

Decision Maker:	Councillor Daniel Cowan, Leader of the Council
Date:	31 December 2024
Classification:	Part 1 (Unrestricted)
Key Decision:	Yes
Title of Report:	South Essex Local Enterprise Partnership (SELEP) Accountable Body Transitional Arrangements
Executive Director:	Alan Richards – Executive Director for Environment & Place
Report Author:	Laurie Gibbins – Principal Lawyer Kevin Waters – Director of Planning and Economy

1. Executive Summary

- 1.1 The report recommends that approval is given to engage with all parties necessary to agree a suitable Transition Agreement to close the South East Local Enterprise Partnership (SELEP), transferring the responsibilities for the SELEP legacy capital projects with the post-LEP functions to the nominated new Accountable Bodies for their specific geographical areas, with ECC being the new Accountable Body for SCC, Thurrock and itself (Greater Essex Area) and releasing Essex County Council from its Accountable Body role. Each Upper Tier Local Authority is to comply with its own monitoring and assurance arrangements for its legacy funds, with the new incoming Accountable Bodies having responsibility for the delivery and monitoring of the legacy capital projects, including the Growing Places Fund projects and oversight of decisions as to how those funds are spent.
- 1.2 The report also requests that the negotiation of the terms of the Transition Agreement is delegated to the Executive Director of Finance and Resources, along with the authority to sign the final Transition Agreement.
- 1.3 Authority has been given (by a decision dated 16 July 2024) to vary the existing Framework Agreement made between South East LEP Limited, Southend on Sea City Council, East Sussex County Council, Essex County Council, Kent County Council, Thurrock Council and Medway Council following the winding up of South East LEP Limited (“the Company”), continuing the existing arrangements without the Company and amending the terms of reference for the Accountability Board for it to continue to operate where required.

2. Recommendation.

- 2.1 It is recommended that approval is given:
 - 2.1.1 to engage with all parties necessary to agree a suitable Transition Agreement. Terms of the Transition Agreement to include: allowing the closure of the South East Local Enterprise Partnership (SELEP), outlining arrangements for on-going reporting in respect of the Government funded capital programmes which are re-aligned to reflect the new incoming Accountable Body arrangements, providing the continuation of

requirements to ensure project delivery and transfer of the residual SELEP revenue and capital funding which will be released to each SELEP partner from ECC as the SELEP Accountable Body, releasing Essex County Council from its Accountable Body role of SELEP, and specifying governance arrangements for incoming Accountable Bodies for each functional economic area, incorporating the Integration Plans submitted to Government.

- 2.1.2 To delegate negotiation of the precise terms of the Transition Agreement to the Executive Director of Finance and Resources, along with the authority to sign the final Transition Agreement.

3. Background.

- 3.1 On 4 August 2023, the Department for Levelling up Housing and Communities (DLUHC) and the Department for Business and Trade confirmed the Government's sponsorship and funding of Local Enterprise Partnerships (LEPs) will cease on 31 March 2024. Consistent with this, on the 7 July 2023 the Strategic Board of SELEP took a decision that it would work towards full integration of all LEP functions into alternative upper tier local authorities for Functional Economic Areas by 31 March 2024.
- 3.2 From 1 April 2024 ECC is no longer the Accountable Body for SELEP and the Accountable Body responsibilities for legacy projects transfer to three incoming Accountable Bodies for the SELEP upper tier authorities, (ECC will be the incoming Accountable Body for itself, Southend-on-Sea City Council (SCC) and Thurrock Council for the projects within its geographically area, with Kent or Medway Council taking on Accountable Body status for projects in their region and East Sussex for theirs). There is a requirement for Southend and other upper tier authorities to monitor and provide regular reporting to ECC on the legacy projects within their area, to demonstrate they are being delivered and managed in accordance with the basis on which they were agreed.
- 3.3 ECC as the incoming Accountable Body for SCC, Thurrock Council and themselves will continue to administer the annual Growth Hubs funding, providing continuity in this service, until such time as there is further clarification on the future funding arrangements from MHCLG.
- 3.4 The purpose of the Transition Agreement is to set out the duties and obligations, roles and responsibilities of SCC, and other SELEP signatories, in respect of the LEP functions for legacy projects following the closure of SELEP Limited and to release Essex County Council from its role as Accountable Body for SELEP. It will also set out MHCLG's requirements in respect of the oversight and monitoring of legacy projects in each authority area.
- 3.5 The Transition Agreement is required to ensure that following the closure of SELEP, the on-going accountabilities in respect of the Government funded capital programmes are re-aligned to reflect the new accountable body arrangements and to provide continuation of requirements to ensure project delivery. The Transition Agreement will allow for the transfer of the residual SELEP revenue and capital funding which will be released to each SELEP partner from ECC as the Accountable Body of SELEP. No funding will be released until the Transition Agreement is in place.

- 3.6 As part of the new Greater Essex arrangements, for which ECC continues to be accountable for the on-going legacy projects across ECC, SCC & Thurrock Council, a Joint Committee is required to enable oversight of delivery and to enable any required decision making in this respect (for example, to approve any change requests to projects). MHCLG requires the s151 Officer of ECC as the Accountable Body to provide appropriate assurances that the necessary arrangements are in place to ensure financial oversight and delivery in accordance with proper practice.
- 3.7 An entirely separate agreement and decision will be required in respect of the setting up of the new arrangements (including governance) between SCC, ECC and Thurrock Council, with Essex County Council as the new incoming Accountable Body for the Greater Essex functional economic area, post the agreed transitional arrangements.

4. Reasons for Decision

- 4.1. The Strategic Board of SELEP has decided that it would work towards full integration of all LEP functions into alternative upper tier local authorities for each Functional Economic Area. This decision was taken in the context of Government confirming its removal of funding and sponsorship for LEPs in their current form and directing how LEPs should operate in future. It is therefore necessary for a Transition Agreement to be completed to allow the closure of the SELEP, the transfer of responsibilities for legacy SELEP projects to the upper tier authorities within which they are geographically located and the release of ECC from its Accountable Body role for SELEP.

5. Other Options

- 5.1. In the context of the removal of Government funding and sponsorship for LEPs in their current form, the direction from Government on how LEPs should operate in future, the decision of the Strategic Board of SELEP to work towards the full integration of all LEP functions into alternative upper tier local authorities for Functional Economic Areas and the constrained resources within which local government is currently operating, it is not considered that there are any other realistic alternative options available to Southend.

6. Financial Implications

- 6.1 The proposals in this report require the Council to undertake its own monitoring and assurance arrangements for its legacy funds, which will be subsumed within the current staffing structures of the Council at no additional cost. ECC is the new incoming Accountable Body for Greater Essex (ECC, Southend and Thurrock) not SCC itself being the Accountable Body, with ECC being responsible for the delivery and monitoring of the legacy capital projects, including the Growing Places Fund projects and how these are spent. There will need to be officer time involved in liaising with ECC as the Accountable Body but again this work will be subsumed within the current staffing structures of the Council at no additional cost.

7. Legal Implications

- 7.1 This report reflects that transitional arrangements are required from 1 April 2024 given the announcement by Central Government that there will be no more funding for LEPs from 1 April 2024 and that their functions are to be integrated into Upper Tier Local Authorities (UTLAs) for the functional economic areas. These arrangements will be formalised in the Transition Agreement made between UTLAs with agreement from

MHCLG, whereby ECC will be released as the Accountable Body of SELEP, with the integration of the LEP functions and for the Accountable Body to defray funding.

- 7.2 From 1 April 2024, each Incoming Accountable Body is responsible for the delivery and monitoring of the legacy projects within its functional economic areas and each UTLA will have to comply with any funding conditions and assurance requirements, with monitoring arrangements in place. Any grant or loan funding conditions for expenditure on projects will still be on-going despite the cessation of the SELEP.
- 7.3 The Transition Agreement will accord with the requirements of the Ministry of Housing, Communities and Local Government (“MHCLG”) and the approach agreed by the SELEP Accountability Board including, amongst other matters, the finalising and distribution of SELEP finances (on a per capita basis to UTLAs) after the reserves meet the closing down costs of SELEP and the redundancy costs of its secretariat, discharging Essex County Council from its liabilities as Accountable Body of SELEP.

8. Other Implications

- 8.1 It is not considered that there are any other implications arising from this decision.

9. Appendices

- 9.1 There are no appendices to this Report.

10. Report Authorisation

This report has been approved for publication by:		
	Name:	Date:
S151 Officer	Joe Chesterton	02.01.2025
Deputy Monitoring Officer	Jayne Middleton	31.12.24
Executive Director(s)	Alan Richards	02.01.2024