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Report title: Legal and Finance Update	
Report to Accountability Board	
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Date: 16 February 2024	For: Decision
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SELEP Partner Authority affected: Pan SELEP	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to note the arrangements to be entered into (subject to governance by each council) and to take decisions on the funding due to be held by the SELEP Accountable Body (Essex County Council) at the end of March 2024.

2. Recommendations

- 2.1 The Board is asked to:

2.1.1 **Note** the Councils and Department for Levelling Up, Housing and Communities are expected to enter into a Transition Agreement (as set out in paragraph 3.5 and 3.7) to formalise the arrangements in respect of integration of the LEP functions and for the Accountable Body to defray the funding in line with paragraphs 2.1.5 and 2.1.6.

2.1.2 **Agree** the 2023/24 forecast outturn position set out in Table 1, noting that this includes the planned movements in reserves set out in Table 4.

2.1.3 **Agree** that an appropriation can be made from the Redundancy Reserve in 2023/24 to plan to meet the cost of redundancies arising in respect of employees in the SELEP Secretariat that, following consultation due to the closure of SELEP, are unsuccessful in securing an alternative role, noting that:

2.1.3.1 This will impact on the 2023/24 final outturn position for SELEP; and

2.1.3.2 Sufficient funding has been provisioned within the reserve to meet the redundancy costs.

2.1.4 **Agree** that the final outturn position for SELEP, including for each reserve, can be agreed by the Section 151 Officer of the Accountable Body following preparation of the 2023/24 accounts in

accordance with proper practices, noting that the accounts will be subject to External Audit.

- 2.1.5 **Agree** that once (i) the Transition Agreement has been signed by all six upper tier local authority partners and (ii) the Department for Levelling Up, Housing and Communities releases and discharges Essex County Council from all liabilities as Accountable Body of SELEP for projects outside of administrative Essex and each upper tier local authority takes on responsibility for projects within their administrative areas prior to 1 April 2024, the Accountable Body can transfer to the respective upper tier local authority partner(s) of SELEP the following:
- 2.1.5.1 The balance of funding in the SELEP Operational Reserve at the 31st March 2024 to be transferred to the six local authority partners in accordance with the approach agreed by the Board in January 2024, that is exemplified in Table 5.
 - 2.1.5.2 In accordance with the principle agreed at the January 2024 Board meeting, transfer to any of the six upper tier local authority partners, the redundancy liability, up to the 31st March 2025, in respect of the employment of current permanent members of the SELEP Secretariat, in a capacity supporting the close down of SELEP or the continuation of LEP functions; noting that sufficient funding has been provisioned within the Redundancy Reserve, as set out in Table 4, to meet this cost.
 - 2.1.5.3 Transfer to Essex County Council the final balance of the Future Commitments reserve to meet costs arising in 2024/25 in respect of the close down costs for SELEP; noting that the costs will be impacted by the outcome of the on-going SELEP Secretariat staff consultation process, that is not yet known and the balance on the reserve will be adjusted accordingly; but the forecast in Table 5 is expected to be the maximum amount required.
 - 2.1.5.4 Transfer to Essex County Council the balance of the Risk Reserve, as forecast in Table 5 to meet any risks arising as a consequence of being the Accountable Body, only if known risks remain unmitigated and DLUHC has not fully released and discharged Essex County Council from all liabilities arising from its role as the Accountable Body for SELEP by 31st March 2024.
 - 2.1.5.5 Transfer any residual uncommitted reserves following the dispersal of funds in accordance with 2.1.5.1 to 2.1.5.4 to the six upper tier local authority partners in accordance with the approach agreed by the Board in January 2024, to

allocate on the same basis as the Operational Reserve, as exemplified in Table 5.

2.1.5.6 Transfer the Growing Places fund balance held by the Accountable Body at 31st March 2024, as set out in Table 3, in accordance with the approach agreed by the Board under Agenda item 6, noting that the balance held will be impacted by the decision under that item in respect of the Sovereign Harbour Project and should not all payments due to be repaid be received by 31st March 2024.

2.1.6 **Agree** that subject to the Transition Agreement being signed by all six upper tier local authority partners and the Department for Levelling Up, Housing and Communities releases ECC as Accountable Body from responsibility for projects outside of administrative Essex and that each upper tier local authority takes on responsibility for projects within their administrative area, the Accountable Body is not required to recover any Growing Places Fund Loan repayments due after the 31st March 2024 and that the current recyclable Loan Scheme is ended; noting that specific provisions may be agreed in respect of the Sovereign Harbour Project under Agenda item 6, which will be incorporated into the Transition Agreement.

2.1.7 **Note** that for SELEP to close it must have a zero balance sheet and all monies held by ECC as Accountable Body will be allocated in accordance with the decisions of the Board, at the close of 2023/24 subject to the conditions set out in this report, which will result in a zero balance sheet.

3. SELEP

3.1 The South East Local Enterprise Partnership (SELEP) was constituted in 2010 covering the administrative geography of six upper tier local authorities (UTLA) and twenty-nine District, Borough and City Councils. However in 2019, Government prescribed all LEPs to create a company in order to continue to be eligible to receive Government funding so the South East LEP Ltd (a company limited by guarantee) was incorporated in 2020. Essex County Council (ECC) is the Accountable Body of SELEP.

3.2 SELEP has overseen the investment of over £650m in capital grants to improve road and housing infrastructure, commercial enterprise, skills and research and innovation and has strengthened the business voice to work strategically on sectoral and thematic opportunities across the region. It has been driven by robust data and intelligence and collaborative strategic planning to ensure focus and effective prioritisation.

3.3 In August 2023, Government announced it would not continue to fund LEPs from 1 April 2024, and that their functions should be integrated into UTLAs. On 3 November 2023, DLUHC confirmed to SELEP that it would release ECC

from its role as Accountable Body if the geography is agreed and it is in line with local agreements. The local agreement is proposed to be formalised in a Transition Agreement, which is set out below in more detail. From 1 April 2024, each UTLA will be responsible for finance, governance, transparency and accountability arrangements (Accountable Body functions), and as Accountable Bodies, the UTLAs will receive and distribute the 2024/2025 funding allocation and be responsible for monitoring and evaluation and assurance requirements.

4. Legal Arrangements

- 4.1 Essex County Council is the Accountable Body for SELEP. A Framework Agreement was entered into between the six UTLAs dated 26 March 2021, which sets out the duties and obligations, roles and responsibilities of the Councils, Accountability Board, Accountable Body and SELEP Ltd in relation to activities undertaken to enable the delivery of the LEP. The parties agreed that ECC will hold all and any devolved government revenue and capital funding which central government paid to the Accountable Body for the purposes of SELEP, and ECC as Accountable Body is responsible for finance, governance, transparency and accountability arrangements, including monitoring and reporting.
- 4.2 Following Government's decision to cease funding LEPs, to integrate the LEP functions including legacy arrangements into each UTLA, the six UTLAs are to enter into a Transition Agreement between the six UTLAs and DLUHC. DLUHC have indicated that they are willing to be a party to this agreement, subject to formal confirmation. Each UTLA will be required to take a decision separately to approve entering into the Transition Agreement.
- 4.3 Should DLUHC not be party to the Transition Agreement, ECC as Accountable Body will require a separate binding arrangement with DLUHC to release ECC as Accountable Body from any responsibility as Accountable Body of SELEP for projects outside of administrative Essex, and confirmation that DLUHC agrees that each UTLA will be accountable for all projects within their administrative areas prior to 1 April 2024 and ongoing monitoring and evaluating in line with DLUHC's requirements.
- 4.4 The Transition Agreement sets out the duties and obligations, roles and responsibilities of the Councils in respect of the LEP functions and to release ECC as Accountable Body of SELEP with effect from 1 April 2024 and pass on responsibilities to each UTLA in respect of projects within their respective administrative areas. Under the Transition Agreement, the Councils will indemnify Essex County Council as Accountable Body in respect of any claims or liabilities that ECC may incur as a result of the Accountable Body role for projects outside of administrative Essex. The Transition Agreement transfers the Funding Agreements for Local Growth Fund, Growing Places Fund and Getting Building Fund to the relevant UTLA to manage projects within their administrative areas, including any ongoing responsibility for legacy arrangements. The Transition Agreement has provision for how revenue funding will be disaggregated in line with the position to be agreed by

Accountability Board. The Transition Agreement also sets out the position in respect of repayment of Growing Places Fund loan agreements that are due to be repaid post 1 April 2024 in line with Accountability Board's decisions. The Transition Agreement, also, will include provisions in respect of staffing and whilst TUPE is unlikely to apply, the parties will try to minimise any losses arising from SELEP being wound up.

- 4.5 Subject to Accountability Board approving the disaggregation of the finances of SELEP, funding will only be provided to each UTLA once all parties have signed the Transition Agreement and DLUHC has released ECC from liability as Accountable Body of SELEP for projects outside of administrative Essex and each UTLA has taken on Accountable Body responsibilities for projects in their administrative areas prior to 1 April 2024.

5. Finance Update

- 5.1 Table 1 sets out the updated forecast revenue outturn position for SELEP of an overall forecast net under spend against the budget in the net cost of services of £368,000 to be funded from reserves. After taking into account the movements in reserves set out in Table 4, the overall forecast movement on the Operational Reserve is a net contribution of £23,000. A summary of key movements in the forecast compared to budget are set out in Table 2.

Table 1: 2023/24 Final Revenue Forecast

	Updated Forecast	Latest Budget	Variance	Variance
	£000	£000	£000	%
Staff salaries and associated costs	752	691	61	9%
Staff non salaries	9	7	1	18%
Recharges (incl. Accountable Body)	174	93	82	88%
Redundancy & associated support costs	- 0	-	0	-
Total staffing	935	791	144	18%
Meetings and admin	95	91	4	4%
IT and Data Tools	22	3	19	770%
Chair and Deputy Chair Allowance including oncosts	3	3	-	0%
Consultancy and project work	62	62	-	0%
COVID-19 Support Programmes	39	134	(95)	-71%
Grants and contributions to third parties	402	402	-	-
Total other expenditure	622	694	(72)	-10%
Total expenditure	1,557	1,485	72	5%
Grant income	(725)	(725)	-	-
Contributions from partners	-	-	-	-
External interest received	(550)	(110)	(440)	400%
Total income	(1,275)	(835)	(440)	53%
Net cost of services	282	650	(368)	-57%
Funds transferred (to)/from the Operational Reserve (not charged to services)				
Funds transferred from Earmarked Reserves	(305)	(247)	(58)	-
Net Deficit (Surplus) on provision of services	(23)	403	(426)	-106%
Net Contributions to/(from) Operational reserves	23	(403)	426	-106%
Final net position	-	-	-	0%

Table 2: Summary of Movements in the Forecast compared to the Budget

	£'000
Latest Budgeted Contribution from the Operational Reserve	403
Movements in Net Cost of Services	
Staff Salaries and Accountable Body Recharges	144
Reduction in Covid Support Programme costs	(95)
IT and Data Tools	19
Other net movements	4
Increase in external interest received	(440)
Total Movement in Net Cost of Services	(368)
Movement in Contributions to the Operational Reserve	(58)
Total Net Movements	(426)
Proposed Updated Net Contribution (to) / from the Operational Reserve	(23)

- 5.2 Whilst the forecast contribution to the Operational Reserve represents no overall movement from that reported at the January meeting of the Board, the underlying position has been updated as follows: Revisions to the expected staffing and Accountable Body costs to incorporate all notified commitments; and an increase in the anticipated income from external interest on Capital Balances held.
- 5.3 Additionally, updates are proposed to the following earmarked reserves after a review of probable balances required in the reserves to meet potential costs post the closure of SELEP:
- 5.3.1 An appropriation of £65,000 from the Redundancy Reserve to the Operational Reserve to reflect changes to the SELEP Secretariat during 2023/24; the revised Redundancy Reserve balance is estimated to be sufficient to meet on-going redundancy liabilities to March 2025. The Board agreed in January 2024 that following closure of SELEP any redundancy liabilities to March 2025 will transfer to the respective Partner Authority holding that on-going liability; this will be determined following the conclusion of the current staff consultation exercise being undertaken with the SELEP Secretariat and will be effected through the Transition Agreement.
- 5.3.2 A reduction of £6,000 in the budgeted appropriation from the Future Commitments Reserve to reflect lower than estimated requirements in 2023/24. The expected balance remaining in this reserve is forecast to be sufficient to meet the costs of the Accountable Body in 2023/24 (see section 7)
- 5.4 Only two revenue grants have been received by SELEP in 2023/24, totalling £725,000: Core funding of £250,000 and Growth Hub funding of £475,000. The planned spend for both grants is incorporated in Table 1; the Growth Hub grant has stringent conditions that must be complied with to ensure receipt and retention of the funding – the SELEP Strategic Board endorsed the proposed spend plan that has been agreed with the Department for Business and Trade (DBT) that awarded the funding in July 2023. The full value of Growth Hub funding has been claimed from DBT, with the quarter 4 payment anticipated to be received imminently. An Audit of spend the Grant will be completed and reported to DBT by the end of May 2024, to demonstrate compliance with the conditions.
- 5.5 The Core funding allocated by Government is a general grant and as such has been used to support the expenditure summarised in Table 1.

6. Capital Funds Update

- 6.1 In addition to the revenue funds set out in Table 1, the Accountable Body administers the capital funds in Table 3 on behalf of SELEP; the majority of these funds have now been transferred to the respective upper tier Local Authority in the SELEP area to support investments in economic growth across the SELEP region and to support the Covid-19 recovery. The notes

below the table set out the position for each fund and further information is included in the separate update reports included in the meeting agenda.

- 6.2 The capital fund balances held by the Accountable Body on behalf of SELEP, are invested by the Council's Treasury Management team in accordance with the agreed policies; the associated external interest received is used to support the revenue Budget of SELEP. As no Capital Balances are planned to be held beyond March 2024, no further interest will accrue to SELEP beyond this point.
- 6.3 As SELEP is planning to close by the end of March 2024, it is necessary to ensure that the Board has determined how any residual grant balances are to be managed. It is currently assumed that all remaining Getting Building Funding (GBF) will be transferred to the SELEP Partner Authorities, subject to the decisions of the Board set out in agenda item 7; however, it is planned that Growing Places Fund (GPF) balances will need to be allocated, subject to the decisions of the Board set out in agenda item 6. The forecast position for 2023/24, set out in Table 3, therefore assumes that there will be no residual Capital Balances held at the end of 2023/24.

Table 3: Capital Funds Administered by SELEP in 2023/24

Fund	Fund balance brought forward £000	Forecast Funding Received / Repaid £000	Forecast Funding Applied £000	Forecast Funding Redistributed* £000	Forecast Fund Balance Carried Forward £000
Local Growth Fund (LGF) (DLUHC)	-	-	-	-	-
Local Growth Fund (LGF) (DFT)	-	-	-	-	-
Growing Places Fund (GPF) (on-going Loan Fund) (*see note)	(12,360)	(5,315)	2,750	14,925	-
Getting Building Fund (GBF)	(3,791)	-	3,791	-	-
Total Funds	(16,151)	(5,315)	6,541	14,925	-

Notes to Table 3:

- 6.4 **Local Growth Fund (LGF)** – all remaining LGF was transferred to delivery partners by the end of 2021/22. However, circa £35m of the total LGF allocation is planned to be spent by partners from 2023/24 onwards.
- 6.5 **Local Growth Fund (LGF) (DFT)** – all remaining LGF was transferred to delivery partners by the end of 2021/22. However, circa £13.6m of the total DFT LGF allocation is planned to be spent by partners from 2023/24 onwards, with on-going commitments of delivery, monitoring and evaluation that will transfer to the respective Upper Tier Local Authority in receipt of the funding under the Transition Agreement. This includes an allocation that remains to be received in relation to the A127 Fairglen project of £13.5m but is subject to final approval by the Secretary of State for Transport – see agenda item 10 for further details.
- 6.6 **Growing Places Fund (GPF)** (*see table 3) – GPF is a recyclable loan scheme with a balance brought forward into 2023/24 of £12.36m, of which, £1m remains committed to approved projects. This balance will increase provided that existing Projects meet their commitments to repay their loans in line with their funding agreements – a further £5.315m is due by the end of

2023/24, leaving a residual balance of £14.925m. Agenda item 6 indicates a risk to the Sovereign Harbour Project loan repayment due in 2023/24 of £3.575m; if this amount is not repaid, the balance of the fund at the end of March 2024 is expected to be £13.1m.

- 6.7 The planned closure of SELEP at the end of 2023/24 requires that alternative arrangements are proposed for the GPF funding. Agenda item 6 sets out recommendations to agree to the disaggregation of the fund to the six upper tier local authority partners. As set out at 4.4., this will be managed through the Transition Agreement and the Board is recommended to approve that any payments and loans in respect of the GPF can be dispersed in accordance with the mechanism agreed by the Board, provided that this raises no unmitigated risks or costs to the Accountable Body as a result.
- 6.8 **Getting Building Fund (GBF)** - During 2022/23, the cancellation of a number of GFB Projects saw the return of £15.4m to the Accountable Body for reallocation; of this amount, £3.791m was carried forward into 2023/24 of which £1.742m has been transferred to approved Projects and £2.049m remains to be distributed in accordance with the decisions made by the Board in January 2024, subject to Project approval from Government, which has now been received (on the 8th February 2024). See Agenda item 7 for further information.
- 6.9 As set out at 4.4, the management of the legacy capital funds will pass to the respective six upper tier local authority partners following the closure of SELEP; the funds will be managed through the Transition Agreement, which will incorporate on-going monitoring and reporting requirements to DLUHC.

7. Reserves

- 7.1 The forecast impact of the 2023/24 outturn position set out in Table 1 anticipates a net withdrawal from reserves of £282,000 to ensure there is sufficient funding for the planned net expenditure. This position assumes receipt of the grants set out at 5.4, some of which are still to be received from the respective Government department.
- 7.2 Table 4 summarises the impact on the Operational Reserve of the forecast position set out in Table 1, with a net increase of £23,000, leaving a forecast balance of £1.485m at the end of March 2024 to support the transition to new arrangements.
- 7.3 At the January meeting of the Board, it was agreed that any residual balance in the Operational Reserve would be distributed on a per capita basis to the six UTLA Partners. Table 5 sets out an exemplification of allocating the Operational Reserve for each partner based on the current forecast position set out in Table 4, applying a per capita distribution. The final allocation to each authority will be determined based on the final outturn position at the close of SELEP, currently planned to be 31st March 2024. Should SELEP not be closed by the 31st of March, or if any roles or services are required to extend beyond this period that are not funded by the Future Commitments

Reserve, this may reduce the available funding exemplified in Table 5.

Table 4: 2023/24 Reserves Summary

Reserve	Opening Balance Apr '23	Contributions	Withdrawals	Closing Balance Mar '24 Pre final Appropriations	Net Movement in Reserves Pre closure adjustments	Agreed application of the recommended appropriation of the balance of the reserve at 31st Mar '24	Closing Balance Mar '24 Pre final Appropriations
	£'000	£'000	£'000	£'000	£'000		£'000
Operational Reserve	(1,462)	(305)	282	(1,485)	(23)	Allocated to Partner Authorities on a per Capita Split (see table 5)	-
Reserves Earmarked for future use							
Covid-19 Skills Support Fund	(134)	-	134	-	134	n/a	-
Covid-19 Business Support Fund	-	-	-	-	-	n/a	-
Redundancy Reserve	(210)	-	65	(145)	65	Allocated to authority holding the redundancy liability for continuing employment of the Secretariat up to 31st Mar '25	-
Future Commitments Reserve	(423)	-	106	(317)	106	Allocated to support the SELEP close down costs of the Accountable Body	-
Risk Reserve	(975)	-	-	(975)	-	Allocated to the Accountable Body to mitigate any costs arising as a direct consequence of it's role as the Accountable Body for SELEP, until there is assurance that no risks remain	-
Total Reserves	(3,204)	(305)	587	(2,922)	282		-

Table 5: Exemplification of the Allocation of the Forecast Operational Reserve Balance on a per capita basis

Local Authority	Population (as per 2021 census)	Budgeted Operational Reserve allocation £'000	Forecast Operational Reserve allocation £'000
East Sussex	545,847	136	190
Essex	1,503,521	373	524
Kent	1,576,069	391	549
Medway	279,773	69	97
Southend	180,686	45	63
Thurrock	176,000	44	61
Total	4,261,896	1,058	1,485

7.4 The Earmarked Reserves set out in Table 4 were agreed to be established by the Board to be applied for specific purposes and are recommended to be allocated as follows:

7.4.1 **The Covid-19 reserves** were implemented to set the funds aside to enable delivery of skills and business support schemes that would aid the economic recovery from the Covid-19 Pandemic. These schemes have concluded in 2023/24; the final costs of the Skills

programme were less than anticipated with a balance of £95,000 being returned to the Operational Reserve. There is no residual balance against these reserves to be allocated.

- 7.4.2 **The Redundancy Reserve** was established to meet any Redundancy liabilities of the SELEP Secretariat; as set out at 5.3, the reserve is proposed to be reduced in line with the updated estimate of the potential redundancy costs to March 2025 due to the expectation that following the Secretariat consultation, some roles may be transferred to Partners, including Essex County Council, to support the integration of LEP functions into the Authority during 2024/25. The reserve has been agreed to be disaggregated to enable any redundancy liabilities to follow any retained staff during 2024/25.
- 7.4.3 **The Future Commitments reserve** was established to ensure sufficient funds would be available to meet any on-going commitments of the Accountable Body. An estimate of the potential costs into 2024/25 has been calculated which indicates that the forecast balance in the reserve is expected to be sufficient; costs are expected to include: residual cost of the SELEP Secretariat that are unsuccessful in securing a role and will therefore continue to be employed until the point of their redundancy in either May or June depending on contract terms; costs to close the Accounts, complete the Audit and grant returns, costs to support the closure of SELEP Ltd and closure of any residual requirements of SELEP, including support to Partners in establishing reporting processes as LEP functions are embedded across the UTLAs.
- 7.4.4 **The Risk Reserve** was established to meet the risks arising to Essex County Council as a consequence of being the Accountable Body for SELEP. Essex County Council is currently engaging with DLUHC to secure the release of any and all obligations in respect of its role as the Accountable Body for SELEP. This is a requirement due to the planned closure of the LEP which will mean that the Council is unable to continue to work with the Board to undertake the role as set out in the SELEP Assurance Framework (which will also no longer be enforceable). It is proposed that the risk reserve will be transferred to Essex County Council until the Authority's Section 151 Officer is satisfied that any risks are fully mitigated and confirmation has been received from DLUHC that the County Council has been released in respect of its obligations as the Accountable Body for SELEP.
- 7.5 The Board agreed in January 2024 that any residual reserves held by the Accountable Body, not required for their allocated purpose would be subsequently allocated on a per Capita basis, in accordance with the approach agreed for the Operational Reserve.

8. Closure of SELEP

- 8.1 The final outturn position for each reserve as at the 31st March 2024 will be determined through the process to close the SELEP Accounts that will be undertaken by the Accountable Body through the first quarter of 2024/25; as this process will be concluded following the closure of the Board, it is recommended that the Section 151 Officer of the Accountable Body is required to ensure that the accounts are prepared in accordance with proper practices and can agree any necessary adjustments to ensure that the accounts present a true and fair view of the financial position of SELEP, in accordance with the decisions of the Board and the Transition Agreement. It is planned that the Accounts will be subject to external audit to assure the final reported position. A copy of the final Accounts will be made available for review by Partners, as required.
- 8.2 As it is the intention for SELEP to close, it must have a zero balance sheet, with all monies held to be allocated in accordance with the decisions of the Board, at the close of 2023/24. This will require the following to be actioned:
- 8.2.1 all payments and repayments of the Growing Places Fund due in 2023/24 to be made by the 31st March 2024, subject to the decisions in Agenda item 6.
- 8.2.2 all payments agreed in relation to the Getting Building Fund will be made by the 31st March 2024.
- 8.2.3 The Transition Agreement to have been formally agreed by all parties to enable the transfer of all remaining Reserves, Grants and Loans, as set out in Tables 3 and 4 to the respective UTLA partner.
- 8.3 As SELEP is due to close, the South East LEP Ltd (SELEP Ltd) will consider winding up the company as LEP activities will be taken forward by each UTLA separately. As a result, as set out in the Framework Agreement that constitutes Accountability Board, Accountability Board is not permitted to approve any further allocation of funding from the date SELEP Ltd passes a resolution for its winding up. If all the proposals presented to this Accountability Board are approved, there will be no further funding to approve in any event. Therefore, as there is no further funding for Accountability Board to approve, each UTLA will need to take a decision in respect of dissolution of Accountability Board.
- 8.4 Risks
- 8.4.1 Should the Transition Agreement not be executed, funding will not be released to the UTLAs.
- 8.4.2 Essex County Council as Accountable Body will continue to be the Accountable Body for legacy funding if the Transition Agreement is not agreed by the end of March 2024, meaning that there will be an on-going requirement to operate the Accountable Body to facilitate

decision making in respect of management of the Funds until local agreement is reached. DLUHC will work with areas to reach agreement on the management and transfer of assets and funding if consensus cannot be agreed by the UTLAs, as set out in the DLUHC Guidance for LEPS on the integration of LEP functions into local democratic institutions: [Guidance for Local Enterprise Partnerships \(LEPs\) and local and combined authorities: integration of LEP functions into local democratic institutions - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/guidance-for-local-enterprise-partnerships-leps-and-local-and-combined-authorities-integration-of-lep-functions-into-local-democratic-institutions)

- 8.4.3 There remains a risk of a requirement to continue the operation of the Board into 2024/25 should any outstanding funding or risks remain unmanaged by the end of March 2024; this will mean that the Accountable Body will continue to incur costs that will be required to be met from the residual SELEP revenue funds meaning that less funding will be available to be released to the UTLAs.

9. Financial Implications (Accountable Body comments)

- 9.1 The financial implications are set out within the main report.

10. Legal Implications (Accountable Body comments)

- 10.1 The legal implications are set out within the main report.

11. Equality and Diversity implication

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- 11.1.1 Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act.
 - 11.1.2 Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - 11.1.3 Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 11.3 In the course of the development of the budget, the delivery of the service and their ongoing commitment to equality and diversity, the accountable body will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

12. List of Appendices

None

13. List of Background Papers

None

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off Michael Neumann (On behalf of Nicole Wood, S151 Officer Essex County Council)	08/02/2024