendix D;**
 - (3) Agree that the Leader of East Sussex County Council is appointed to the SE LEP Accountability Board;**
 - (4) Delegate authority to the Chief Finance Officer to agree the terms of and enter into service level agreements and / or loan agreements with Essex County Council and East Sussex delivery partners, as appropriate;**
 - (5) Delegate authority to the Director of Communities, Economy and Transport (CET) to take any actions relating to the administering of the SE LEP Accountability Board, including agreeing the terms of and entering into the Joint Committee Agreement and to give effect to any of the recommendations in this report; and**
 - (6) To note the operational functions, roles and responsibilities required of East Sussex County Council and Team East Sussex as set out in Appendix A.**
-

1. Background Information

1.1 Cabinet considered and agreed the recommendations of the South East Local Enterprise Partnership (SELEP) Irene Lucas Governance and Delivery Review ('the Review') in March 2010. These recommendations were subsequently approved at the SE LEP Board in March 2015. This report (and appendices) outlines the implications for the County Council and the actions the County Council is required to take as result of the Review.

1.2 Following the announcement of the SELEP's successful £442m Growth Deal in July 2014, the Review was commissioned to ensure that the SELEP was fit for purpose, and sufficiently resourced within its devolved structure, to manage a major Local Growth Fund (LGF) capital programme. The Review strengthened SELEP's case for greater funding, flexibility in applying the funds and moving from quarterly to annual Local Growth Fund claims from Government. Following the Review, the Government has confirmed that the SELEP will now receive annual grant funding payments.

1.3 The current allocation of LGF for East Sussex is £70.16m. This is estimated to yield 21,060 jobs and 28,984 homes. The start dates for east Sussex LGF projects vary from 2015/16 to 2017/18 with most falling into 2016/17. This sets in context the level of risk and overall management by the County Council that will be required as a result of the Review recommendations. The outputs from the LGF funding (i.e. jobs and homes) will not be realised until at least 2016 / 17 and it may take as long as 2021 / 22 for such outputs to come to fruition. As such, a long term commitment shall be required, to both the project related processes, and the monitoring and evaluation. The risks associated with this will therefore not be short term.

2. Supporting Information

2.1 Following the Review, twelve recommendations were agreed. These were outlined in the 10 March 2015 Cabinet Report. This report considers in detail two of the recommendations, which require the greatest response from the County Council (and partners). These are: the introduction of a SELEP Assurance Framework, and the establishment of Local Accountability arrangements (including a Service Level Agreement (SLA)).

The SELEP Assurance Framework

2.2 An overarching Assurance Framework is to be introduced for the SE LEP, with five organisational elements: the Accountable Body (Essex County Council), the Strategic Board, the Accountability Board, the Local Area

Delivery Board / Partnership and the Independent Technical Evaluator. The Assurance Framework will determine how LGF schemes that are funded through the LEP will be selected, delivered and reported. Full details of the five organisational elements are set out in Appendix A.

2.3 The SE LEP Strategic Board is an informal partnership with no legal status and provides the overall strategic leadership agreeing SELEP's vision and priorities based on the Strategic Economic Plan 2014, while championing and lobbying central government to obtain further funding and flexibilities for SELEP. East Sussex is represented with 3 x local government seats for ESCC Cllr K.Glazier, ESCC Cllr Simmons & 1 B/DC, alongside 3 x TES business seats. The role of the new SELEP Accountability Board is to become the main performance management and accountability structure for decision making within the LEP. It will approve all major funding decisions working within the overarching vision and recommendations of the SELEP Strategic Board and monitors and manages SELEP's LGF capital programme.

2.4 The Accountability Board is to be set up as a Joint Committee of the SE LEP authorities under section 102(1)(b) of the Local Government Act 1972. The Terms of Reference are to be set out in the Accountability Board Joint Committee Agreement ('the JCA'), the first draft of which is attached as Appendix D. In accordance with the JCA, each SE LEP authority is to appoint an 'Executive Member' to the Accountability Board. It is recommended that the Leader of the County Council is appointed as Executive Member for the County Council.

2.5 The JCA also sets out that officers and Members of the SE LEP authorities may support the Executive Member. It is therefore proposed that the Chief Finance Officer attend the Accountability Board in an advisory capacity.

2.6 The JCA must be formally entered into prior to the first Accountability Board meeting, which is due to take place on 12 June 2015. However, the final draft of the JCA has not yet been agreed, as it requires input from a range of stakeholders. It is therefore recommended that authority to agree the terms of the JCA and to enter into it are delegated to the Director of Communities, Economy and Transport.

Local accountability arrangements under the Assurance Framework and SLAs

2.7 It is proposed that Essex County Council as Accountable Body ('ECC as AB') will pass the County Council's share of the LGF Funding directly to the County Council to administer. As such, the legal responsibility for the delivery (and any associated risks) will be transferred to the County Council under one or more Service Level Agreements (SLA). Under the SLA the County Council's Section 151 Officer will be required to provide regular reports to ECC as AB and the SE LEP Secretariat. The essential terms of the SLA are set out in Appendix B; however, the final form SLA is yet to be agreed. It is recommended that authority to agree the terms of, and enter into, any SLAs is delegated to the Chief Finance Officer.

2.8 In order to manage the devolved funding, Local Area Delivery Boards or Partnerships will also be key. For East Sussex, 'Team East Sussex' ('TES') is established as the Local Area Delivery Partnership. TES membership consists of 16 members (8 x business, 1 x leader of ESCC, 5 x B/DC leaders, and 1 x higher education and 1 x further education). TES will operate as an advisory body and shall be responsible for local delivery.

2.9 TES will make recommendations as to the reallocation of any project underspends, either for use on an alternative LGF project or to offset overspend from another LGF project. However, this is restricted to a tolerance level of up to 10% variance on any individual LGF project. Any variations above 10% would require formal approval by the SE LEP Accountability Board, and would require a formal report detailing the outputs and outcomes for all projects affected by the funding change.

2.10 This report references all the available documents in relation to the Assurance Framework; however, as detailed in the report, some of these documents are still in draft form (e.g. the 'evaluation matrix' referred to in Appendix A). Furthermore, some of the documents referred to are not yet available in full (e.g. project monitoring template). For this reason, it is possible that some aspects of the Assurance Framework may be subject to further change, which may in turn impact on the County Council's roles and responsibilities as they are currently understood. It is therefore recommended that authority be delegated to the Director of Communities, Economy and Transport to take any actions necessary to give effect to the administering of the Accountability Board, and / or any of the recommendations set out in this report.

3. Conclusion and Reason for Recommendation

3.1 It is important that the County Council engages with the new SE LEP Accountability Board so that the County Council can continue to secure funding to deliver important economic development projects for the county. It is therefore recommended that the Lead Member agrees the establishment of the Accountability Board, the delegation of powers to the Accountability Board and the appointment of an Executive Member thereto, so that the County Council is able to play a full and active role in the decision making process of the SE LEP, working alongside our SE LEP partners.

3.2 It is also recommended that authority be delegated to the Chief Finance Officer as set out in Recommendation (4) above, and authority delegated to the Director of Communities, Economy and Transport as set out in Recommendation (5) above to ensure effective administration of the Accountability Board and associated procedures.

RUPERT CLUBB

Director of Communities, Economy and Transport

Contact Officer: Richard Dawson

Tel. No: 01273 482305

Email: richard.dawson@eastsussex.gov.uk

LOCAL MEMBERS: All

BACKGROUND DOCUMENTS: Cabinet paper 10th March 2015 titled: South East Local Enterprise Partnership Board decisions on the South East Local Enterprise Partnership Governance and Delivery Review