

Report to: Cabinet

Date of meeting: 5 March 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 Cabinet 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:

Cabinet is recommended to:

- (1) Note that the South East Local Enterprise Partnership (SELEP) will be drawn to a close on 31 March 2024;**
- (2) Agree that Team East Sussex continues to operate after 31 March 2024 in an advisory capacity as the recognised business-led strategic economic growth board for East Sussex;**
- (3) Approve the final SELEP Integration Plan, set out in Appendix 1 of this report; and**
- (4) Approve the final East Sussex Integration Plan set out in Appendix 2 of this report.**

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 (ESCC), Essex County Council, 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:

- 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.
- 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 The Government's Levelling Up White Paper published in 2022 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, Government announced that it was 'minded to' not continue to fund LEP's from April 2024 onwards. In light of this, on 7 July 2023, SELEP's Strategic Board made the decision to close operations. In the LEP transition Government guidance issued on 4 August 2023, Government announced it would not continue to fund the national network of Local Enterprise Partnerships (LEPs) from 2024/25 stating that their functions should be integrated into UTLAs. As a result, SELEP operations are scheduled to close by 31 March 2024, with responsibilities transitioning to UTLAs from April 2024. The Company Directors of SELEP Ltd, including the Leader of the County Council, will therefore cease their Directorships on 31 March 2024. Moreover, the county council's role with all other upper tier authorities in the Joint Committee Agreement will cease on 31 March 2024.

1.5 Since August's decision, SELEP has focused on integration planning to enable a smooth and thorough transition to 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.

1.6 In conjunction with SELEP's integration planning, the County Council has developed an East Sussex Integration Plan which aligns with SELEP's strategic approach but provides a localised transfer process for the responsibilities the council will assume.

1.7 Guidance was issued by Government around future arrangements and processes agreed for delivering LEP functions, in their technical guidance note of 4 August 2023 and complementary guidance note of 19 December 2023.

2 Supporting information

2.1 Officers of the Council have worked 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 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 UTLAs, a number of actions needed to be planned for and completed. To meet this objective, SELEP produced an integration plan which sets out the proposed programme for transferring these functions to each of the UTLAs, as well as the overall risks, assumptions, dependencies and milestones. The SELEP integration plan is attached at Appendix 1.

2.3 The County Council’s Economic Development, Skills, Culture and Infrastructure service has co-ordinated ESCC’s overall response. Working closely with other teams including Legal, Finance, Audit, Communications, HR, Research & Information and, externally, the Chair of Team East Sussex, the service has developed the East Sussex Integration Plan reflecting the roles and responsibilities of both the County Council and Team East Sussex. This report is available at Appendix 2 and will be supported by a live version of the plan to ensure that that progress against actions continuing beyond the cessation of SELEP and into 2024/25 are recorded. An earlier draft version of the report was approved by the Leader of the Council at the 15 January Lead Member for Strategic Management and Economic Development meeting and the final version has been endorsed by TES at their meeting on 29 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 LA/LEP functions integration plan by 30 Nov 2023. A copy of the ESCC response is available at Appendix 3. Confirmation from Government that our request to be an UTLA to transition the LEP functions is expected imminently.

Financial Implications

2.5 There is a need for resources to support the LEP transition process and to fulfil the responsibilities as programmes continue beyond April 2024. The Government has confirmed it would provide some revenue funding to UTLAs in 2024/25 to support the transition of functions. Government announced in January that each approved UTLA will be able to access up to £240,000. Although this amount will be welcomed it is expected that delivery of the transferred functions cannot be delivered with this amount and will require existing staff resources to be applied 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.

2.6 At the SELEP Strategic Board meeting on 13 October 2023 it was agreed to support and endorse the option that the Growing Places Fund (circa £39m) would be disaggregated to each UTLA. Final GPF allocations are intended to be agreed and confirmed at the SELEP Accountability Board meeting on 16 February 2024. Subject to outstanding loan repayments being made this will positively support a future locally led East Sussex GPF recyclable loan programme. However, should these existing loans not be repaid, there will be an impact on the Council's ability to support any future loans that may benefit other organisations.

Legal implications

2.7 In order to record the practical arrangements of the transition process, legal agreements are being prepared by SELEP/Essex County Council, with support from the County Council's legal and governance services and will be finalised over the coming weeks. 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 County Council.

2.8 A new assurance framework will be required to provide local scrutiny, checks, balances, accountability to the public and to the Government (as outlined in 2.13) . The Team East Sussex (TES) Terms of Reference will also need to be updated.

Equalities Impact Assessment

2.9 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 East Sussex Integration Plan.

Corporate Resourcing

2.10 The County Council's Economy Division, working alongside external partners and internal colleagues across the council, will continue to lead the integration process through 2024/25, allocating programme management resources from existing teams to ensure a smooth transition.

2.11 Support from finance and legal colleagues will be required to ensure the County Council's interests are protected as ongoing responsibilities are transferred and future arrangements and processes are established.

Governance and Reporting

2.12 Reporting arrangements for existing programmes are expected to report directly to relevant government departments rather than SELEP from April 2024. Ongoing oversight of the GPF loans programme will follow in accordance with the council's new Corporate Loans and Grants Statement and Framework. We intend to establish an internal Oversight Programme Board to provide reports and seek any major approvals and work is currently underway to establish appropriate oversight and governance processes.

2.13 As outlined above, guidance from Government on the LEP transition, has been issued in [their guidance note of 4 August 2023](#) and [complementary guidance note of 19 December 2023](#). We have been informed that information on the assurance of legacy funds will be sent before end of March and is expected to be risk based without any additional monitoring requirements. As

such, the monitoring requirements will include two biannual monitoring reports from the accountable bodies until March 2025.

3 Conclusion and recommendations

3.1 The government's decision to allocate non statutory LEP responsibilities to Upper Tier Local Authorities by 31 March 2024 will provide a range of opportunities for the County Council and its stakeholder partners across East Sussex to have more freedom in setting strategic priorities and accelerating programmes of activity to support local economic growth.

3.2 The County Council is ideally placed to take on former LEP responsibilities with our very successful track record in developing, delivering and evaluating impactful economic growth initiatives in the county and with a proven ability to convene partners and stakeholders to work together for the benefit of local businesses and residents. 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.

3.3 As such, Cabinet is asked to note that SELEP will draw to close on 31 March 2024 and to approve both the SELEP and East Sussex Integration Plans. Cabinet is also asked to approve, subject to Government guidance, the proposal that Team East Sussex will continue to operate in an advisory capacity as the recognised business-led strategic economic growth board for East Sussex.

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None