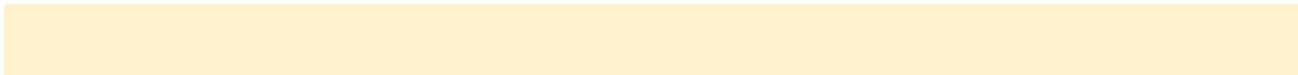




Committee and Date

Item

Public



Joint Committee - Marches Enterprise Partnership

Responsible Officer:	Mark Barrow, Executive Director of Place		
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Cabinet Member (Portfolio Holder):	Lezley Picton		

1. Synopsis

A new Joint Committee between Herefordshire, Shropshire and Telford & Wrekin Councils will oversee the transfer of assets, resources and responsibilities of the Marches LEP (in accordance with recent Government decisions) and exercise executive functions.

2. Executive Summary

- 2.1 The Shropshire Plan’s healthy economy priority recognises the importance of ensuring that the economy of the county is set for success and that the constituents for growth exist. This includes maximising external funding opportunities and collaborating with neighbouring authorities to share best practice and support financial resilience of services through joint working initiatives.
- 2.2 Since its inception in 2012, Shropshire Council, together with Telford & Wrekin Council and Herefordshire Council, have been the local authority partners within the Marches Local Enterprise Partnership (LEP). The LEP consists of seven private sector board members and three local authority members and has been operating

- as a private company limited by guarantee since 31 March 2019. Prior to this it was an executive joint committee, known as the Marches Enterprise Joint Committee.
- 2.3 On 19th August 2023 Government announced the results of a widespread public consultation exercise on the future of LEPs following previous policy statements made within the Levelling up White Paper which was published in February 2022.
- 2.4 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. In that sense the Council has a direct interest in how assets, liabilities and resources are managed long term and that fit for purpose systems of governance are in place moving forward.
- 2.5 The local authority partners have confirmed to the LEP, via formal letter (Appendix A), of their wish to follow government guidance and to transfer resources, assets and responsibilities to the local authority partners before the 31st March 2024.
- 2.6 It is proposed that the Joint Committee will become the shared local authority governance framework for handling those matters, both through the transition phase and beyond March 2024 until such time that a requirement to maintain a Joint Committee is superseded or all residual matters have been resolved or discharged.
- 2.7 An equivalent version of this paper is to be considered by the Executives/Councils at both Herefordshire Council and Telford and Wrekin Council.
- 2.8 The local authorities are committed to continue working together by common purpose and the desire to see economic growth and prosperity across the area. This approach is aimed at ensuring effective local joint working and provides a basis, using the power of the collective area, to continue developing and delivering investment propositions for Government and partners.
- 2.9 The Joint Committee will focus its collaboration where it adds the greatest value. 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. Recommendations

Cabinet agrees to:

- 3.1. establish a Joint Committee with Herefordshire Council and Telford & Wrekin Council to (a) oversee, manage and distribute the assets, functions and responsibilities of the Marches Enterprise Partnership and (b) exercise executive functions as listed in paragraph 7.9 below.
- 3.2. delegate to the Executive Director Place in consultation with the Executive Director Resources, authority to make necessary arrangements, as the accountable body,

for the management of resources, staff and responsibilities of the LEP in accordance with Government guidelines.

- 3.3. delegate authority to the Executive Director Resources and Executive Director Place , in consultation with the Leader of the Council, to establish appropriate management arrangements, including funding and staffing for the Council to discharge its responsibility as the 'Accountable Body'.
- 3.4. Delegate to the Executive Director Place, in consultation with the Leader of the Council and Executive Director of Resources (Section 151 Officer), authority to agree the final Terms of Reference with partner councils.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. Given the Government's decision to devolve LEP responsibilities to local authorities before the end of March 2024 it is important that the three councils within the Marches LEP now establish appropriate an appropriate governance framework to oversee and manage the ongoing contracts, grant funding and contingent assets and liabilities of the LEP. 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.
- 4.2. 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.
- 4.3. 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.
- 4.4. Part VI of the Local Government Act 1972 and Part 1, Chapter 2 of the Local Government Act 2000 (as amended) makes provision for local authorities to establish joint committees. Provided that the functions to be exercised are executive functions, it is a matter for the respective Cabinets to determine the establishment of an executive joint committee and to agree the executive functions to be delegated to that joint committee. Every member of the joint committee must be a member of their nominating council's Cabinet. In the absence of an established joint scrutiny committee, decisions of the joint committee will remain subject to the individual council's scrutiny arrangements.
- 4.5. 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 Councils Section 151 Officer will be responsible for ensuring the proper administration of all financial affairs for this Joint Committee.

- 4.6. Government funding for the management of LEP functions for 24/25 and beyond is mooted but not confirmed. As Accountable Body, Shropshire Council must ensure that funding to discharge LEP functions over the transition period and beyond is secured to prevent a financial risk transferring to the Joint Committee and by extension the partner Councils. To manage this risk an element of existing LEP resources could be ringfenced for the Joint Committee to fund the capacities necessary for a smooth transfer and ongoing discharge of responsibilities.

5. Financial Implications

- 5.1. 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 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.
- 5.2. Managing the legacy and ongoing programme of contracts and funding awards by the Joint Committee will require dedicated resources in addition to those held by the Council partners. It is necessary, therefore, that an element of existing LEP resources is ringfenced for the Joint Committee to fund the capacities necessary for a smooth transfer and ongoing discharge of responsibilities.
- 5.3. Whilst the Councils will no longer be required to financially support the management arrangements of the LEP, the Joint Committee may determine as appropriate to jointly fund or augment ongoing work or any future initiatives.
- 5.4. The Joint Committee will require capacity and support from some of the existing LEP staff to manage the information and data transfer, ongoing monitoring and management of LEP related programmes. The Joint Committee will provide a shared basis to prioritise, agree and appropriate such costs across the collective partners, thereby providing benefit and reducing risks and financial liabilities implications to each individual organisation.
- 5.5. Government has stated that it will provide some revenue funding to local and combined authorities in 2024/25 to support them to deliver the functions currently delivered by LEPs. Details of this support will be confirmed in due course. Funding beyond 2024/25 will be subject to future Spending Review decisions and cannot be relied upon.

6. Climate Change Appraisal

- 6.1 The Marches LEP has made investments in a range of renewable energy and low carbon projects, and it is important that these are overseen and enabled through to successful delivery. The Joint Committee provides the vehicle for the partner local authorities to continue to support each other on climate and net zero plans and local delivery as required.
- 6.2 Each council has clear strategies for managing climate change and carbon reduction. The Joint Committee will take decisions on projects and programmes appropriate for its own local context balanced against the collective view.

7. Background

- 7.1 Since the publication of the Levelling Up White Paper, government has made progress on extending devolution across England and has stated that it remains committed to empowering local leaders by integrating Local Enterprise Partnership (LEP) functions into local democratic institutions. The Spring Budget 2023 set out that government was minded to withdraw government support (core funding) for LEPs from April 2024 and to transfer LEP functions to local authorities, where appropriate and where not already delivered by combined authorities.
- 7.2 Following an information gathering exercise led by the Department for Levelling Up, Housing and Communities, and the Department for Business and Trade, the government announced on the 4th August 2023 that it has confirmed its 'minded to' decision.
- 7.3 Government's sponsorship and core funding of LEPs will cease from the end of March 2024. It recognises that as LEPs are legally private enterprises and that they may choose to continue operating in some form, but government is clear that it will support local authorities to take on LEPs' functions and responsibilities. A joint letter from the Leader's of the three councils dated 1st September 2023 (Appendix A) confirms that the Councils wish to follow Government guidance and for the LEP to cease and to transfer its assets and responsibilities by the end of March 2024.
- 7.4 The above decision also specifies activities as set out in the Government guidance of March 2022 LEP integration guidance and previously supported by annual core funding – namely, business representation, strategic economic planning, and responsibility for the delivery of government programmes where directed. Government has been clear that it expects these functions to be exercised by upper tier local authorities (working in collaboration with other upper tier local authorities as appropriate), where they are not already delivered by a combined authority, or in areas where a devolution deal is not yet agreed.
- 7.5 Government has stated that it will provide some revenue funding to local and combined authorities in 2024/25 to support them to deliver the functions currently delivered by LEPs. Details of this support will be confirmed in due course. Funding beyond 2024/25 will be subject to future Spending Review decisions and cannot be relied upon.
- 7.6 The Council understand that the Marches LEP has distributed circa £200m of grants and other funding for project and business support since it was established. A significant number of those awards carry provisions for clawback or repayment dependent upon delivery of stated benefits within individually specified time periods. The LEP has invested in certain projects that can be deemed as contingent assets.
- 7.7 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 Council's 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.

- 7.8 Shropshire Council, Telford and Wrekin Council and Herefordshire Council have been working as local authority partners within the Marches LEP since 2012 and are keen to demonstrate to government a spirit of continuity and stability of decision making in relation to LEP related matters.
- 7.9 The key functions of the Marches Enterprise Partnership Joint Committee which will create the basis for its 'Terms of Reference' are:
- a) Set, monitor and review the programme for transfer of LEP responsibilities and existing programmes of activity across the Marches LEP area.
 - b) Agree 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 councils' economic plans/strategies.
 - c) To determine, as appropriate, to jointly fund or support ongoing work or any future initiatives
 - d) Ongoing oversight, monitoring and review of ongoing grants, assets, programmes or initiatives.
 - e) Keep under review, influence and align government and public investment in order to boost economic growth across the geography of the three councils.
 - f) Provide an annual report on the activities of the Joint Committee to the respective three partner councils.
 - g) Agree lead or accountable body status for any particular issue as necessary.
 - h) Review and (where all three Leaders are present) amend the Terms of Reference of the Joint Committee.

The final version of the Terms of Reference will be agreed by the Joint Committee pending further guidance from government.

8. Additional Information

- 8.1. Within the 4th August Government decision announcement 'technical details' were included that confirmed how government wishes local authorities to take responsibility for LEP related activities and assets before the 31st March 2024. Council Leaders (or nominated deputies) are engaging with the LEP Board in relation to this process.
- 8.2. At the time of report drafting various private sector LEP board members are expressing a desire for some form of continued commercial offer to the business community. Councils have been clear that governments intention is that all existing

resources and assets will transfer to the local authorities and consequently the Joint Committee will be negotiating any such arrangements, if desired on behalf of the partner councils.

9. Conclusions

- 9.1. Governments decision to empower councils and local leaders is consistent with the aims of the Levelling Up White Paper and is welcomed by the three councils.
- 9.2. Establishing a Joint Committee during autumn 2023 offers the opportunity to create a smooth and well managed transfer of assets and responsibilities in accordance with government guidance. It provides the basis for joint working and collaboration within a formal governance structure without impacting individual local authority working arrangements

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Local Member:

Appendices [Please list the titles of Appendices]

A - JOINT LETTER FROM COUNCIL LEADERS TO LEP CHAIRMAN; 1ST SEPT 2023

B - GOVERNMENT DECISION ON FUTURE OF LEPS: 4TH AUG 2023