

## SSLEP Future Arrangements

**SSLEP Executive Board is asked to consider, comment and vote on the following recommendations:**

1. The Executive Board notes the significant achievements of the SSLEP in supporting the growth of the Stoke-on-Trent and Staffordshire economy since its inception in 2011.
2. The Executive Board notes the recent Government decision to cease funding LEPs and transfer the functions LEPs currently deliver on behalf of Government to local democratic institutions by April 2024.
3. The Executive Board agrees in principle to the closure of the SSLEP by the end of March 2024, subject to legal advice on the closure process and the LEP and its Directors' liabilities.
4. The SSLEPs functions and assets to be transferred to the Accountable Body, in line with Government guidance and in consultation with Stoke-on-Trent City Council (SoTCC).
5. The principles and governance over these functions and assets to be considered by the Executive Board and the two upper-tier local authorities (Staffordshire County Council [SCC] and SoTCC).
6. The Executive Board to consider and comment upon the potential future business voice function for Stoke-on-Trent and Staffordshire, to include local business leaders and relevant representative bodies and aligned as necessary to existing and further Government guidance to be released by January 2024 and following the confirmation of resources.
7. A further report be brought to the Board providing details of the closure process and a roadmap towards the conclusion date of 31<sup>st</sup> March 2024.

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## 1. Background

- 1.1 Since its formation in 2011, the SSLEP has acted as an important organisational means of bringing together businesses and local leaders to drive economic growth across the area. It has also been responsible for the management and delivery of several major funding streams from central government. In total it is estimated that the partnership has unlocked over £1 billion in public and private investment and supported more than 25,000 businesses in the local area through the Growth Hub, thereby having a hugely positive impact on the Stoke-on-Trent and Staffordshire economy.
- 1.2 This includes over £120m being secured through the government's Local Growth Fund programme, over €262m (including match funding) delivered through EU Structural and Investment Funds, a further circa £75m secured through the City Deal, Regional Growth Fund and Growing Places Fund programmes, and the oversight of the delivery of two hugely successful Enterprise Zones which continue to generate a significant number of jobs in the local area.
- 1.3 In March 2022, guidance was released following the review of LEPs stating that most of their responsibilities would transfer to local and combined authorities with the primary role for LEPs in the future being to provide the voice of business for their respective areas. However, at Spring Budget 2023, the Chancellor stated that the Government was 'minded to' end the national funding of LEPs from 1st April 2024 and this decision was confirmed on 4th August 2023.
- 1.4 Through guidance released alongside the decision, the Government has made clear that it expects that the *"integration of LEP functions into areas with a devolution deal or into upper tier local authorities will be undertaken as quickly as possible, ensuring a smooth and orderly transition."* Government has therefore set a clear direction that LEPs will not be expected to provide functions on its behalf beyond the current financial year, and work should be progressed on the transition of functions to upper tier local authorities (in the case of Stoke-on-Trent and Staffordshire) and the closure of the SSLEP as a private company limited by guarantee in the absence of any responsibilities.
- 1.5 Government has also made it clear that it is important to retain the key strengths of this local, business-oriented institution in supporting local economic decision-making, namely in a strong, local business voice supporting public sector decision making. Further guidance on this and the Government's expectations around future local economic planning is expected to be released by January 2024.

## **2. Business Voice**

- 2.1 The guidance has confirmed that Government expects the voice of private sector leaders to continue to be incorporated into local economic decision making. Specifically, Government is encouraging single upper tier local authorities, or local authorities working together across a functional economic area, to create or continue to engage with an Economic Growth Board (or similar) made up of local business leaders and relevant representative bodies to:
- a) provide the view of local businesses as part of regional decision making.
  - b) work with local leaders to create a broad economic strategy for the area.
- 2.2 Further guidance on both business representation and local economic planning is to be provided by January 2024, whilst we are also expecting confirmation of the resources that will be provided to local authorities to deliver the LEP functions in 2024/25.
- 2.3 Whilst this further guidance is awaited, there is an opportunity to begin to consider the future business voice function for Stoke-on-Trent and Staffordshire. This includes consideration of all existing engagement activity with businesses and the substantial level of engagement already undertaken by the local authorities and business representation organisations, including existing partnership arrangements and business relationship and ambassador type programmes, to ensure that this will add value rather than duplicating existing activity.
- 2.4 The priorities and delivery mechanism for the business voice function may be impacted by the final decision of Government and future funding. In the short-term, in the absence of any local authority funding, options may need to be considered as to how to provide the business voice capacity and manage any necessary legacy activity. This could mean potentially using the SSLEPs financial reserves or local authority resources. In the medium to longer-term, funding may be provided by Government or could be secured from alternative sources such as the business rates retained from the Enterprise Zones and/or other legacy programmes.

## **3. Functions**

- 3.1 The recently released Government guidance outlines the expected approach to the transfer of responsibilities, although for some functions the guidance is not prescriptive and local solutions will need to be implemented. A task and finish group of relevant officers from both SCC and SoTCC has been established to progress this work, with the key milestone for activity to be completed being the end of March 2024, although

recognising further guidance on local economic planning and the business voice function is expected to be released by January 2024.

3.2 There is already strong alignment between the responsibilities of the SSLEP and the accountable body which should make the transfer of responsibilities relatively straight forward. With the inclusion of SoTCC, the transfer of the key workstreams should be relatively straight forward. The key workstreams which need to be transferred are:

- a) Local economic planning
- b) Growth Hub
- c) Careers Hub
- d) Management of the Enterprise Zones, including retained business rates
- e) Management of historical funding programmes (e.g. Growing Places Fund)
- f) Business voice

3.3 It should also be noted that the local authorities have already taken over the responsibility for monitoring and reporting related to the LEPs legacy funding programmes.

#### **4. Staffing Arrangements**

4.1 Following the departure of the interim LEP CEO on the 31<sup>st</sup> August, the current staffing complement, which includes those engaged in the Growth Hub activity, is very modest and consists of:

- Head of Growth Hub
- Campaigns Officer
- Business Engagement Officer
- Business & Funding Officer
- Growth Hub Officer

4.2 In the absence of a senior Officer, the LEP Chairman has requested that the Accountable Body (SCC), in consultation with SoTCC, take on the line management responsibility of these staff as the winding up of the LEP gathers pace and succession activity is refined.

## **5. Assets**

- 5.1 The SSLEPs most significant assets are its reserves, and the guidance is clear that, *“government expects that any reserves and assets built up using public funds will remain within the public domain (i.e. transferred to the relevant local authority or authorities),”* whilst it is expected, *“that all decisions on the transfer and future management of assets will be taken by the LEP and its Accountable Body by March 2024.”* The SSLEPs resources sit with SCC as the Accountable Body and it is therefore proposed that the responsibility for these assets transfer to the local authorities, with the arrangements for the management and use of the reserves to be considered by the LEP and local authorities.
- 5.2 Whilst it is expected that Government is to provide some additional resource to the local authorities in 2024/2025, in the absence of any further resources being provided this year and not knowing the scale and timescales for any future resources, it is proposed that the assets are used under the following principles:
- a) The assets are used to fund any necessary work on the dissolution of the SSLEP and integration of its function into the local authorities.
  - b) Resources are used to fund the establishment and running of the future business voice function, as necessary.
  - c) In accordance with the principle with which resources have been provided to the LEPs, any remaining assets are to be used to fund economic growth activities across Stoke-on-Trent and Staffordshire.
- 5.3 Key to a number of the issues associated with the cessation of the LEP will be how the political governance is established. A number of options are being considered including the use of the Staffordshire Leaders Board and the creation of a Joint Committee.
- 5.4 As per the first principle set out above, resources are required to progress the closure of the LEP and transfer of responsibilities and the LEP Chairman has therefore agreed for the Accountable Body, in consultation with SoTCC, to assume responsibility for the LEP budgets to progress any necessary work, including seeking appropriate legal advice, through the transition.

## **6. Conclusion**

- 6.1 Following the review of LEPs and change in national policy direction, Government has recently confirmed that it will no longer provide funding to LEPs from April 2024 and functions that LEPs currently deliver on behalf of Government are to be transferred to

combined and upper tier local authorities. It is therefore recommended that the SSLEP Executive Board agrees in principle to the closure of the SSLEP and transfer of responsibilities prior to April 2024, subject to legal advice on the closure process and assurances regarding liabilities. To facilitate this process, a further report will be brought to the Executive Board in due course to set out the detail of the closure procedure, any necessary steps to mitigate any risks and to ensure liabilities are addressed.

- 6.2 Allied to this and following the departure of the interim CEO, the Chairman has formally written to the CEO of SCC in their capacity of the LEPs accountable body. It seeks agreement of SCC, in consultation with the Chairman and SoTCC and working in the best interests of the LEP, to take on the direct management of the LEPs budgets and the line management of the residual staff. SCC, working with SoTCC, have agreed to this action.
- 6.3 Over the coming months and whilst we await further Government guidance, there is an opportunity to consider the form and function for the future Business Voice and how the LEPs remaining assets can be utilised by the local authorities to continue to support the growth of the Stoke-on-Trent and Staffordshire economy.