

Report to: Leader and Lead Member for Strategic Management and Economic Development

Date of meeting: 15 January 2024

By: Director of Communities, Economy and Transport

Title: South East Local Enterprise Partnership (SELEP) transition arrangements and transfer of responsibilities to East Sussex County Council

Purpose: To advise the Lead Member of the dissolution of the South East Local Enterprise Partnership (SELEP) and the transfer of Local Enterprise Partnership responsibilities to Upper Tier Local Authorities (UTLAs) from April 2024 with the inclusion of the SELEP Integration Plan and the approach, to date, on the draft East Sussex County Council Integration Plan

RECOMMENDATIONS: The Leader and Lead Member is recommended to:

- (1) Approve the draft East Sussex Integration Plan set out in Appendix 2 to this report;
 - (2) Note it is proposed that, subject to Government Guidance, Team East Sussex will continue to operate after 31 March 2024 in an advisory capacity as the recognised business-led strategic economic growth board for East Sussex; and
 - (3) Delegate authority to the Director of Communities, Economy and Transport to:
 - a) take all required actions to implement the East Sussex Integration Plan;
 - b) update the East Sussex Integration Plan as required following the release of further government guidance on the transfer of LEP functions to Upper Tier Local Authorities (UTLAs);
 - c) negotiate and agree terms of any required agreements with Essex County Council and / or central government to give effect to the transfer of LEP functions to East Sussex County Council; and
 - d) Take all other actions necessary to give effect to the recommendations in this report.
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1 Background

1.1 In 2010 the South East Local Enterprise Partnership (SELEP) was constituted. SELEP covers the administrative geography of six Upper Tier Local Authorities (UTLAs): East Sussex County Council, Essex County Council (ESCC), Kent County Council, Medway Council, Southend-on-Sea City Council and Thurrock Council.

1.2 SELEP has overseen the investment of over £650m in capital funding to improve road and housing infrastructure, commercial enterprise, skills and research and innovation which have supported its four strategic priorities of Business resilience and growth, UK's global gateway, Communities for the future and Coastal Catalyst.

1.3 Through SELEP and Coast2Capital LEP funding programmes, East Sussex has benefited from the following secured investment since 2011:

- Over £100m of **Local Growth Fund (LGF)** capital grant funding has been secured and invested towards 23 economic growth and infrastructure projects;
- Over £23.5m of **Growing Places Fund (GPF)** capital loan funding has been secured and invested in eight projects in the county;
- Over £6m of **Getting Building Fund (GBF)** capital grant funding has been secured and invested in eight projects;
- SELEP Sector Support Fund provided small scale revenue funding for 21 innovative projects that derived from the SELEP working groups; and

- SELEP has also supported numerous other East Sussex initiatives during its lifetime. Highlights include working on the EU funded European Regional Development Fund (ERDF) and European Social Fund (ESF) programmes which helped deliver multi-million pound investment into projects like South East Business Boost (SEBB), South East Invest (SEI), South East Creative, Cultural and Digital Support (SECCADS) and numerous ESF skills projects which all supported significant outcomes in East Sussex.

1.4 In 2022, the Government's Levelling Up White Paper set out its commitment to extending devolution across England, empowering local leaders and integrating non-statutory LEP functions into local democratic institutions. In March 2023, the Government announced that it was 'minded to' not continue to fund LEPs from April 2024 onwards. In light of this, on 7 July 2023, SELEP's Strategic Board made the decision to close operations from 31 March 2024.

1.5 In the LEP transition guidance issued by the Government on 4 August 2023, it was announced that the Government would not continue to fund the national network of LEPs from 2024/25, and that LEP functions should be integrated into the constituent UTLAs. As a result, SELEP operations are scheduled to close by 31 March 2024, with responsibilities transitioning to UTLAs (including East Sussex County Council) from 1 April 2024. In addition, the Joint Committee made up of East Sussex County Council and the other SELEP UTLA's will no longer have a purpose and is therefore expected to cease with effect from 1 April 2024.

1.6 Since its decision to wind up in July 2023, SELEP has focused on integration planning to enable a smooth and thorough transition of LEP functions to the UTLAs. This has been broken down into five main workstreams: (1) Governance & Capital Programme; (2) Data & Intelligence; (3) Partnerships & Networks; (4) Growth Hub & Business Support and (5) Resourcing. In addition, a communications transition plan is in development.

1.7 In conjunction with SELEP's integration planning, the Council has developed an initial East Sussex Integration Plan, which aligns with SELEP's strategic approach but provides a localised transfer process for the responsibilities the Council will take-on. New Government Guidance is anticipated, along with a new LEP assurance framework, in January 2024 and is expected to cover:

- the roles and responsibilities of the new Accountable Body and service level agreements between Government and UTLAs;
- the approach required to be taken to programme management, monitoring and evaluation of existing and future capital programmes;
- the responsibility for undertaking development of strategic economic planning in producing local strategies;
- the need to continue to engage with an Economic Growth Board made up of local business leaders; and
- further clarification on allocation of Growth Hub Funding.

The guidance, once issued, will be considered as part of the Council's planning for the transfer of LEP functions in April 2024.

2 Supporting information

2.1 Officers of the Council are working with SELEP towards the adoption (or continuation) of, broadly, the following three functions, as outlined by Government:

- **Business representation** – Government is encouraging UTLAs to create or continue to engage with an Economic Growth Board made up of local business leaders and relevant representative bodies. In East Sussex, Team East Sussex (TES) is a body already established that substantially meets the brief set out in the Government guidance. The expectation, subject to any further government guidance, is therefore for TES to continue to operate beyond the life of SELEP in an advisory capacity, as the business-led strategic economic growth board for the county, providing the voice of business in steering the economic growth agenda for the county.
- **Strategic economic planning** – Government is encouraging areas to produce or update economic strategies to support local decision making. A new East Sussex Economic Growth Strategy is currently being jointly developed by the Council and TES, and will fulfil this

requirement. The new Economic Growth Strategy will put the Council in a strong position to make the case for future access to government programmes.

- **The delivery of government programmes (where directed)** – This will require the Council to take on the role of ‘accountable body’ to oversee the future management and monitoring of the GPF capital loan programme as well as oversight of ongoing LGF and GBF capital grant programmes.

2.2 In order to successfully transfer functions from SELEP to the Council, a number of actions need to be planned for and completed. To this end, SELEP have produced an Integration Plan which sets out the proposed programme for transferring the functions to each of the UTLAs, as well the overall risks, assumptions, dependencies and milestones. The SELEP Integration Plan is attached at Appendix 1.

2.3 The Council’s Economic Development, Skills, Culture and Infrastructure service is co-ordinating this process for the Council, working closely with Legal, Finance, Audit, Communications, HR and the Research & Information Teams as well as the Chair of TES. This has enabled the production of a draft East Sussex Integration Plan, reflecting the roles and responsibilities of both the Council and TES. The draft East Sussex Integration Plan is set out in Appendix 2 to this report. This is currently a working document, as the Plan will need to evolve and be updated as further detail emerges following release of Government guidance in January 2024.

2.4 To support the transition process and to inform the direction of any future government funding, the Government’s Cities and Local Growth Unit issued a request to UTLA’s to complete a Local Authority / LEP functions integration plan by 30 November 2023. A copy of the ESCC response is available at Appendix 3. The Council awaits confirmation from Government that ESCC’s request to be an UTLA to transition the LEP functions is accepted.

Financial Implications

2.5 The Government has confirmed it will provide some revenue funding to UTLAs in 2024/25 to support the transition of functions. SELEP currently receives £250,000 annually from government. Assuming an equivalent level of funding shared between the six UTLAs, the Council could potentially receive in the region of £30,000 for this purpose. However, it is expected that delivery of the transferred functions cannot be delivered with existing resources, albeit there is limited existing capacity to support the transition of LEP functions. It will therefore be necessary to consider the resource requirements as part of the annual budget setting process.

Legal implications

2.6 In order to record the practical arrangements of the transition process, legal agreements are being prepared by SELEP and Essex County Council, in conjunction with the Council’s legal and governance services. These will include the novation of accountable body funding agreements for capital programmes, and confirmation that the existing arrangements with loan and grant recipients will not be adversely affected by the transfer of Accountable Body responsibility to the Council.

2.7 Once further details about the transfer process are understood, and the January 2024 Government guidance has been issued, additional legal agreements may be required to ensure the Council’s interests are protected.

Equalities Impact Assessment

2.8 It is not anticipated that there will be any negative equalities and diversity impacts resulting from the transition of SELEP responsibilities to the County Council. All programmes, activities and policies adopted at a local level will adhere to Public Sector Equality Duty requirements. A final Equalities Impact Assessment will be produced alongside the final East Sussex Integration Plan from January 2024.

3 Conclusion and reasons for recommendations

3.1 The government has made the decision to allocate non-statutory LEP responsibilities to UTLAs by 31 March 2024. The Council has a successful track record in developing, delivering and evaluating impactful economic growth initiatives in the county and a proven ability to convene partners and stakeholders to work together for the benefit of local businesses and residents. However, to ensure the

smooth transfer of LEP functions within the required timescales, it is imperative the Council works with SELEP to plan the transition arrangements. The Leader and Lead Member for Strategic Management and Economic Development is therefore recommended to approve the draft Integration Plan set out in Appendix 2, and to delegate authority to the Director of Communities, Economy and Transport (CET) to take the actions necessary to implement the Plan.

3.2 Given additional guidance is anticipated imminently, the Leader and Lead Member is also recommended to delegate authority to the Director of CET to update the Integration Plan as required to reflect any requirements set out in the new government guidance. A report will be presented to Cabinet in March 2024 setting out progress against the East Sussex Integration Plan and detailing any required governance changes to ensure the successful delivery of LEP functions.

3.3 The LEP transition will give the Council the opportunity to build on the existing management and oversight of the capital programme, through which it has successfully met ongoing financial, legal and reporting requirements since SELEP was formed, whilst enabling a more localised oversight and decision-making process through the introduction and maintenance of additional governance and programme management functions. To achieve this, a number of legal agreements are anticipated to be required, both with Essex County Council and the Government. The Leader and Lead Member is therefore recommended to delegate authority to the Director of CET to negotiate and agree the terms of all such agreements required to give effect to the transfer of LEP functions to the Council.

3.4 Finally it is recommended that the Leader and Lead Member delegates authority to the Director of CET to take any other actions necessary to give effect to the recommendations set out in this report.

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None