

Marches Enterprise Joint Committee	
Meeting date:	19 March 2019
Title of report:	Future of the Marches Enterprise Joint Committee (MEJC)
Report by:	Director, Marches LEP

Classification

Open

Decision type

This is not a key decision.

Purpose and summary

1. To outline the changes that are taking place to the way the Marches LEP must be governed from 1 April 2019. The changes are required to bring the LEP into line with the outcomes of the national review of LEPs undertaken by the Ministry of Housing Communities and Local Government (MHCLG) in 2017/18
2. To remind members of the Marches Enterprise Joint Committee (MEJC) the reasons why the MEJC was formed in early 2015 and its Terms of Reference
3. To seek views from MEJC members on whether they wish to close the Committee because of the changes in governance the Government is imposing on LEPs

Recommendation(s)

THAT:

- (a) **subject to confirmation of the Marches LEP Board support for the new governance arrangements required by government agreement is given to:**
 - **the establishment of the Marches LEP as a private company limited by guarantee; and**
 - **the Marches Joint Executive Committee ceasing to operate with effect from 31 March 2019**

Alternative options

1. There are no alternative options.
2. As set out in the report “Strengthened Local Enterprises” issued in July 2018 by the Ministry of Housing, Communities and Local Government (MHCLG) Government required that every LEP adopt a legal personality. See Appendix 1. It also stated that LEPs must abide by the laws and regulations that apply to the legal entity that it adopts. Because of this the LEP Board proposed to MHCLG in October 2018 that it become a Company Ltd by Guarantee by 1 April 2019 at the latest, which most other LEPs have either already adopted or will be doing so by the given deadline. MHCLG have agreed to this approach and the LEP has appointed a solicitor who is drawing up the Articles of Association for the new company and registered the LEP company with Companies House on 12 February 2019.
3. MHCLG issued to all LEPs and Mayoral Combined Authorities in January 2019 a new National Assurance Framework, which sets out in detail the new governance requirements that LEPs must comply with. In this document it states” the LEP Board is the LEP’s ultimate decision-making authority”. This document also states “The LEP should ensure that there are Local Authority representatives on the LEP Board to ensure democratic accountability and provide local intelligence.”
4. The Marches LEP draft Articles of Association which will be considered at the LEP Board on 19 March 2019 state that the three local authorities will, as per the current LEP Board Terms of Reference, each have a seat on the Board of the new company (as Members and Directors) and that the quorum for the transaction of business at a meeting of directors is any seven Eligible Directors, which must include five Private Sector Directors and two Public Sector Directors. It is also proposed that there is a clause in the Articles that requires the LEP to consult the three local authorities on strategic issues. This matter is being considered at the LEP Board on 19 March 2019.

Key considerations

5. In May 2015 the three Local Authorities that operate in the Marches LEP area set up the Marches Enterprise Joint Committee. Its purpose was to: -
 - a) Set, monitor and review objectives and priorities for strategic economic investment across the Marches LEP area.
 - b) Agree allocation of Marches LEP revenue and capital spend that is under the control of the LEP Partnership Board and relating to the delivery of the LEP Strategic Economic Plan.
 - c) Agree Marches LEP capital expenditure programmes relating to the delivery of the LEP Strategic Economic Plan, and ensure policy and programmes are delivered effectively.
 - d) Agree Major Transport Scheme funding allocation in line with the LEP Strategic Economic Plan.
 - e) Ensure alignment between decision making regarding achievement of the Marches Strategic Economic Plan and decisions on other related areas of policy such as land use, transportation and wider community and economic regeneration.

- f) Influence and align government and public investment to boost economic growth within the Marches LEP area.
 - g) Provide an annual report on the activities of MEJC to the three partner councils.
 - h) Agree lead or accountable body status for any issue as necessary.
 - i) Review and (where all three Leaders are present) amend the Terms of Reference of the MEJC.
6. A copy of the Terms of Reference for the Committee is at Appendix 2
7. The Marches LEP Director has since Autumn 2018 had meetings with the Local Authority Monitoring Officers and Heads of Economic Development to consider the implications of the required changes in LEP governance for the Local Authorities. The most recent meeting on 27 February 2019 concluded that: -
- a) The LEP Director would prepare a paper for the MEJC on 19 March 2019 setting out the issues and seek the Committee Member's views on whether they wished to continue MEJC;
 - b) That a clause would be developed for inclusion in the LEP's Articles of Association for the new Company Ltd by Guarantee which would set out the strategic issues the LEP Board would be required to consult the three local authorities on; and
 - c) That the LEP would be invited twice a year to attend Scrutiny at each of the three Councils to report on performance and future investment plans in the Marches.

Resource implications

8. The Marches LEP currently funds Herefordshire Council to manage the secretariat for MEJC meetings. If the MEJC meetings do not continue there would be a saving for the LEP. The LEP has been provided with funds in 2018/19 financial year from MHCLG to pay for the cost of setting up the new company including preparing the Articles of Association.

Legal implications

9. MEJC was established as a joint committee by Herefordshire, Shropshire and Telford and Wrekin councils to carry out certain functions. As these functions will now be carried out by a limited company there is no reason for the joint committee to continue.
10. The three councils will continue to have involvement in the Marches LEP by their membership and director appointment. The company articles will also make it a requirement that the three council leaders are consulted on key strategic issues.
11. All three councils are able to scrutinise the work of the Marches LEP via their general scrutiny committees.

Risk management

12. To ensure democratic accountability for the work of the LEP and its investment decisions the Articles of Association for the new LEP company will include the requirement that the three Local Authorities will each have a seat on the Board.

13. To ensure the three local authorities are given the opportunity to be consulted on strategic issues that the LEP is considering a clause would be developed for inclusion in the Articles of Association for the new Company Ltd by Guarantee

Appendices

Appendix 1 - MHCLG document of July 2018 "Strengthening Local Enterprises"

Appendix 2 - MEJC Terms of Reference

Appendix 3 – Draft articles of association

Background papers

None identified