

13 March 2024		ITEM: 15 Decision: 110710
Cabinet		
South East Local Enterprise Partnership Integration		
Wards and communities affected: All	Key Decision: Key	
Report of: Cllr Jefferies, Leader and Cabinet Member for Environment, Economic Development and Directional Leadership		
Accountable Assistant Director: Michele Lucas - Assistant Director - Education and Skills		
Accountable Director: Mark Bradbury – Director of Place		
This report is Public		
Version: Cabinet / Final		

Executive Summary

Local Enterprise Partnerships (LEPs) were set up by Government in 2011 as business-led partnerships bringing together the public, private and education sectors to have a central role in determining local economic priorities and undertaking activities to drive growth and job creation.

The South-East LEP (SELEP) is the largest of the 38 English LEPs and has brought together three counties (Kent, Essex & East Sussex) and three Unitary Authority areas (Southend, Thurrock & Medway).

On 4 August 2023, Government confirmed that it will withdraw support for Local Enterprise Partnership (LEPs) from April 2024 and transfer responsibilities for functions delivered by the LEPs to upper tier and combined local authorities.

Following a recent SELEP Strategic Board Decision, SELEP is now working towards its closure in March 2024 with the responsibility for its core functions being transferred to upper tier local authorities.

SELEP has been working closely with the 6 UTLAs in the area to draft a transition plan. In addition, Government have issued guidance that integration plans should be submitted with all current and developing devolution geographies in mind. To that end a joint Integration template was prepared by Essex County Council (ECC), Southend City Council (SCC) and Thurrock Council (TC).

Commissioner Comment:

Commissioners have been consulted on the content of this report and agree with the recommendations made.

1. Recommendation(s)

1.1 Note and agree the South East Local Enterprise Partnership (SELEP) proposed integration plan

2. Introduction and Background

2.1 The South East Local Enterprise Partnership (SELEP) is the largest LEP outside of London. It covers three counties (Essex County Council, East Sussex County Council and Kent County Council) and 3 unitary upper tier local authorities (Medway Council, Southend Council and Thurrock Council) and 32 cities, borough and districts.

2.2 On 4 August 2023, Government confirmed that it will withdraw support for Local Enterprise Partnership (LEPs) from April 2024 and transfer responsibilities for functions delivered by the LEPs to upper tier local authorities (UTLAs) and combined local authorities.

2.3 Essex County Council is the Accountable Body of SELEP, and currently administers the capital funding from central government. From 1 April 2024 all SELEP activities will cease with its remaining functions being transferred to its 6 UTLAs including Thurrock.

2.3 Central government have issued guidance that integration plans should be submitted with all current and developing devolution geographies in mind. To that end a joint Integration template was prepared by Essex County Council (ECC), Southend City Council (SCC) and Thurrock Council (TC) and returned to central government on 30th November 2023. **(Appendix A)**

2.4 In addition to the joint return each UTLA will review its own migration arrangements and governance considerations. Over the summer, SELEP has been working closely with the 6 UTLAs in the area to draft a transition plan. This integration plan sets out an approach through the transition process and puts in place new arrangements from 1 April 2024. SELEP has divided the transition work into the following five workstreams which are also reflected in the transition plan itself.

- Governance & Capital Programmes
- Partnerships & Networks
- Data & Intelligence
- Growth Hub & Business Support
- Resourcing

The latest version of the transition plan can be found in **Appendix B**

3. Issues, Options and Analysis of Options

3.1 From 1 April 2024 ECC will be released from its role as Accountable Body for SELEP. At that point Accountable Body responsibilities will be transferred to the 6 UTLAs including Thurrock. Accountable Body functions include:

- Administration of grant income, payments, and repayments.
- Publish annual accounts including funding received from government.
- Treasury Management in relation to any cash balances transferred from SELEP.

- Accounting for all spend and income made or received by SELEP.
- Oversight and audit functions.
 - ensuring all decisions are made and funds used in accordance with the conditions placed on each grant by the respective awarding body;
 - all decisions and activities conform with all relevant law and ensuring that records are maintained so that this can be evidenced.

3.2 The Governance & Capital Programmes workstream is the area of integration with the greatest complexity and largest financial implications. There are 3 main funds for consideration. Local Growth Fund (LGF), Getting Building Fund (GBP), and the Growing Places Fund (GPF).

3.3 The LGF and GBF arrangements were finalised several months ago and are subject to inter-authority agreements where required. Accountable Body responsibilities for these funds relate to the administration of existing fund allocations with particular reference to Stanford-le-Hope station (£7.5m) and Grays South (£10.84m).

3.4 The GPF arrangements are now being finalised and will form part of the broader SELEP integration programme. On 13 October 2023 SELEP Strategic Board agreed the following arrangement for the GPF; Option 2(a).

Option 2: *Disaggregate the funding on the basis of one of the following proposed localised approaches.*

a. *Disaggregate the fund to each Upper Tier Local Authority as a total of their existing GPF loan allocations and their proportion of the funding currently held by the Accountable Body (as exemplified in Tables 3 and 4) and accept that total parity has not been achieved.*

Table 3

Local Authority	Population (as per 2021 census)	Per capita share of total GPF pot £m	Remaining balance owed on existing GPF loans at 31.03.2024 £m	Difference between per capita share and remaining balance owed £m	Funding to be transferred at 1 April 2024 (indicative figure)* £m
East Sussex	545,847	5.002	5.982	-0.979	0.000
Essex	1,503,521	13.779	2.000	11.779	10.840
Kent	1,576,069	14.444	14.802	-0.358	0.000
Medway	279,773	2.564	0.350	2.214	2.039
Southend	180,686	1.656	1.000	0.656	0.543
Thurrock	176,000	1.613	0.000	1.613	1.503
Total	4,261,896	39.058	24.133	14.925	14.925

3.5 Thurrock has no outstanding GPF loan balance and a remaining balance owed of £1.613m.

3.6 As highlighted in the joint templated return to Government, any GPF funding available is likely to be held until the formation of the new Combined County Authority (CCA) as amounts of funding and timescales available are not conducive to a quick reallocation. If there is no new CCA then the UTLAs working with the Greater Essex Business Board will design and publish a call for project proposals.

4. Reasons for Recommendation

- 4.1 The SELEP integration plan is comprehensive in nature and has employed a methodical approach to cover all areas of its varied operation. All 6 UTLAs including Thurrock have played an integral role in its development, working across all 5 migration workstreams. On receipt of key confirmations from Government the plan will be finalised providing a solid basis for the migration of SELEP functions to the UTLAs.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 Senior Leadership Team review took place on 10/01/24

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 It is envisaged that the majority of Thurrock's new Accountable Body responsibilities will be conducted within the existing governance and decision-making structures. However, these will need to be supported to help proactively manage new requirements and to carry out any associated administrative and reporting tasks.
- 6.2 Careful consideration should be given to SELEP functions not being carried forward and an assessment made on their impact corporate priorities.

7. Implications

7.1 Financial

Implications verified by: **Mark Terry**
Senior Financial Accountant

Initial guidance from Government on the migration of the capital programmes has a broad scope and suggests an approach should be agreed locally. Clarification of this guidance has been sought. However, there is likely to be a range of options available on how to manage the delivery or closure of programmes such as the GPF. Careful consideration will need to be taken to weigh the options available against preferences of Essex based UTLAs and the priorities for Thurrock.

Delivering the additional responsibilities of an Accountable Body is likely to have impact on existing structures and in some scenarios may require additional resource. The Government has confirmed that it will provide some revenue funding to local authorities in 2024-25 to support them in delivering the functions currently delivered by LEPs (amounts are yet to be announced). Funding beyond 2024/25 is subject to future Spending Review decisions.

7.2 Legal

Implications verified by: **Gina Clarke**
Governance Lawyer & Deputy Monitoring Officer

Government Guidance on integrating Local Enterprise Partnerships into local democratic institutions supports the integration of LEP functions and roles into a county devolution deal

where they exist. Where a devolution deal does not yet exist LEPs are to be maintained until a devolution deal is agreed, subject to future funding decisions.

If the Council and other upper tier local authorities wish to continue using the LEP as a vehicle to continue delivery of LEP functions without core funding, either until a devolution is agreed for their area or in perpetuity, they are free to do so. The nature and status of such arrangements would be a decision for the Council and other upper tier local authorities to make.

It is proposed that the LEP functions are delivered over the potential devolved geography of Greater Essex – Essex County Council, Southend on Sea City Council and Thurrock Council (Appendix B). The proposed UTLAs are not coterminous with the current geography of SELEP, which also includes Kent (including Medway) and East Sussex.

To ensure that LEP functions are delivered effectively over the potential devolved geography of Greater Essex, prior to a Combined Authority being in place, an appropriate legal agreement(s) will need to be established to clarify how the UTLAs will work together to:

- Embed a strong independent and diverse business voice into local democratic institutions,
- Carry out strategic economic planning for Greater Essex
- Continue delivery of existing Government Programmes, including the Growth Hub.
- Take responsibility for and deliver new Government programmes (as directed)

Other appropriate legal agreements relating to different elements of the transition process may be required to ensure that the Council's interests are protected.

Management and transfer of any LEP assets should be agreed locally between the LEP and its Accountable Body, in line with any pre-existing arrangements and in accordance with any legal requirements.

Government Guidance (published 4 August 2023) states that the LEP, the Council and ULTAs must pay due regard to the Public Sector when developing their plans, compliance can be evidenced by completing the Council's Corporate CEIA form.

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project
Monitoring Officer

All information regarding Community Equality Impact Assessments can be found here:
<https://intranet.thurrock.gov.uk/services/diversity-and-equality/ceia/>

There are no diversity implications arising from this report.

7.4 Risks

There are no specific risks arising from this report that relate to the corporate or departmental risk registers, however this area should be monitored until the integration process is complete.

7.5 **Other implications** (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, or Impact on Looked After Children

None

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- [Government LEP Integration Guidance](#)

9. **Appendices to the report**

- LEP Function Integration Plan Template (Appendix A)
- SELEP Draft Integration Plan (Appendix B)

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