

**Report of the City Solicitor**

**Report to the Executive Board**

**Date: 18 March 2015**

**Subject: LCR Governance arrangements**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

- 1 The West Yorkshire Combined Authority (WYCA) is not currently represented on the Leeds City Region (LCR) Leaders' Board, a joint committee appointed by authorities within the LCR to discharge economic development and regeneration functions. This will pose operational difficulties from 1 April 2015, when the WYCA will begin to act as the principal accountable body for funding relating to LCR economic development and regeneration activities.
- 2 In its current capacity as the accountable body Leeds City Council has entered into agreements with third parties. Some of these agreements run beyond 31 March 2015.
- 3 The LCR Leaders' Board at its meeting on 12 December 2014 considered a report setting out options relating to LCR governance arrangements, and endorsed a proposal to dissolve the LCR Leaders' Board on 31 March 2015, and for the WYCA to establish an advisory LCR Partnership Committee.
- 4 The WYCA at its meeting on 29 January 2015 resolved to appoint a LCR Partnership Committee to be established from 1 April 2015, with the terms of reference set out in the attached appendix A to this report. Its functions include acting as a consultative forum and advising the WYCA on its role as accountable body for funding received for the Leeds City Region.
- 5 In view of the operational difficulties referred to above, and given that the WYCA have resolved to appoint a LCR Partnership Committee, this report proposes that

the Executive Board resolves to dissolve the LCR Leaders' Board with effect from 31 March 2015. It is also proposed that the Deputy Chief Executive is given authority to determine which contracts and other assets should transfer to the WYCA, and the City Solicitor is given authority to take the further necessary steps to dissolve the Leaders' Board, including the transfer of related assets and agreements.

## **Recommendations**

6 The Executive Board are asked to:

6.1 note that the LCR Leaders' Board endorsed the proposal to dissolve the LCR Leaders' Board on 31 March 2015, and that the WYCA has resolved to appoint a LCR Partnership Committee to be established on 1 April 2015

6.2 agree to dissolve the LCR Leaders' Board on 31 March 2015

6.3 delegate authority to

- the Deputy Chief Executive in his capacity as S151 Chief Finance Officer, to determine which contracts and other assets should transfer to the WYCA, and which should remain with Leeds City Council, and
- the City Solicitor to take all necessary steps to dissolve the LCR Leaders' Board, including such steps as may be required to implement the decision of the Deputy Chief Executive in relation to any such transfer, novation or assignment.

## **1 Purpose of this report**

1.1 To seek approval to

- dissolve the Leeds City Region (LCR) Leaders' Board on 31 March 2015, and
- delegate authority to the Deputy Chief Executive and to the City Solicitor in relation to associated matters.

## **2 Background information**

2.1 The LCR Leaders' Board was established in 2007 as a joint committee to carry out economic development and regeneration wellbeing functions across the LCR.

2.2 Eleven authorities are represented on the LCR Leaders' Board. These are Barnsley Metropolitan Borough Council, City of Bradford Metropolitan City Council, Borough Council of Calderdale, Craven District Council, Harrogate Borough Council, Kirklees Metropolitan Council, Leeds City Council, North Yorkshire County Council, Selby District Council, City of Wakefield Metropolitan District Council and City of York Council.

2.3 Leeds City Council is the support services authority for the LCR Leaders' Board, and acts as the accountable body for grants and loans made through the Leaders' Board.

2.4 The West Yorkshire Combined Authority (WYCA) was established on 1 April 2014, with concurrent economic development and regeneration functions to those of the West Yorkshire authorities.

## **3 Main issues**

3.1 The WYCA is not represented on the LCR Leaders' Board. Therefore, there is no direct mechanism for the LCR Leaders' Board to delegate to WYCA officers, nor for the WYCA to act as the support services authority for the LCR Leaders' Board. This will present major operational difficulties from 1 April 2015 when

- officers currently employed by Leeds City Council and sitting within the LCR team will be transferring to the WYCA and
- the WYCA will become the principal accountable body for relevant LCR funding streams to be received from central government.

3.2 In addition, central government have issued consultation about a Legislative Reform Order (LRO), which may prompt a review of the WYCA geographical area.

3.3 On 12 December 2014, the LCR Leaders' Board received a report outlining the following options for developing LCR governance arrangements for the financial year 15/6 :

- Option 1: to expand the LCR Leaders Board to include the WYCA, with the WYCA being represented by the LEP Chair.
- Option 2: to dissolve the Leaders' Board, and for the WYCA to appoint an LCR Partnership Committee.

3.4 The LCR Leaders' Board endorsed option 2, and (subject to each authority resolving to dissolve the LCR Leaders' Board), delegated authority for approving the joint committee's accounts for 2014/5 to Leeds City Council, as its support services authority.

### **The LCR Partnership Committee**

3.5 The WYCA at its meeting on 29 January 2015, resolved to appoint a LCR Partnership Committee to be established from 1 April 2015. The LCR Partnership Committee is an advisory committee to the WYCA, not a joint committee (although its membership reflects the whole LCR). The LCR Partnership Committee will provide a forum for bringing together representatives from LCR authorities, and facilitate direct collective engagement with the WYCA, the key local authority supporting the LCR Enterprise Partnership, (the LCR LEP), as its accountable body.

3.6 The governance arrangements for the new committee are set out in the report considered by the WYCA. The terms of reference for this committee are attached for information to this report as Appendix A.

3.7 That report also sets out the appointments to the LCR Partnership Committee by the WYCA. Members should note that Councillor Wakefield has been appointed to the LCR Partnership Committee (in his capacity as WYCA Member).

3.8 Recommendations made by the LCR Partnership Committee (for example, to approve funding for specific projects) may be referred to the WYCA, or implemented under WYCA officer delegated authority. Such decisions of the WYCA will not generally need to be subsequently endorsed by all LCR authorities, since such decisions will be made by the WYCA in its capacity as accountable body for the LCR LEP.

3.9 However, an individual LCR authority receiving funding for an approved project may also need to resolve to enter into the specific funding agreement with the WYCA. For efficiency, it is anticipated that an appropriate Director will approve any such matter, (that is, further to any recommendation of the Leeds City Region Partnership Committee), under their existing delegated authority.

### **Transfer of Leaders' Board assets/accountable body responsibilities**

3.10 The LCR Leaders' Board agreement may be determined or varied on 31 March in any year. Any agreement to dissolve or vary the LCR Leaders' Board must set out the terms for doing so, including how its assets, liabilities and obligations will be dealt with.

- 3.11 Leeds City Council, as support services authority to the LCR Leaders' Board, is currently the accountable body for LCR funding, both in terms of grant agreements received from central government, and delivery, grant or loan agreements entered into behalf of LCR authorities with third parties. Some of these agreements will run beyond 31 March 2015.
- 3.12 If the LCR Leaders' Board is dissolved, given that the WYCA will be taking over the role as accountable body for LCR funding, it is proposed that (subject to the agreement of any necessary parties, and due diligence enquiries), most of these agreements (and the assets to which they relate, such as loans) should be novated or assigned to WYCA so that Leeds City Council's responsibilities are transferred to the WYCA. Any other outstanding assets held by the LCR Leaders' Board at 31 March 2015 will need to be allocated between Leeds City Council (to support LCR commitments for which it retains responsibility) and the WYCA in respect of LCR activities.
- 3.13 It is therefore proposed that
- the Deputy Chief Executive in his capacity as S151 Chief Finance Officer, has delegated authority to determine which contracts and other assets should transfer to the WYCA, and which should remain with Leeds City Council, and
  - the City Solicitor be authorised to take all necessary steps to dissolve the LCR Leaders' Board, including such steps as may be required to implement the decision of the Deputy Chief Executive in relation to any such transfer, novation or assignment.

#### **4 Consultation and Engagement**

- 4.14 The LCR Leaders' Board have endorsed the proposal for the LCR Leaders' Board to be dissolved.

#### **4.15 Equality and Diversity / Cohesion and Integration**

- 4.15.1 There are no implications arising.

#### **4.16 Council policies and City Priorities**

- 4.17 Ensuring that LCR governance arrangements are fit for purpose will help Leeds City Council deliver its Best Council Plan objective to promote sustainable and inclusive economic growth.

#### **4.18 Resources and value for money**

- 4.18.2 The LCR Leaders' Board agreement sets out the basis for calculating contributions from each LCR authority towards LCR economic development and regeneration revenue costs. If the LCR Leaders' Board is dissolved, contributions will be made directly to the WYCA, to support its LCR economic development and regeneration activity, as provided for by the WYCA Order.

#### **4.19 Legal Implications, Access to Information and Call In**

- 4.19.1 Each authority represented on the LCR Leaders' Board must resolve to dissolve or vary the LCR Leaders' Board arrangements in accordance with its own constitutional arrangements.
- 4.19.2 If the LCR Leaders' Board is dissolved, for technical reasons, the current Business Rates sub-committee of the LCR Leaders' Board would have to be re-appointed as a joint committee by the authorities in the business rates pool, including Leeds City Council. Leeds City Council would remain as the lead authority. See next item on this agenda.
- 4.19.3 Similarly, the partnership agreement relating to the LCR Revolving Investment Fund (RIF) currently requires the LCR Leaders' Board to authorise applications to proceed to the detailed due diligence stage. If the LCR Leaders' Board is dissolved, the partners to the agreement would need to amend the agreement to provide for alternate provisions. This aspect of the RIF arrangements would therefore be subject to review in due course.
- 4.19.4 The proposals do not affect the governance arrangements of the LCR LEP itself, nor how the authority is represented on the LCR LEP Board.
- 4.19.5 This decision is not open for call-in, since the proposal is for the Leaders' Board to be dissolved on 31 March 2015, so that the new arrangements are in place for the new financial year.

## **4.20 Risk Management**

- 4.21 The proposals ensure that LCR governance arrangements continue to be fit for purpose, in evolving circumstances.

## **5 Conclusions**

- 5.1 For the reasons set out in paragraph 3 above, it is not tenable to retain current LCR Leaders' Board arrangements as they are.
- 5.2 It is important that there is a framework for decision making across the LCR. However, resources invested in re-establishing joint committee arrangements may be disproportionate to the length of time such arrangements may be in place, given the likelihood of a LRO in the near future.
- 5.3 Dissolving the LCR Leaders' Board would streamline LCR decision making, and the proposal to do so should be considered in the context of the new LCR Partnership Committee which brings together representatives from LCR authorities, and will facilitate direct collective engagement with LCR issues.

## **6 Recommendations**

- 6.4 The Executive Board are asked to:
  - 6.4.1 note that the LCR Leaders' Board endorsed the proposal to dissolve the LCR Leaders' Board on 31 March 2015, and that the WYCA has resolved to appoint a LCR Partnership Committee to be established on 1 April 2015

6.4.2 agree to dissolve the LCR Leaders' Board on 31 March 2015

6.4.3 delegate authority to

- the Deputy Chief Executive in his capacity as S151 Chief Finance Officer, to determine which contracts and other assets should transfer to the WYCA, and which should remain with Leeds City Council, and
- the City Solicitor to take all necessary steps to dissolve the LCR Leaders' Board, including such steps as may be required to implement the decision of the Deputy Chief Executive in relation to any such transfer, novation or assignment.

## **7 Background documents<sup>1</sup>**

7.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.