



Borough of Telford and Wrekin

Cabinet

19 October 2023

Arrangements for the Marches Local Enterprise Partnership

Cabinet Member:	Cllr Lee Carter - Cabinet Member for Place (The Economy & Neighbourhood Services)	
Lead Director:	Katherine Kynaston - Director: Housing, Employment & Infrastructure	
Service Area:	Housing, Employment & Infrastructure	
Report Author:	Katherine Kynaston – Director: Housing, Employment & Infrastructure	
Officer Contact Details	Tel: 01952 384591	Email: katherine.kynaston@telford.gov.uk
Wards Affected:	All Wards	
Key Decision:	Key Decision	
Forward Plan:	29 September 2023	
Report considered by:	Cabinet – 19 October 2023	

1.0 Recommendations for decision/noting:

It is recommended that Cabinet:

- 1.1. Approves the establishment of a Joint Committee with Shropshire Council and Herefordshire Council to oversee, manage and distribute the assets and responsibilities of the Marches Local Enterprise Partnership (LEP).
- 1.2. Delegates authority to the Director: Housing, Employment & Infrastructure in consultation with the Director: Finance & Human Resources and Cabinet Member for Place (The Economy & Neighbourhood Services) to make necessary arrangements for the management of resources, functions and responsibilities of the LEP in accordance with Government guidelines.

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- 1.3. Delegates authority to the Director: Policy & Governance to enter into any necessary legal agreements to give effect to any of the proposals contained in this report or to give effect to any decisions made by the Director: Housing, Employment & Infrastructure and Director: Finance & Human Resources in accordance with the delegations granted by Cabinet in respect of this report.

2.0 Purpose of Report

- 2.1 This report seeks Cabinet approval to establish a new Joint Committee between Telford & Wrekin Council, Shropshire Council and Herefordshire Council to oversee and manage the short-term transfer and any ongoing activities required to manage the residual assets, resources and responsibilities of the Marches Local Enterprise Partnership (LEP) in accordance with the recent Government decision to cease supporting LEP's from March 2024.

3.0 Background & Summary of Main Proposals

- 3.1 Ensuring economic growth and resilience is a key priority for the Council supporting new jobs, investment into infrastructure and opportunities for local communities. Telford & Wrekin has a strong track record of delivering economic growth including attracting c.£52m Government investment into the regeneration of key centres and Station Quarter; investing over £4m through our Pride in Our High Street initiative creating over 50 new high street businesses and delivering over 4300 new jobs through the Council's £50m Growth Fund investment and the Telford Land Deal. The Council's business support team have dealt directly with over 700 investment enquiries, 23,000 business enquiries and attracted over £110m of external grant for local companies in recent years. We are driving a step change in skills provision through the new academic campus being established in the Town Centre in partnership with Telford College and Harper Adams University. Our new Economic Strategy due to be published in December will build on this success and the changes now being brought in relation to LEPs provide the opportunity to shape an even more locally focussed investment and support package for Telford & Wrekin businesses and residents. Achieving this includes maximising external funding opportunities and to deliver this collaborating with neighbouring authorities to share best practice and support financial resilience of services through joint working initiatives.
- 3.2 Since the inception of the Marches Local Enterprise Partnership (LEP) in 2012, Telford & Wrekin Council together with Shropshire Council and Herefordshire Council, have been the local authority partners within the LEP. The LEP consists of seven private sector board members and three local authority members and has been operating as a private limited company since February 2019, prior to which it was an unincorporated association underpinned by an MOU.
- 3.3 On 19th August 2023, Government announced the results of a widespread public consultation exercise on the future of LEP's following previous policy statements made within the Levelling up White Paper which was published in February 2022. This announcement determined that, from April 2024, the Government's

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sponsorship, and funding of LEPs will cease and Government will support local authorities to take on the functions currently delivered by LEPs. This is to be through upper tier local authorities working in collaboration with other upper tier local authorities as appropriate.

- 3.4 Shropshire Council has acted as 'Accountable Body' for the Marches LEP since its inception and as such handles all financial, legal and resources support matters on behalf of the LEP and public sector partners.
- 3.5 The local authority partners have confirmed to the LEP their intention to follow government guidance and to work with the LEP to achieve the transfer of resources, assets, and responsibilities to the local authority partners before the 31st March 2024.
- 3.6 It is proposed that the Marches Enterprise Joint Committee will become the shared local authority governance framework for handling those matters. This would be through the transition phase and beyond March 2024 until such time that all residual matters have been resolved or discharged.
- 3.7 The local authorities are committed to driving economic growth across their areas and to working together by common purpose where this supports this outcome locally. The Joint Committee will focus on achieving a managed transition and supporting collaboration where it adds the greatest value and supports local economic priorities. All participating councils will be responsible for local delivery within their respective local authority area unless jointly agreed otherwise. Establishing this Joint Committee will not introduce any constraint or barrier to any of the councils being involved in other beneficial partnership arrangements, either with each other or third parties.
- 3.8 The Joint Committee will work with the LEP Board to establish a work programme and ensure appropriate capacities and resources exist to manage the transfer of responsibilities, records, data, and resources.
- 3.9 The Joint Committee will take decisions on the treatment of any residual resources, contingent assets, and liabilities of the LEP. This includes taking decisions on projects subject to ongoing monitoring and amendment to any previously agreed delivery criteria or benefits. The Joint Committee will comprise one nominated elected representative from each local authority, generally this will either be the Leader or nominated lead portfolio holder. It will operate on a one member, one vote principle.
- 3.10 The key functions of the Marches Enterprise Joint Committee include to:
 - Set, monitor and review the programme for transfer of LEP responsibilities and existing programmes of activity across the Marches LEP area,

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- Agree the allocation of LEP revenue and capital spend previously under the control of the LEP Board and relating to the delivery of the LEP Economic Plan and individual Council's economic plans/strategies,
- Ongoing oversight, monitoring and review of ongoing grants, assets, programmes or initiatives until such time as they cease or are transferred,
- Keep under review, influence and align government and public investment in order to boost economic growth across the geography of the three councils,
- Provide an annual report on the activities of the Joint Committee to the respective three partner councils,
- Agree lead or accountable body status for any particular issue as necessary.

3.11 An equivalent version of this paper is to be considered by the Executives/Councils at both Shropshire Council and Herefordshire Council.

4.0 Alternative Options

4.1 Given the Government's decision to devolve LEP responsibilities to local authorities before the end of March 2024 the three upper tier Local Authorities within the Marches LEP now need to establish an appropriate governance framework to oversee and manage the ongoing contracts, grant funding and contingent assets and liabilities of the LEP.

4.2 Establishing a Joint Committee between the three Councils is the appropriate structure to discharge these obligations and ensure shared democratic accountability and collective decision making. This will give confidence to existing LEP Board members and wider stakeholders that appropriate future governance is in place.

4.3 Failure to put appropriate arrangements in place could lead to Government intervention and the loss of funds and assets held by the LEP and limiting the ability of the Local Authorities to deliver local economic priorities.

5.0 Key Risks

5.1 The failure of the three authorities to establish appropriate governance arrangements to enable the managed transfer of LEP functions, grant funding and assets, in line with Government guidance, risks intervention by Government to impose arrangements which may not align with local priorities.

6.0 Council Priorities

6.1 The arrangements proposed seek to ensure the transfer of LEP functions and assets continue to support and drive local economic growth. This will benefit all Council priorities and delivery of the Council's Vision 2032. This aspires to a robust economy that has benefitted from growth in new sectors delivering well paid jobs, many of which are linked to a zero carbon economy.

7.0 Financial Implications

- 7.1 It is estimated that since the creation of the Marches LEP in 2012 it has distributed circa £200m of government grants for growth and development projects across each of the three local authority areas. There will be a large number of those project awards that include provisions for clawback or repayment if certain agreed delivery criteria are not met. The Joint Committee will take decisions on the management of such decisions and allocate any residual resources as it sees appropriate.
- 7.2 All government funding awarded to Marches LEP has been made via Shropshire Council as the accountable body. Those funding awards have been received as grants under the provisions of Section 31, Local Government Finance Act 2003. In this context the Marches LEP has been acting in a stewardship role and does not itself possess private ownership of those resources. Throughout the existence of the Marches LEP Shropshire Councils Section 151 Officer has also acted as the Section 151 Officer for Marches LEP and has ensured appropriate financial governance and systems have been in place for the distribution and management of those resources.
- 7.3 Managing the ongoing programme of contracts and funding awards will require resources and capacities above what the three council partners already possess. It is proposed that an element of LEP resources be used to fund the capacities necessary for a smooth transfer and ongoing discharge of responsibilities.
- 7.4 Whilst the Councils will no longer be required to financially support the management arrangements of the LEP the Joint Committee may require support from a small number of existing LEP staff resources to manage the information and data transfer, ongoing monitoring, and management of LEP related programmes. The Joint Committee provides a shared basis to prioritise, agree and appropriate such costs across the collective partners, thereby providing benefit and reducing financial liabilities implications to each individual organisation.

8.0 Legal and HR Implications

- 8.1 The Joint Committee is established under the provisions of the Local Government Act 1972 and will have the legal authority to discharge the responsibility of each council partner in relation to the treatment of LEP related assets and responsibilities.
- 8.2 Shropshire Council propose acting as 'Accountable Body' for the Joint Committee as an extension of its current role as Accountable Body for the Marches LEP. Therefore, Shropshire Council's Section 151 Officer will be responsible for ensuring the proper administration of all financial affairs for this Joint Committee in accordance with the decisions of the Joint Committee.

9.0 Ward Implications

- 9.1 Investment into economic growth and resilience impacts all wards across the Borough.

10.0 Health, Social and Economic Implications

10.1 Economic growth and prosperity contributes to the health and wellbeing of all communities. It delivers jobs, investment into infrastructure, regeneration of neighbourhoods and High Streets and the reinvestment of revenue generated through new businesses setting up and expanding in the Borough, into frontline services.

11.0 Equality and Diversity Implications

11.1 The work of the Joint Committee providing oversight of the managed transfer of LEP grant funding and assets to local areas aims to provide the best outcomes for all residents of the three Local Authority areas. The Joint Committee will have regard to the legal requirements of the Public Sector Equality Duty.

12.0 Climate Change and Environmental Implications

12.1 The Marches LEP has prioritised investment into schemes that deliver sustainable growth including direct investment of grant to support businesses address energy requirements and efficiency and into climate ready development and infrastructure. All three Local Authorities have declared a Climate Emergency and have action plans in place to address climate change and deliver sustainable growth. The work and decisions of the Joint Committee will continue to support these aims.

13.0 Background Papers

None.

15.0 Appendices

Appendix A Government Decision Letter – 4 August 2023

Appendix B Joint Leader Letter – 1 September 2023

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Finance	05/10/2023	10/10/2023	MB
Legal	05/10/2023	10/10/2023	AL