

TELFORD & WREKIN COUNCIL

CABINET 13th June 2019

MEMBERSHIP OF THE MARCHES LOCAL ENTERPRISE PARTNERSHIP LIMITED

REPORT OF ASSISTANT DIRECTOR: BUSINESS, DEVELOPMENT & EMPLOYMENT

LEAD CABINET MEMBER – CLLR LEE CARTER

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 The Marches Local Enterprise Partnership (LEP) covers the geographical area served by the Councils of Telford & Wrekin, Shropshire and Herefordshire. As an informal partnership the LEP has had no legal entity and one of the three councils (Shropshire) acts as accountable body. Decisions of the Board were referred through to the Marches Enterprise Joint Committee made up of the Leaders of the three Local Authorities for final endorsement.
- 1.2 Following a national review, Government has issued a directive that all LEP's must have a legal personality. Following a period of discussion and engagement with existing Members of the Board including the three Local Authorities advised by BEIS, the LEP will take a decision on 21st May that the Marches LEP will incorporate as a company limited by guarantee. Draft Articles of Association are included at Appendix 1.
- 1.3 The national review reinforces Government commitment to LEP's and their role in setting local economic and industrial strategies and compliance with this directive is essential if the Marches Local Authority areas are to continue to receive Government funding to support economic growth.
- 1.4 Incorporation will result in changes to the governance arrangements of the LEP that will impact on the roles of the three Local Authority partners. This report sets out the proposals and seeks approval of the new arrangements for Local Authority representation. These new arrangements will enable Telford & Wrekin Council to continue to benefit from access to significant government funding distributed through LEP's and to influence the LEP's role supporting economic development across the Marches area.

2. RECOMMENDATIONS

Cabinet agrees that:

2.1 Telford & Wrekin Council becomes a Public Sector Member of The Marches Local Enterprise Partnership Ltd and that the Company is added to the Council's list of outside bodies to which the Council makes appointments

2.2 Subject to 2.1, that the Council shall appoint a director as the Council's representative on the Board of the Marches Local Enterprise Partnership Ltd

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	Yes	<ul style="list-style-type: none"> • Protect and create jobs as part of a "business supporting, business winning council." • Improve local people's prospects through education & skills training • regenerate those neighbourhoods in need and work to ensure that local people have access to suitable housing
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/DELIVERY DATE	The Local Assurance and Accountability Framework will be approved by the LEP Board on the 21 st May.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes/No	The Marches LEP is a vehicle through which the Council accesses Central Government Funding streams. There is no indication that the requirement for the Marches LEP to become incorporated will alter access to this funding. There will be no additional costs to the Council as a result of this incorporation. Consideration will need to be given to the quorum at Board meetings to ensure the Council's position is optimised.
LEGAL ISSUES	Yes	The Council has the power to participate in the LEP company as proposed in this report and, in so doing is agreeing to contribute a nominal sum of £1 towards

		<p>any liabilities of the company in the event that the company is wound up.</p> <p>Cabinet also has the power to appoint a Director to the company, subject to his/her consent. The day to day management of the company will be carried out by the Directors who have a legal duty to act in the best interests of the company, in accordance with the strategic and policy direction given by the members.</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	Directorship of the Company will ensure access to considerable Government funding to support economic growth across the Borough.
IMPACT ON SPECIFIC WARDS	No	Borough-wide impact.

ART B) – ADDITIONAL INFORMATION

4. BACKGROUND INFORMATION

- 4.1 LEP's are voluntary partnerships between local authorities and businesses set up in 2011 by the Department for Business, Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within local areas.
- 4.2 In the Industrial Strategy, Government committed to work with Local Enterprise Partnerships to bring forward reforms to LEP leadership, governance, accountability, financial reporting and geographical boundaries. The 2018 Government Report 'Strengthened Local Enterprise Partnerships' stressed that LEP's must be independent and private sector led partnerships, accountable to the communities they support.
- 4.3 To do this effectively Government believes that Local Enterprise Partnerships must have robust governance arrangements that provide the operational independence to take tough decisions and hold local partners to account for delivery. The conclusion of the Report was that all LEP's must have a distinct legal personality in order to improve leadership and accountability.
- 4.4 In consultation with the LEP Board, the Marches LEP has agreed with Government to become a company limited by guarantee with effect from 1st April 2019 (this deadline has subsequently been extended to end of May). It must then abide by laws and regulations that apply to this form of legal entity and will be regulated by company law.

- 4.5 A new national assurance framework for LEP's sets out that the LEP Board is the ultimate decision making authority and this changes the role of the three Local Authorities in the LEP Structure.
- 4.6 In 2014 the three Council partners in the Marches LEP agreed to establish a joint committee to exercise executive functions in relation to the Marches LEP and to ensure local accountability. The Marches Enterprise Joint Committee comprised one executive councillor from each council with the Marches LEP Board Chair as a non-voting member. The change in governance arrangements mean that the joint committee is no longer able to exercise its functions and so at a meeting of the committee on the 19th March 2019 the committee members agreed to cease the joint committee with effect from 31st March 2019.

New Governance Arrangements

- 4.7 The national assurance framework states that 'The LEP should ensure that there are Local Authority representatives on the LEP Board to ensure democratic accountability and provide local intelligence'. The Articles of Association of the new company (Appendix 1) set out that membership will include Public Sector Members.
- 4.8 It is proposed that each of the three Councils becomes a Public Sector Member of the Marches Local Enterprise Partnership Ltd which will confer the right to appoint one director to the Board of the Company. The director will be able to represent their Council and by extension the residents of their area on the Board and will enable them to contribute to decision making. The quorum for the transaction of business at a meeting of directors of the company will be any seven Eligible Directors, which must include at least two Public Sector Directors.
- 4.9 The LEP Board and LEP management have made a commitment to continue to work in close partnership and recognise that the three councils remain key strategic partners in the delivery of economic growth. Therefore, in addition to the right of the appointed director, each council, as a Public Sector Member will have rights of consultation and engagement on strategic issues set out formally in the articles of association and accountability and assurance framework. These ensure that the councils will be consulted prior to the board taking decisions and that the views of the three councils will be included in reports put before the LEP Board.
- 4.10 The national assurance framework also sets out that the LEP's should participate in relevant council scrutiny arrangements to guarantee the effective and appropriate democratic scrutiny of their investment decisions. All three councils in the Marches LEP will therefore be able to scrutinise the work of the LEP through their individual scrutiny arrangements.

Financial Implications

- 4.11 The Marches LEP has been provided with Government funds to pay for the cost of setting up the new company. It will have its own independent secretariat, supported by Government core funding for LEP management and Shropshire Council will continue to act as the Accountable Body for the company. There will be no resource implications for the Council arising from becoming a member of the company.
- 4.12 The requirement for new governance arrangements from Government should be seen in the context of the National Industrial Strategy and the requirement by Government that each LEP area should have developed a Local Industrial Strategy by March 2020 which will set the priorities for investment in the Marches. Becoming a member of the company and taking a seat on the Board will allow the Council to continue to represent the economic interests of the residents of Telford & Wrekin, ensuring that we continue to secure our share of Government funding for skills, infrastructure, employment creation and business support.

5 PREVIOUS MINUTES

6 BACKGROUND PAPERS

Appendix 1 – Marches LEP Draft Articles of Association

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