

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

Date of meeting: 26 February 2025

By: Director of Communities, Economy and Transport

Title: East Sussex Local Growth Assurance Framework

Purpose: To seek approval of the proposed East Sussex Local Growth Assurance Framework, which has been produced due to the closure of the South East Local Enterprise Partnership (SELEP)

RECOMMENDATIONS: The Leader and Lead Member is recommended to:

- (1) Note that as part of the South East Local Enterprise Partnership transition, East Sussex County Council became the Accountable Body for the capital programmes delivered in East Sussex from 1 April 2024; and**
- (2) Approve the proposed East Sussex Local Growth Assurance Framework, set out in Appendix 1, in response to the dissolution of the South East Sussex Local Enterprise Partnership.**

1. Background

1.1 Local Enterprise Partnerships (LEPs) have played an important role in supporting the regional and local economic growth agenda by bringing a collaborative partnership between the public and private sectors, alongside Government to drive economic growth and job creation. In 2010, the South East Local Enterprise Partnership (SELEP) was constituted covering the administrative geography of 6 Upper Tier Local Authorities (UTLAs) which included Essex, East Sussex, Kent, Medway, Southend and Thurrock, along with 29 District, Borough and City Councils in South East England. LEPs have delivered large capital investment and had an impact on local communities and places.

1.2 The Government's 2022 Levelling Up White Paper set out a commitment to extend devolution across England, empower local leaders and integrate LEP functions into local democratic institutions. In March 2023, Government announced that it was "minded to" discontinue funding for LEPs from April 2024 onwards. In light of this, on 7 July 2023 the SELEP Strategic Board made the decision to close operations. On 4 August 2023, Government confirmed that it would not continue to fund the national network of LEPs from 2024/25, stating that their functions should be integrated into UTLAs.

1.3 Following on from the Government announcements, the County Council worked with its UTLA partners in SELEP to draft the SELEP integration plan to enable a smooth and thorough transition of responsibilities to UTLAs. The SELEP integration plan outlines the expectations of what future arrangements will be at each UTLA. A local East Sussex integration plan was produced in tandem to the SELEP integration plan, which aligns with SELEP's strategic approach, enabling a transfer of responsibilities to UTLAs. Both plans were approved by Cabinet on 5 March 2024.

1.4 Discussions are ongoing between Essex County Council, as Accountable Body for SELEP, the other UTLA members of SELEP and the Ministry of Housing, Communities and Local Government (MHCLG) to finalise the LEP transition agreement. The agreement will retrospectively take effect from 1 April 2024.

1.5 At the 14 March 2024 decision-making meeting, the Leader and Lead Member for Strategic Management and Economic Development approved updates to the scheme of delegation to reflect changes to responsibilities as a result of the closure of the SELEP and the integration of relevant functions into the County Council. In addition, the Leader and Lead Member delegated authority to the Director of Communities, Economy and Transport to agree the terms of the transition agreement with the other SELEP authorities (as referred to in paragraph 1.4 above).

2. Supporting information

Functions of the East Sussex Local Growth Assurance Framework

2.1 To create structures and processes to manage the responsibilities being passed from SELEP to the County Council, officers from the Economic Development, Skills, Culture and Infrastructure service, working with other teams including Legal, Finance and Audit have developed a new East Sussex Local Growth Assurance Framework (ESLGAF), which is detailed at Appendix 1. This document builds on the existing governance, management and oversight of the local growth capital programme to provide local scrutiny, checks, balances and accountability to the public and to the UK Government. Government have requested the following 3 functions that were formerly undertaken by LEPs are transferred to UTLAs. These are included in the ESLGAF as follows:

- Business representation;
- Strategic economic planning;
- The delivery of government programmes (where directed and appropriate).

2.2 The ESLGAF is aligned to the Government's guidance on LEP integration published in August 2023, the further complementary guidance published in December 2023 and the Local Economic Development Funding: Assurance Framework, which was issued by the Ministry of Housing, Communities and Local Government (MHCLG) in October 2024 and provides clarity on the transfer of responsibilities to UTLAs from 1 April 2024. Additionally, while the County Council finalises its approach in pursuing a Devolution Deal, the ESLGAF also adheres to the principles of the English Devolution Accountability Framework.

2.3 The ESLGAF provides background and context to the framework, covers how it should be implemented and explains the various local assurance provisions, including Accountable Body working arrangements, governance structures, details of accountability, engagement, transparency, strategic alignment, value for money, risk management, best practice, equality and diversity and improving performance.

Governance and Reporting

2.4 As part of the SELEP transition, the County Council became the Accountable Body for the capital programmes delivered in East Sussex from 1 April 2024. A high-level overview of these programmes is outlined in Table 1 below. As the Accountable Body, the County Council will be the direct conduit between Government and the projects, will hold overall legal accountability for the funding streams, and will be responsible for overseeing the correct administration of financial affairs when they relate to public funds. In addition to acting as Accountable Body for the programmes transferred from SELEP, there is an expectation that the County Council will act as the local Accountable Body for future funding streams announced by Government as required.

Table 1 – East Sussex SELEP Legacy overview at point of transfer to ESCC

Programme	Number of projects	Total funding awarded	Total funding spent	Number of ESCC led projects	Number of projects with Accountability transferred to ESCC*	Number of projects reached practical completion	Number of projects with grant or loan fully spent
Local Growth Fund (LGF)	17	£82,019,667	£74,059,651	7	15	9	13
Getting Building Fund (GBF)	8	£6,091,935	£6,091,935	0	6-8^	6	8
Growing Places Fund (GPF)	8	£23,736,500	£23,736,500	1	8	5	8

*As agreed by MHCLG and SELEP, projects that have spent their full grant/loan allocation, as well as any match funding, and have achieved practical completion of the project - including the delivery of all of the project milestones, outputs and outcomes as outlined in the original business case (subject to any approved amendments) - are considered “completed” at the point of transition from SELEP to the County Council. Accountability for these projects remains with Essex County Council through their historic role as Outgoing Accountable Body for SELEP.

^It should be noted that there is an outstanding question with Government over the completion status of some projects, so the exact figure is to be finalised.

2.5 To ensure that the County Council meets the requirements of this new function, the ESLGAF outlines proposed new governance and assurance arrangements the County Council will put in place for both the SELEP legacy programmes and any appropriate future local growth funding programmes.

This includes setting up 2 new governance structures:

- The Oversight and Escalation Board (OEB) is proposed to be Chaired by the Director of Communities, Economy and Transport with attendance from the County Council’s Section 151 Officer and Assistant Director, Economy. It will meet quarterly and with the potential to bring meetings forward if time sensitive decisions are required. It is accountable to the County Councils Corporate Management Team. The terms of reference for the OEB, including membership, are appended to the ESLGAF.
- The Growth Programme Oversight Group (GPOG) is proposed as an officer working group to provide programme and project oversight and risk management to support timely, informed decision making by the OEB and is proposed to have low-level decision-making responsibilities. The group will meet monthly and will be co-Chaired by the Head

of Service for Economic Development, Skills, Culture and Infrastructure and the Head of Finance for Communities, Economy and Transport (CET), Business Services Department (BSD) and Governance. The terms of reference, including membership, for the GPOG are appended to the ESLGAF found at Appendix 1 of this report.

The roles and responsibilities of both groups are set out in Table 1 in Section 2.2 of the ESLGAF found at Appendix 1 of this report and process maps for how they would operate in practice are outlined through Section 3 of the framework.

2.6 This approach builds on the County Council's experiences and learning from managing SELEP funded programmes and is designed to ensure that the County Council retains consistent oversight and assurance of any projects it is accountable for, that high risk projects are identified and managed, and that the County Council is meeting all requirements and statutory obligations in the delivery of economic growth programmes.

Wider strategy and partnerships

2.7 The ESLGAF has been drafted to align with a number of key existing County Council strategies (see section 2.6 of the framework document at Appendix 1 of this report). Especially relevant is the East Sussex Prosperity Strategy for 2024 to 2050, which any future projects funded under the ESLGAF are expected to demonstrate alignment with.

2.8 Team East Sussex (TES), as the strategic advisory economic growth board for the county, plays a key role in meeting the guidance from MHCLG in ensuring that the voice of business and the views of the county's economic growth board are heard in decision-making. Details of the role of TES are outlined in section 2.4 of the ESLGAF framework at Appendix 1 of this report. The recently updated TES terms of reference are aligned with the requirements of the ESLGAF.

Financial and Legal Implications

2.9 As outlined in paragraph 2.4, as part of the SELEP transition the County Council will become the Accountable Body for legacy projects in East Sussex. There is also an expectation that this will be the case for any future growth programmes announced by Government that operate at a county council level.

2.10 The County Council has received approximately £234k capacity funding from MHCLG for the LEP transition in 2024/25. This has been divided between CET and Business Services directorates. In the Autumn budget announced on 30 October 2024, Government stated that it is minded to not provide any financial payment to cover these requirements from 2025/26 and beyond.

Corporate Resourcing

2.11 Details of how resources will be allocated to manage the functions is outlined in the appendices of the ESLGAF at Appendix 1 of this report. It is anticipated that there will be minimal impact on existing resources overseeing the day-to-day programme management associated with the ESLGAF, with officer time in the Major Projects and Growth, legal and finance teams transferring from managing SELEP matters to the ESLGAF. Additional time and resources will be required to oversee future funding calls and any capacity funding provided would be distributed as applicable to internal teams to manage this process. This will reflect the same approach taken on previous funding calls such as the UK Community Renewal Fund.

Equalities Impact Assessment

2.12 It is not anticipated that there will be any negative equalities and diversity impacts resulting from the implementation of the ESLGAF. All programmes, activities and policies adopted at a local level will adhere to Public Sector Equality Duty requirements.

3. Conclusions and reasons for recommendations

3.1 The Government's 2022 Levelling Up White Paper set out a commitment to extend devolution across England, empower local leaders, and integrate LEP functions into local democratic institutions. Following the Government's decision in 2023 to discontinue funding for LEPs from April 2024 onwards, the County Council has worked proactively with its UTLA partners in SELEP to draft both the SELEP integration plan and an East Sussex integration plan to enable a smooth and thorough transition of responsibilities to UTLAs.

3.2 The draft ESLGAF is aligned to the Government's guidance on LEP integration published in August 2023, and the Local Economic Development Funding: Assurance Framework issued by MHCLG in October 2024. It outlines clear governance structures and processes to enable the County Council to meet requirements by Government whilst maintaining oversight and assurance of legacy and/or existing and future local growth programmes, balancing risk management with decision-making at appropriate levels to inform and support project delivery.

3.3 The Leader and Lead Member is therefore recommended to note that as part of the SELEP transition, the County Council has become the Accountable Body for the capital programmes delivered in East Sussex from 1 April 2024; and approve the proposed East Sussex Local Growth Assurance Framework in response to the dissolution of the South East Sussex Local Enterprise Partnership.

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None