

Report to Cabinet

Report Title	Southeast Local Enterprise Partnership (SELEP) – Accountable Body Transitional Arrangements
Date of Meeting	19 March 2025
Report Authors	Interim Chief Officer -Housing, Economic Development & Regeneration – Gloria Ighodaro Assistant Director – Legal & Governance – Helen Nicol
Corporate Director	Claire Demmel – Executive Director of Place
Lead Cabinet Member(s)	Cllr L Watson – Cabinet Member for Good Growth
Why is this a key decision?	1. Expenditure over £500K yes 2. Significant impact on 2 or more wards yes
Wards Affected	All wards
Identify exempt information and exemption category	Choose an item.
Is report Urgent?	No
Appendices (if any)	

1. Executive Summary

- 1.1 The government announced in 2023 that it would withdraw support from Local Enterprise Partnerships (LEPs) from April 2024.
- 1.2 There is a requirement going forward that the legacy governance and capital programmes and funds are properly managed.
- 1.3 Cabinet noted on 13/3/24 the need to adopt the accountable body role following the closure of SELEP. This report represents the next step in defining that accountability role for Thurrock.

- 1.4 Specifically, the report concerns the SELEP Accountable Body Transitional Arrangements 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, via a Transition Agreement.
- 1.5 Signing 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.
- 1.6 The purpose of this report is to provide an update on progress, and requests that Cabinet agree to enter into the proposed Transition Agreement and agree, in principle, to enter a Joint Committee arrangement, to provide oversight of the SELEP Legacy Programme.

2. Recommendations

For the reasons set out in this report, the Cabinet is recommended to:

- 2.1 Agree that Thurrock Council enter an Interim Transition Arrangement as described in Appendix 1 and paragraphs 4.11 – 4.13 of this report for SELEP to ensure the continuation and completion of the agreed SELEP Legacy Schemes ahead of the formation of a Joint Committee/ Partnership Board.
- 2.2 Delegate completion of the final Transition Agreement to the Executive Director of Place in consultation with the Cabinet Member for Good Growth, Executive Director of Corporate Resources and Monitoring Officer, and Chief Financial Officer.
- 2.3 Delegate agreement and completion of any other interim agreements required for decision making regarding legacy agreements, as set out in paragraph 4.16, ahead of the formation of a Joint Committee/ Partnership Board to the Executive Director of Place in consultation with the Cabinet Member for Good Growth, Executive Director of Corporate Resources and Monitoring Officer, and Chief Financial Officer.

3. Commissioner's Comments

3.1 To be confirmed

4. Proposals – the rationale and evidence for the recommendations

Background

- 4.1 LEPs were set up by the 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.
- 4.2 Thurrock Council was a member of the South East LEP ("SELEP") the largest LEP in England, together with Kent, Essex and East Sussex County Councils, and Southend and Medway Unitary.
- 4.3 SELEP managed governance, capital programmes and funding for the following: Local Growth Fund (LGF); Getting Building Fund (GBF); and Growing Places Fund (GPF). For SELEP, Essex County Council were the Accountable Body.
- 4.4 South East LEP Ltd, a company incorporated in England and Wales (the "Company") was incorporated on 2 March 2020 in response to the requirement of government for all LEPs to have legal personality.
- 4.5 A Framework Agreement dated 26 March 2021 was entered into between South East LEP Ltd ("the Company") and the Councils, which created an overarching framework setting out duties and obligations, roles and responsibilities of the Councils, the Accountability Board and Accountable Body in relation to the activities undertaken to enable the delivery of the economic aims and objectives of the LEP.
- 4.6 The Company withdrew from the LEP on 24 May 2024 and on 5 December 2024 a Deed of Variation was entered into to remove the Company from the Framework Agreement.
- 4.7 The government has 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 the integration proposals were agreed by Cabinet in 13th March 2024.

- 4.8 This report concerns 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. 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, including Thurrock, 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.
- 4.9 In terms of integration proposals it is planned to integrate LEP functions across Greater Essex between Essex County Council, Southend on Sea City Council and Thurrock Council by way of an agreement between those authorities. With regard to legacy capital programmes, MHCLG has agreed that there will be three Accountable Bodies for legacy programmes: ECC for those in the Greater Essex region and that ECC and MHCLG will transfer Accountable Body status to Kent CC for the schemes in Kent and Medway and to East Sussex CC for other schemes in East Sussex. Therefore, this governance decision has been requested by the MHCLG and ECC. The proposal covered by this report is focussed on protecting the SELEP legacy schemes pending any future devolution implementation. Following integration, it is proposed that the following activities will continue; Growth Hub delivery; economic strategy; monitoring/ reporting on legacy capital programmes; partnerships and networks; Clean Growth group; data and intelligence gathering to produce relevant economic data and intelligence to support strategic planning, subject to the emerging devolution arrangements for the region.
- 4.10 In terms of next steps to give effect to the integration planned, the operational structure needs to be agreed and the proposal from SELEP is to do this via a Transition Agreement (detail on which is provided below in paragraphs 4.11 - 4.14).

Draft Transition Agreement

- 4.11 The draft Transition Agreement provides for the following:

- (i) Transfer of the accountability for the SELEP Capital Programme Funding (Local Growth Fund programme, Getting Building Fund programme, and Growing Places Fund programme) for ongoing projects from ECC as Accountable Body for SELEP to the three new Accountable Bodies, being ECC, Kent County Council and East Sussex County Council.
 - (ii) Ensure the obligations in the existing funding agreements with all six authorities [that formed SELEP] to deliver the projects for which funding was allocated by SELEP continue, and to enable the transfer of residual funding to the six authorities.
 - (iii) Exchange of indemnity arrangements as under the 'legacy' agreements.
- 4.12 The draft Transition Agreement is not intended to increase Thurrock's risk profile beyond which is already provided for under the legacy arrangements, it records the change of accountable body arrangements for Essex and confirms Thurrock Council's role in continuing projects under the legacy schemes.
- 4.13 There are some provisions of the draft Agreement which do go beyond existing arrangements which require highlighting:
- (i) The Sovereign Harbour loan was a SELEP Growing Places Fund loan. As part of the decision making to disaggregate and end the old arrangements, it was agreed that the Growing Places Fund would be ended. Any residual loans would be retained by the respective council that was accountable for repaying the loan and the remaining fund would be split out to reflect a per capita split of the overall fund, taking into account existing loans due to be repaid. The exception to this was the Sovereign Harbour loan was due to be repaid in March 2024, but East Sussex requested an extension to this timeline. For this loan, it was agreed that in order to ensure the per capita split, East Sussex would be awarded an extension, but they would be required to repay across two years (in four six monthly payments). Thurrock received its first share of this repayment in September 2024 because this was not

linked to the draft Agreement, although the Agreement does bind East Sussex in repaying the remainder at the dates outlined.

- (ii) Each Council gives a specific commitment that its section 151 officer will oversee the proper administration of the financial aspects of the Transition Agreement, including enshrining a corporate position and creating a formal mandate for the office in this regard.
- (iii) If the support costs granted by government are insufficient to cover final costing of the arrangements to dissolve SELEP, then any extra costs of dissolution are to be split between the parties.

Future arrangements

- 4.14 Once the Transition Agreement is entered into decisions will need to be taken regarding new arrangements for the funding for the legacy projects. Working arrangements for the Board are being developed by the three Authorities. The likely options at present appear to be a Joint Committee or a Partnership Board. It is also not yet known what the potential impact of devolution and a possible new strategic authority would be on the arrangements.
- 4.15 A further report to Cabinet will be required regarding future arrangements for either a Joint Committee or Partnership Board.
- 4.16 There has also now been a request by one of the other authorities for an agreement that deals with how decisions are taken by Essex, Southend and Thurrock Councils on legacy matters in the period between the Transition Agreement being entered into and a Joint Committee or Partnership Board being established.

5. Alternative options considered.

- 5.1 The proposals as set out in paragraph 4 above have been developed as a result of working with the partner local authorities from SELEP.
- 5.2 It is not considered that there are other realistic alternative options available because to MHCLG's direction on the closure of LEPs, effective from April 2024, and emerging devolution options. The decision of the Strategic Board of SELEP to work towards the full integration of all LEP

functions into alternative upper tier Local Authorities, serving Functional Economic Areas, and the constrained resources within which local government is currently operating, limit the ability pursue other options.

6. Consultation

6.1 No public consultation is required for this decision.

7. Financial Implications

7.1 As the Accountable Body, Thurrock Council, retains overall legal accountability for the funding streams, and is responsible for overseeing the proper administration of financial affairs when these affairs relate to public funds

Implications Verified by: Nisshanth Narendran
 Head of Financial Business Partnering (Place & Corporate)

Date: 6 February 2025

8. Risk Implications

RISK DESCRIPTION & CONSEQUENCE	MITIGATIONS	RESIDUAL RISK STATUS (after mitigations)
Failure to approve the Transition agreement would result in the loss of funds to Thurrock Council to complete the SELEP Legacy programme.	This report seeks approval for the Council to enter into a Transition Agreement that will ensure the funding for the SELEP Legacy Projects is received.	Green
SELEP Sovereign Harbour Loan extension (GPF) not being repaid by East Sussex	Paragraph 4.16 refers – 1 st payment received and future payments are confirmed in the draft Transition Agreement	Green
Insufficient capacity to uphold the accountable body role	SELEP Legacy projects to be incorporated into Thurrock's programme governance	Amber

Implications Verified by: Kelly McMillan

Chief Risk Advisor

Date: 6 February 2025

9. Legal and Governance Implications

9.1 There is no legislation underpinning the LEP schemes. The Council has a general power of competence under section 1 Localism Act 2011 that has allowed it to participate and enter into agreements to give effect to the LEP. If the Transition Agreement is entered into then it represents a contractual arrangement that set out the Council's duties and obligations with regard to SELEP.

Implications Verified by: Helen Nicol

Assistant Director – Legal & Governance

Date: 5 February 2025

10. Equality and Diversity Implications (including the public sector equality duty)

10.1 There are no specific EDI implications arising from this report.

Implications Verified by: Rebecca Lee

Team Manager – Community Development and Equalities

Date: 7 February 2025

11. Other Relevant Implications

11.1 None

12. Background Documents

- Report to Cabinet 13 March 2024: [\(Public Pack\)Agenda Document for Cabinet, 13/03/2024 19:00](#)

- [Guidance for Local Enterprise Partnerships \(LEPs\) and local and combined authorities: integration of LEP functions into local democratic institutions - GOV.UK](#)

Relevance Check

Budget Reduction/Service Area:

Service Lead

Date:

In what ways does this Budget reduction have an impact on an outward facing service? How will the service feel different to your customers or potential customers?

N/A

If not, how does it impact on staff e.g. redundancies, pay grades, working conditions? Why are you confident that these staff changes will not affect the service that you provide?

N/A

Is a Customer Impact Assessment needed? No