**Agenda Item 7**

**Transfer of Assets & Liabilities**

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

1. Note that the SSLEP Executive Board members agreed to transfer of the SSLEP to Staffordshire County Council (SCC) as the Accountable Body, in line with Government guidance and in consultation with Stoke-on-Trent City Council (SoTCC).
2. The Executive Board gives final agreement to the transfer of the SSLEPs assets and liabilities to the Accountable Body through the completion of the appended asset transfer agreements and loan assignment notices.
3. Consider and comment upon the suggested principles for the use of the SSLEP reserves as set out in section 5.
4. Note that decisions relating to the use of the SSLEP reserves be undertaken through the governance arrangements set out in section 6, in line with the principles for the use of the funding.
5. In advance of the responsibility of funding programmes being transferred to the Accountable Body, it is requested that £861,750 of the funding allocated to Chatterley Valley West be backdated for spend prior to the Executive Board approval.

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1. **Background**
   1. The principle of the closure of the SSLEP was agreed by all members of the Executive Board through the Electronic Procedure in September / October 2023. This included agreement to recommendation on the transfer of the SSLEPs assets, namely:
   2. *“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).”*
   3. The Executive Board also agreed that:
   4. *“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).”*
   5. This report therefore recommends that the Executive Board gives final approval to the transfer of the assets and liabilities of the SSLEP to the Accountable Body through the appended asset transfer agreement and loan assignment notice. The report also considers the principles for how these assets will be used and the governance for how they will be managed.
2. **Government Guidance**
   1. Government guidance on the use of reserves is limited. However, the Government guidance on the integration of LEP functions into local democratic institutions does state that the:
   2. *“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. Where there are no existing arrangements, 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).”*
3. **Current Situation**
   1. The SSLEP has always made very considered investment decisions based on project merit. Through that careful management of public funds, it has built a financial reserve of £1,875,000. This can be broken down into a LEP Core Reserve balance which currently stands at circa £525,000 and a current estimated unrestricted LEP Project Reserve balance of £1,350,000.
   2. If the LEP were to continue to operate, that reserve would have been carefully invested to the betterment of the geography and its respective economies. However following government’s decision to close the LEP, it is prudent to consider how those reserves should now be used.
   3. There are currently no agreements as to how those reserves are used and therefore these should be transferred to the relevant local authorities, in line with the Government’s guidance. This has already been agreed by the Executive Board, with the principles for the use of the funds to be further considered by the Executive Board and two upper tier local authorities.
4. **Other Funds**
   1. The Government’s integration guidance states that the responsibility for LEPs funding programmes should be transferred to the Accountable Body where a LEP will cease to operate. This includes the Local Growth Fund and Getting Building Fund.
   2. In March 2023 the Executive Board agreed to allocate circa £1.2m of the Getting Building Fund to the Chatterley Valley West scheme. Work on this scheme has been progressing in recent months and will ultimately unlock a 43-hectare employment site which will generate around 1,700 jobs, Gross Value-Added of £67 million per annum and £60 million of private sector investment once complete. In advance of the responsibility of GBF being transferred to SCC, it is requested that £861,750 of the funding allocated to Chatterley Valley West be backdated for spend prior to the Executive Board approval.
5. **Principles**
   1. 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 the scale and timescales for any future resources remaining unclear, it is proposed that the assets are used under the following principles:
6. The assets are used to fund any necessary work on the dissolution of the SSLEP and integration of its functions into the local authorities.
7. Resources are used to fund the establishment and running of the future business voice function, as necessary.
8. Resources be used to safeguard and enhance the future of the current LEP functions as appropriate, including the Growth Hub and Careers Hub.
9. 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.
10. **Post transition governance**
    1. As set out with the Future LEP Arrangements report considered by the Executive Board in September, key to several of the issues associated with the cessation of the LEP will be the political governance and decision-making process. As is set out within the closure process paper, it is being proposed that a joint committee is established between SCC and SoTCC to make decisions related to the SSLEPs functions and the use of the assets or, where the purpose of the funding is ring-fenced, for the use of the asset within that ring-fenced purpose.
    2. The establishment of the joint committee is currently being progressed by SCC and SoTCC and this will be considered through both authorities’ governance processes shortly. Any decisions that are needed in advance of the joint committee being established will be taken through each authorities’ governance processes, with agreement needed from both authorities for a recommendation to be agreed.
11. **Transfer Agreement and Loans Transfer** 
    1. To implement the transition of the SSLEP’s assets and the associated liabilities to SCC, legal advisers have recommended that SSLEP and SCC enter into a transfer agreement to record the terms of the transfer (see appendix 1). In essence, in consideration of SCC assuming all of SSLEP’s liabilities, the transfer agreement will transfer to SCC:
    2. beneficial ownership of the LEP Core Reserve balance;
    3. the LEP Project Reserve balance;
    4. the benefit of the loans made to in respect of [Blythe Park Extension and the Dog and Bone] (**Loans**); and
    5. any other assets vested in SSLEP.
    6. To complete the legal formalities of transferring the Loans, notice of the transfer needs to be given to the borrower following completion of the transfer agreement and this will be completed by SCC.
    7. It is therefore recommended that the Executive Board:
       1. approves the entry into the transfer agreement, to transfer SSLEP’s assets with effect from 31 March 2024;
       2. authorises any director to sign the asset transfer agreement on behalf of SSLEP and to do anything else necessary in connection with the transfer of the assets and the liabilities to SCC.