

<b>MEETING:</b>	<b>CABINET</b>
<b>MEETING DATE:</b>	<b>31 July 2014</b>
<b>TITLE OF REPORT:</b>	<b>Marches Local Enterprise Partnership: Governance</b>
<b>REPORT BY:</b>	<b>Assistant Director, Governance</b>

## **Classification**

Open

## **Key Decision**

This is not a key decision.

## **Wards Affected**

County-wide

## **Purpose**

To approve governance arrangements for the joint exercise of executive functions in relation to the Marches Local Enterprise Partnership (the LEP).

## **Recommendations**

### **THAT:**

- (a) the establishment of a joint committee to exercise executive functions in relation to the Marches LEP be established;**
- (b) The proposed constitution for the joint committee, as outlined at appendix 1, be approved; and**
- (c) Herefordshire Council provide governance support for the LEP joint arrangements.**

## **Alternative Options**

- 1 Executive decisions could continue to be taken, as currently, by each council separately through their respective governance processes. This option is not recommended as it adds unnecessary bureaucracy and potential delay to decision-making by duplicating process and crucially does not meet the expectation set nationally that authorities must demonstrate how they are operating together to make

best use of shared resources and act collectively in the best interests of the LEP area.

## **Reasons for Recommendations**

- 2 To ensure efficiency, openness, and transparency of decision-making in relation to the LEP.

## **Key Considerations**

- 3 The Marches LEP is an informal, business sector led private/public sector partnership, tasked with creating the conditions for economic vitality and sustainable employment across this diverse region.
- 4 The work of the LEP is directed by a board which provides the strategic lead and is responsible for setting the overall strategy for growth including: the development of its strategic economic plan priorities; oversight and endorsement of strategic projects; and monitoring of expenditure and output performance for the programme of work. The board is chaired by one of the area's business leaders and board members are drawn from the areas' three business boards, the skills sector, business champions from across the LEP area, and the Leaders of the three unitary councils.
- 5 As an informal partnership the LEP has no legal entity and therefore one of the three councils (Shropshire) acts as accountable body.
- 6 Nationally there is an expectation that the involvement and engagement of the relevant local authorities, and in accordance with their community leadership role, will ensure there remains democratic accountability around decision-making regarding use of public funds. To ensure that this is delivered in the most efficient way possible it is proposed that this is secured in the Marches by the establishment of an executive joint committee to which each of the three executives delegate authority to take decisions regarding strategic economic policy for the LEP area, and use of public funding to support those priorities.
- 7 A draft constitution for such an executive joint committee is attached at appendix 1. Each of the three councils involved is seeking similar approval to this arrangement in accordance with their respective decision-making processes.
- 8 It is proposed that, to provide some balance to the overall workload across the three authorities, Herefordshire Council will take the lead in relation to governance and will therefore act as 'host' for this joint committee and provide relevant governance support.
- 9 To provide context for how such an executive joint committee fits within the overall LEP governance, attached at appendix 2 is the LEP governance structure.

## **Community Impact**

- 10 The council's corporate plan includes the priority to support economic growth and connectivity, and engagement with the LEP is one of the mechanisms for achieving this. In addition the council is committed both to making best use of the resources available to meet the council's priorities and to maintaining openness and accountability for decision-making. The recommendations are in support of these objectives.

## **Equality and Human Rights**

- 11 There are no equality and human rights implications arising from the proposal.

## **Financial Implications**

- 12 There are minimal financial implications arising from the proposals; member costs incurred in attending meetings will be covered by the respective authorities' schemes of allowances. Costs of governance support to the joint committee will be met from central LEP budgets. The delegation of authority to a joint committee does not of itself commit any funding.

## **Legal Implications**

- 13 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.
- 14 In the absence of an established joint scrutiny committee, decisions of the joint committee will remain subject to call in under each of the delegating authorities' respective call in procedures.

## **Risk Management**

- 15 Should governance arrangements not be robust and transparent there is a risk that the reputation of any or all of the participating authorities will be damaged. There is also a significant risk that if there are not clear arrangements for ensuring democratic accountability in the decision-making relating to allocation of public funding the Marches LEP will not secure central government funding.

## **Consultees**

- 16 The Marches LEP Board has confirmed its support for this proposal to ensure timely decision-making and accountability.

## **Appendices**

Appendix 1 - Draft Joint Executive Committee Constitution

Appendix 2 – Marches LEP Governance

## **Background Papers**

- None identified.