

Agenda

Marches Joint Committee

Date: **Thursday 7 March 2024**

Time: **2.00 pm**

Place: **Conference Room 1 - Herefordshire Council, Plough Lane Offices, Hereford, HR4 0LE**

Notes: Please note the time, date and venue of the meeting.

For any further information please contact:

Henry Merricks-Murgatroyd

Tel: 01432 260239

Email: Henry.Merricks-Murgatroyd@herefordshire.gov.uk

If you would like help to understand this document, or would like it in another format or language, please call Henry Merricks-Murgatroyd on or e-mail in advance of the meeting.

Agenda for the Meeting of the Marches Joint Committee

Membership

Councillor Lee Carter (Named
Substitute for Councillor Shaun
Davies)

Councillor Jonathan Lester
Councillor Lezley Picton

Telford and the Wrekin Co-operative
Council

Herefordshire Council
Shropshire Council

Agenda

	Pages
GUIDE TO THE MARCHES JOINT COMMITTEE	
Committee details - Marches Joint Committee - Herefordshire Council	
THE NOLAN PRINCIPLES	5 - 6
1. APOLOGIES FOR ABSENCE	
To receive apologies for absence.	
2. DECLARATIONS OF INTEREST	
To receive any declarations of interest in respect of items on the agenda.	
3. TRANSFER AGREEMENT AND AGREEING THE TERMS OF REFERENCE	7 - 20
For the Marches Joint Committee to consider and approve the Marches Local Enterprise Partnership Transfer Agreement, following government's decision to transfer all LEP functions to Local Authorities from April 2024.	
4. BUSINESS REPRESENTATION	
5. ANY OTHER BUSINESS	
To receive any other items of business not included within the agenda.	
6. FUTURE MEETINGS	
To agree future dates of meetings.	

**The Seven Principles of Public Life
(Nolan Principles)**

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.



Marches Local Enterprise Partnership (LEP) Transfer Agreement

Meeting: Marches Joint Committee

Meeting date: Thursday 7 March 2024

Report by: Cabinet member corporate strategy and budget;

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

For the Marches Joint Committee to consider and approve the Marches Local Enterprise Partnership Transfer Agreement, following government's decision to transfer all LEP functions to Local Authorities from April 2024.

Recommendation(s)

That:

- a) **The Marches Joint Committee approve the Marches Local Enterprise Partnership Transfer Agreement;**

- b) The Marches Joint Committee delegate to the respective constituent Local Authority's Corporate Director for Economy and Environment/ Executive Directors:**
- i. To make any minor amendments in finalising and to sign the Transfer Agreement on behalf of their respective council,**
 - ii. To extend the Terms of Reference for the Joint Committee as set out in Appendix 1 to include determining arrangements for ongoing oversight and management of the transferring functions and projects**
 - iii. To enter into a further agreement to reflect that the benefit and obligations under the Transfer Agreement are shared equitably between the councils from the Transfer Date based on the principles in paragraph 10 of this report AND provides a framework for future collaboration for economic functions should the Joint Committee require it.**

Alternative options

1. To not agree the Transfer Agreement – following a government decision to transfer LEP functions to Local Authorities in 2023, the Marches LEP is due to cease operations at the end of March 2024. Failure to agree the Transfer Agreement would result in functions not being transferred, significantly disrupting services to businesses and leaving publically funded assets and contracts at risk. This option is not recommended.
2. Not to enter into the further agreement – due to the short time frame to avoid the risk of extended negotiations between the councils before the Transfer Agreement is signed, the benefit and obligations will fall on Shropshire only (being the accountable body and signatory to the Transfer Agreement). This has been agreed but on the expectation that a fair sharing of benefits and obligations will be agreed by the councils within 30 days of the Transfer Date.

Key considerations

3. The government announced on 4 August 2023 that it will no longer fund LEPs, with functions due to transfer to Local Authorities. Following this decision and a period of review, the Marches LEP Ltd Board have taken the decision to cease operations from the end of March 2024.
4. The Transfer Agreement sets out the legal framework for the transfer of functions, current schemes, staffing, pension obligations, existing grant funding contracts, and publically funded assets to the Local Authorities, with Shropshire Council remaining as the accountable body for all legacy arrangements. This includes the transfer of both benefits and obligations. The day that these transfers are intended is 12 March 2024 (Transfer Date).
5. In summary, as set out in schedule 3 of the Transfer Agreement, the following functions are due to transfer;
 - a. Marches Growth Hub – current government funded activity comes to an end in March 2024.
 - b. Marches Career Hub - current government funded activity comes to an end in August 2024. One member of staff will transfer to deliver services in this period as reflected in schedule 4.
 - c. Department for Business and Trade Key Account Management - current government funded activity comes to an end in March 2024

- d. Programme Management Function – Shropshire Council will continue as the accountable body for current grant funding contracts, which are primarily in the final output delivery phase.
6. There are no new known financial liabilities to the Local Authorities in relation to the Transfer Agreement. All costs related to the closure of the Marches LEP Ltd, including redundancies and pension liabilities, will be met by the company's existing reserves. Where functions are transferring with activity to be delivered post March 2024 such as the Careers Hub, grant funding remains in place to meet these costs. Shropshire Council remain the accountable body for grant contracts issued by the Marches LEP. The government has confirmed an allocation of up to £240,000 to accountable bodies, such as Shropshire Council, in 2024/25 to meet the on-going costs of LEP transition.
7. Schedule 5 of the Transfer Agreement details 5 'special projects' where delivery and or future income may be generated post the closure of the Marches LEP. The Marches Joint Committee will have a role in overseeing these projects and related income. The Transfer Agreement states '*The Transferee shall utilise all sums in such restricted account for the purpose of regional economic development in the Designated Local Authorities' Geographies*'. This will ensure any legacy funds will continue to support the local economy, building on the great outcomes delivered by the Marches LEP Board for years to come.
8. The current Terms of the Joint Committee are limited only to activities for the transfer of the functions and projects. They do not include post transfer. The recommendation is that the Joint Committee continues to oversee and manage these functions and projects until they, or the Joint Committee arrangement, has come to an end.
9. To ensure that the short timeline to wind up the LEP are met, efforts have focused on negotiations with the LEP. This has meant the benefit and obligations are transferred to Shropshire but with the expectation that the councils will document as soon as possible after the Transfer Date, a fair sharing of benefits and obligations based upon matters such as the area, use or reach of a particular scheme.
10. The principles of fair sharing will depend on the nature of the function/project. Clearly where the benefit is seen over multiple council areas the costs will be shared. A scheme that only benefits one council, means that council bears the cost. For example, a scheme such as Hereford Enterprise Zone clearly only has rights and obligations for Herefordshire only.
11. In addition, there are obligations on Shropshire by way of its status as Accountable Body. Where this continues, there will either need to be a transfer to relevant council of that status, sharing of responsibilities or ability for Shropshire to recover its costs.
12. The contract will also provide a contractual framework for future collaboration between the councils should the Joint Committee determine that it is required. This doesn't mean that the council's must discharge such functions through a Joint Committee but provides the flexibility in the future should it be desirable.

Community impact

13. In accordance with the Levelling Up White paper, Government have taken the decision to focus business engagement and support services at a local level, responding to the needs of local communities. Through these changes the three Local Authorities can ensure that business representation, engagement, functions, and any available funding (such as UK Shared Prosperity Funding) are aligned in meeting local needs.

14. The respective authorities Economic Plans recognise the need for co-ordinated business support, skills, educational and wider place services in order to achieve lasting growth.
15. Engaging and supporting businesses to enable growth, attracting new investment and the creation of higher value jobs, through working in partnership with existing local partnerships and the business community, is a priority for all three councils.

Environmental Impact

16. 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.
17. Each council has clear strategies for managing climate change and carbon reduction.

Equality duty

18. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
19. The transfer of functions from the Marches LEP to the councils will provide an opportunity to better respond to local needs, and ensure that services are available and accessible to all who would like to use them. Equality Impact Assessments will be undertaken on all successor services prior to transition/ launch.

Resource implications

20. As per para 5 above, there are no new financial liabilities to the three council's as a result of approving the Transfer Agreement. Only the Careers Hub function has on going operational activities required post transfer, which is fully grant funded until August 2024. Under the existing service level agreement between Shropshire Council and the LEP, Shropshire Council will continue to employ the related staff for this period.
21. Delivery of activities related to the other functions will depend on any new government funding, with details yet to be announced at the time of this decision. Therefore, budget implications for the delivery of these services will need to be considered by each respective Local Authority as future funding is known.
22. Herefordshire Council will provide governance support to the Marches Joint Committee until such time as longer term local governance arrangements are established. It is anticipated that the Joint Committee will meet bi-monthly over this period, requiring some minimal Herefordshire Council staff time in preparing for and minuting meetings.

23. Any costs related to the closure of Marches LEP Ltd will be met by their reserves, and overseen by a liquidator appointed by the LEP Board.
24. The Joint Committee will oversee any legacy contracts as defined in schedule 5 of the Transfer Agreement, ensuring funds are utilised for economic development activity in the former LEP area in accordance with the Transfer Agreement and any specific contractual arrangements in place. Shropshire Council, as the accountable body, will manage legacy contracts and the undertaking of any actions agreed by the Joint Committee.
25. Government have confirmed that LEP accountable bodies such as Shropshire Council will receive up to £240K in 2024/25 for their continued role in managing LEP transition arrangements.

Legal implications

26. The Transfer Agreement has been drafted in consultation with the legal teams from all three Local Authorities.
27. Although there are no new additional liabilities known at this time, an indemnity has been sought from the LEP in relation to pre-transfer activities of functions that transfer to the councils. This indemnity is sufficient on the presumption that sufficient funding exists within the LEP and will end once the LEP has been liquidated.
28. The appointment of a liquidator means that the Council's will need to liaise with the liquidator. The LEP has indicated that residual monies within the LEP (those remaining after the Transfer Date) will be used to fund liabilities, pay the liquidator and the intention would be to return those to the councils to be distributed in accordance with the articles of association.

Risk management

Risk / opportunity	Mitigation
Businesses encounter disruption in the delivery of functions previously delivered by the Marches LEP.	LEP and Local Authority officers are working closely to minimise the impact of the transition of functions on local businesses, as reflected in the Transfer Agreement. Although future government funding arrangements for functions such as the Growth Hub are unknown at this stage.
Contracted projects transferred from the LEP fail to deliver contract outputs.	The vast majority of project contracts that are due to be transferred have drawn down their grant and are in the project delivery stage. The Marches LEP Project Management and Risk Committee have undertaken an extensive review of contracted projects in preparation for transfer. As accountable body, Shropshire Council will manage the contracts post transfer, reporting to the Joint Committee. Appropriate management controls will be utilised should projects fail to meet their contracted requirements.
Costs related to the closure of the Marches LEP Ltd have to be met by the Local Authorities.	The three Local Authorities are not liable for any closure related costs, the Marches LEP is an independent business. The Transfer Agreement does not transfer any closure liabilities or costs to the three councils.

Consultees

A Political Group Consultation was held on the 27th February 2024. Those attending the consultation noted the significant contribution the Marches LEP has made through funding the county to date, although recognising the opportunity to further consider local Herefordshire needs through the government changes. Some concerns were raised regarding the council's capacity to deliver additional functions, particularly as future government funding for these activities is not currently known. All of those attending recognised the need for a managed transfer process through the Transfer Agreement in transferring the LEP functions as company closes.

Appendices

Appendix 1 – Terms of Reference for Joint Committee

Background papers

None

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 20/02/2024
Finance	Karen Morris, Judith Tranmer, Andrew Lovegrove	Date 27/02/2024
Legal	Sean O'Connor	Date 19/02/2024
Communications	Luenne Featherstone	Date 16/02/2024
Equality Duty	Harriet Yellin	Date 16/02/2024
Procurement	Carrie Deeley	Date 19/02/2024
Risk	Kevin Lloyd	Date 18/02/2024
Approved by	Ross Cook	Date 27/02/2024

Marches Joint Committee

TERMS OF REFERENCE

14 February 2024

1. Background

- 1.1 On the 4th August 2023 Government announced its decision to cease supporting LEP's by the end of March 2024 and to support Local authorities in taking those responsibilities on thereafter.
- 1.2 From April 2024, government will support local authorities to take on LEPs' functions as set out in the [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.
- 1.3 Government have stated it will provide revenue funding to local and combined authorities in 2024/25 to support them to deliver the functions currently delivered by LEPs. We do not know yet whether that will be through individual allocations or to partnership geographies. Details of this support are expected to be confirmed in due course. Funding beyond 2024/25 will be subject to future Spending Review decisions.
- 1.4 Within the technical guidance issued Government has made it clear that it expects those LEP functions previously carried out under current core funding agreements (business representation, strategic economic planning, and responsibility for delivery of specific government programmes where directed) to now be exercised by local authorities (working in collaboration with other local authorities as appropriate), or in areas where a devolution deal is not yet agreed.
- 1.5 The guidance is clear in that government expects LEP functions as set out in the March 2022 LEP integration guidance and currently required under LEPs' annual core funding agreements (business representation, strategic economic planning, and delivery of government programmes) to be exercised by the respective local authorities. Wherever possible, government expects local authorities to work together to deliver LEP functions within geographies (whole county geographies or functional economic areas with a minimum population of 500,000, in line with the geography principles set out in the Levelling Up White Paper). Shropshire, Herefordshire and Telford & Wrekin Councils have agreed that the most effective way to achieve this is through the establishment of a Joint Committee.
- 1.6 Government is encouraging local authorities to create or continue to engage with local business leaders and relevant representative bodies to (a) provide

the view of local businesses as part of regional decision making and (b) work with local leaders to create a broad economic strategy for the area.

2. Joint Committee Terms of Reference

- 2.1 The above guidance and any subsequent guidance from government will inform the operation and discharge of the roles and responsibilities of the Joint Committee established to manage the effective transition of functions from the Marches LEP.

Key Functions

- 2.2 The key functions of the Marches Enterprise Partnership Joint Committee are:

Transferred Projects & Programmes

- (a) Set, monitor and review the programme for transfer of LEP responsibilities and existing programmes of activity across the Marches LEP area.
- (b) 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 councils economic plans/strategies.
- (c) Ongoing oversight, monitoring and review of ongoing grants, assets, programmes, or initiatives until such time as they cease or are transferred.

New Projects & Programmes

- (d) Set, monitor and review new projects and programmes of economic responsibility delegated to the Joint Committee by the respective executives/cabinets of each council.
- (e) Agree the allocation of revenue and capital spend relating to the delivery of the new projects and programmes of economic responsibility.

in each case in respect to 2.2(d) and 2.2 (e) the use of such functions of the Joint Committee shall be strictly in accordance with the terms of the delegation from each executive/cabinet of a council.

Other functions

- (f) Keep under review, influence, and align government and public investment in order to boost economic growth across the geography of the three councils.

(g) Provide an annual report on the activities of the Joint Committee to the respective three partner councils.

(h) Agree lead or accountable body status for any particular issue as necessary.

(i) Review and only when all three Leaders or nominated lead portfolio holders are present at the meeting to amend the Terms of Reference of the Joint Committee.

Governance

- 2.3 The Joint Committee will comprise of one nominated elected representative from each local authority, this will either be the Leader or nominated lead portfolio holder. Each representative shall take it in turn to chair the meeting of the Joint Committee.
- 2.4 The quorum for the meeting shall be at least one nominated elected representative from each local authority.
- 2.5 It will operate on a one member, one vote principle, requiring a unanimous vote in making decisions. There shall not be a chairperson's casting vote.
- 2.6 The Joint Committee shall discharge its delegated powers within the respective budgetary and policy frameworks set by each of the constituent Councils.
- 2.7 The frequency of meetings shall be determined by the need to make decisions. This is expected to be more frequent in the first full year, but reducing as workload diminishes, funding programmes are fully closed and assets/liabilities discharged.
- 2.8 To support this approach the Joint Committee will be supported by a group of senior officers from each council, who will also receive delegations from the Joint Committee to discharge operational matters and those at a level not requiring committee approval.
- 2.9 A Joint Committee Member appointed in accordance with 2.3 shall nevertheless cease to be a Joint Committee Member when he or she ceases to be an Elected Member of the executive of the local authority by whom he or she is appointed.
- 2.10 Appointments should be notified formally in writing to the Democratic Services of Herefordshire by the nominated officer of each local authority

- 2.11 A substitute member shall only be entitled to attend, speak and vote as if an ordinary member of the Joint Committee where, at least one clear working day prior to the date of the meeting, notice has been given to the Democratic Services of Herefordshire that:
- (i) it is impracticable for the named ordinary member of the Joint Committee to attend a specified meeting;
 - (ii) the named substitute member will attend in place of the named ordinary member; and
 - (iii) the named substitute member is also a member of the executive and their local authority.

Overview & Scrutiny

- 2.12 Executive decisions made by the Joint Committee are subject to scrutiny by the constituent Councils' relevant Overview and Scrutiny Committee.
- 2.13 This includes the provisions for 'call in' and the right for an Overview and Scrutiny Committee under the Local Government Act 2000 to request that an Executive Decision made but not implemented be reconsidered by the decision-taker.
- 2.14 The processes and procedures for the exercise by the relevant Overview and Scrutiny Committee of their 'call-in' function shall be in accordance with the Constitutions of the relevant Council depending on which authority delegated the executive decision in question.
- 2.15 Each Council will notify the Democratic Services of the other Councils if a matter is called in.
- 2.16 Where no notification under 2.12 has been provided, then the decision of the joint committee shall be implemented on the sixth working day of the decision being made (not included the date of the decision).
- 2.17 The decision of the Joint Committee shall not be implemented by any Council until any 'call in' process has completed.

Democratic processes

- 2.18 Each Council will comply with its requirements in relation to publicity, agendas, access to information, decision making notifications and forward plans and will assist each other to ensure that democratic requirements and processes of each Council are adhered to.
- 2.19 Democratic support and hosting of the Joint Committee shall be performed by Herefordshire Council who shall provide electronic copies of all documentation provided to each Council's Democratic Services on publication.
- 2.20 Member and public questions and rights to address the Committee shall be in accordance with Herefordshire's adopted processes.
- 2.21 The Joint Committee shall have the delegated authority to change its processes to facilitate public transparency, engagement and more efficient discharge of functions.

2.22 Herefordshire Democratic Services shall be responsible for the production and compilation of the Joint Committee's agenda and minutes and shall provide services to the Committee

Aims of Joint Committee

2.23 During the transition phase the following workstreams of activity are to be established:

- i. Contracts & Programmes
- ii. Functions
- iii. Finance
- iv. People
- v. Data & information
- vi. Legal

2.24 These officer led workstreams will provide focused joint working forums to understand, plan and develop delivery plans and transfer arrangements. They will report to the Officer Board consisting of senior office representatives from each council, which will then act or report as necessary to the Joint Committee.

2.25 Each workstreams role is to:

- Share evidence to identify and agree the key objectives and shared agenda.
- Prioritise delivery of measures over the short, medium and long term.
- Develop programmes that help support a smooth transition from the LEP to the Joint Committee.
- Work as a collective to accelerate delivery and maximise investment and funding
- Work in tandem with the other workstreams to share delivery opportunities, innovation and learning.
- Sharing thinking and learning with the Senior Officers Board

2.26 Each workstream thematic group will be led by a different partner local authority to support the joint approach and shared ownership.

Member Code of Conduct and Interests

2.27 Members are bound by the Code of Conduct and requirements in respect to interests of their appointing Council.

2.28 Members shall disclose any dispensation in respect to their interests granted by their appointing Council

Term of the Joint Committee

- 2.29 A Council may give notice at any time to the other Councils to end the delegation of authority and decision making by the Joint Committee.
- 2.30 Subject to clause 3.1, any Member Authority may withdraw from membership by at least 30 days written notice in writing to that effect to Herefordshire Democratic Services

3. Funding of the Joint Committee

- 3.1 The Member Authorities shall defray the expenses of the Joint Committee in equal shares or such other share of costs as may be unanimously agreed between the Members from time to time provided special responsibility and attendance allowances and travel and subsistence costs relating to the attendance at meetings shall be borne by each Member Authority directly in respect of their own Joint Committee Members.
- 3.2 Contracts entered into in the name of the Joint Committee shall be the joint and several liability of all Member Authorities but where tenders or contracts are sought or entered into in the name of a requisitioning authority or body then the liability therefor shall be that of the requisitioning authority or body only.