

**Report of the Assistant Chief Executive (Customer Access and Performance)**

**Report to Corporate Governance and Audit Committee**

**Date: 9 November 2011**

**Subject: Leeds City Region: Local Enterprise Partnership Governance**

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 Leeds City Region Partnership has been in existence since 2004 and formally constituted as a Joint Committee in 2007.
2. The Local Enterprise Partnership Board (LEP) was established in February 2011 and has been meeting since April 2011.
3. Following legal counsel advice, it was agreed that the LEP should have an advisory role but the formally constituted Joint Committee should remain as the decision making body for the Leeds City Region Partnership.
4. Leeds City Council is the “support authority” for the Leeds City Region Partnership and is responsible for making sure that it operates in accordance with its agreed procedures and protocols.

5. Should the LEP status change to become legally incorporated, it would be necessary to re-visit the current governance arrangements. However, at this stage, legal incorporation is not proposed.
6. Given the dynamic and fast moving nature of the work associated with the Leeds City Region Partnership, it is accepted that a review of how its governance arrangements are managed may be advisable to make sure that they remain fit for purpose.

## **Recommendations**

Members of the Corporate Governance and Audit Committee are asked to:

1. Note the contents of the report, particularly the relationship between the City Region Joint Committee and the LEP Board.
2. Ask for further reports once the future legal status of the LEP has been determined.
3. Give further consideration as to how governance arrangements are managed

## **1 Purpose of this report**

- 1.1 To set out the current governance arrangements for the Leeds City Region Partnership, in particular, the current relationship between the formally constituted Joint Committee and the recently established Local Enterprise Partnership (LEP) Board
- 1.2 To give further consideration to the current arrangements for managing the governance of the Leeds City Region Partnership

## **2 Background information**

- 2.1 The eleven local authorities that cover the geography of the Leeds City Region began formally working together in 2004. At this time the Leeds City Region Partnership was bound together through a voluntary concordat. This was formalised in 2007 with the creation of a Joint Committee of the eleven local authorities and an associated agreement. Leeds City Council is the designated “support authority”.
- 2.2 In 2009, the partnership was awarded Forerunner status by the previous Government, which brought with it some devolved responsibilities, particularly in relation to decision-making on housing investment.
- 2.3 In 2010 the partnership was invited by the Coalition Government to submit a bid to become a Local Enterprise Partnership (LEP), following the announcement that the English Regional Development Agencies were to be abolished.
- 2.4 In September 2010, the partnership received confirmation that its bid had been successful and work began to advertise for and recruit private sector board members. This process was completed in February 2011 and a total of nine private sector representatives were appointed to join eight of the eleven leaders on the LEP Board.
- 2.5 The LEP has been meeting every four weeks since April and recently launched its Strategic Economic Plan, which sets a number of economic objectives and targets.

### **2.6 Main issues**

- 2.7 The Leeds City Region Leaders Board is a legally constituted Joint Committee under sections 101 and 102 of the Local Government Act of 1972. Each of the eleven constituent local authorities empowers this board “to discharge on their behalf the power to promote and improve the economic well being of the Leeds City Region, including functions as determined by the constituent local authorities”.
- 2.8 To date, the government has indicated that it will not be passing primary legislation for the formal constitution of LEPs. As such, LEPs will not be statutory bodies, and therefore will be limited in their ability to take decisions.
- 2.9 As the support authority, Leeds City Council took legal counsel advice about the status of LEPs in order to inform the development of an appropriate governance framework in advance of the LEP Board being formally established.

- 2.10 This advice concluded, “that it does not appear to be possible to establish a LEP having powers to take decisions in the exercise of the functions of the local authorities and of the Integrated Transport Authority in the Leeds City Region within the powers as they now exist of those bodies. The most that may be achieved ...would be to create an advisory committee”.
- 2.11 The Joint Committee, therefore, agreed that initially the LEP Board should be accountable to it and determined that the board be required to prepare a Strategic Economic Plan, which would be recommended to it for approval. It was further agreed that the LEP Board would be expected to work flexibly with the Joint Committee to commission activity against the agreed plan and report back at the end of the year against the outcomes set out in the plan. This is shown diagrammatically in Appendix 1.
- 2.12 Until such time that the legal status for the LEP should change, these arrangements will remain in place to provide governance to the partnership.
- 2.13 As the support authority, Leeds City Council provides the secretariat and other support functions to the Leeds City Region Partnership. The secretariat comprises 14 staff, the core team consists of 8 Leeds City Council employees, with a further 6 officers seconded from other local authorities or regional bodies on a flexible basis to undertake specialist roles or deal with peaks in the workload . Other functions are also provided by the council as set out in the Joint Committee Agreement which can be found at Appendix 2 of this report.
- 2.14 Acting in the role of support authority, the council’s governance arrangements have been adopted where this has been deemed to be appropriate to complement those set out within the Leeds City Region Joint Committee Agreement, procedures and protocols.
- 2.15 Appendix 3 sets out the outcomes of the self-review of governance arrangements overseen by the council’s Corporate Governance Team in September 2010. This exercise, whilst indicating compliance with the Partnership, did highlight some areas where further work was required. In particular, the led to the creation of a Risk Register for the Leeds City Region, which has been developed with eth Leeds City Council Risk Management Team.
- 2.16 As the activities of the Leeds City Region Partnership grow increasingly, the Corporate Governance and Audit Committee clearly needs to satisfy itself that all governance arrangements are flexible yet robust and comply with agreed procedures and protocols. With ever-increasing demands being placed on the secretariat team located within the council’s Regional Policy function (PPI), it is suggested that a review of how the management of governance for the city region be executed in future.

### **3.0 Corporate Considerations**

#### **3.1 Consultation and Engagement**

3.2 The Leeds City Region Partnership has consulted on its governance arrangements and on the outcomes and targets set out within the Strategic Economic Plan through its constituent local authorities, governance structures, advisory panels, and with other public, private and third sector organisations through a Summit held in September 2011 hosting over 700 delegates. The output from such consultation activities will inform the action plans to be developed in order to achieve the outcomes and targets set out within the Strategic Economic Plan.

#### **3.2 Council Policies and City Priorities**

3.3 While the Leeds City Region Strategic Economic Plan promotes the delivery of joint activity at a sub-regional spatial level, its intent is also to contribute towards the city's priorities set out within the Vision for Leeds 2011 to 2030 and the City Priority Plan 2011 to 2015 and their collective contributions to achieving the ambition to become "the best city in the UK". It is acknowledged that more work needs to be done to make explicit the connection between city-wide and city region plans and partnerships.

#### **3.4 Resources and Value for Money**

3.5 The Leeds City Region budget comprises contributions from all eleven constituent local authorities together with various external Central Government Funding Streams bringing its total activity budget to around £1.4 million.

3.6 As well as providing office space for the secretariat function as the support authority, Leeds City Council also contributes £200,000 to the overall budget.

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

3.2 All Joint Committee papers are made available to the public a week in advance of the meeting via the Leeds City Region Website, [www.leedscityregion.gov.uk](http://www.leedscityregion.gov.uk). Joint Committee meetings are held in public and provision is made for the public and press to attend meetings.

3.9 All Leeds City Council Members are alerted by Governance services when the Joint Committee papers are available.

#### **3.10 Risk Management**

3.11A comprehensive risk register has been created (2.15) and is regularly monitored during secretariat team meetings and has been reported to the Joint Committee.

## 4 Conclusions

4.1 The Leeds City Region Partnership continues to evolve as it responds to the national policy environment. It is governed by a formally constituted Joint Committee comprising the leaders of its eleven constituent local authorities. The partnership has recently been approved by government to establish a Local Enterprise Partnership (LEP) to bring forward a private sector-led dimension into the work of the partnership. A LEP Board was established in February 2011 comprising nine private sector representatives and eight local authority leaders. The status of the LEP Board relative to that of the Joint Committee is that of an “advisory” panel, the formally constituted Joint Committee remaining as the accountable body

4.2 Leeds City Council acts as the support authority to the partnership providing secretariat and other functions. In part, these arrangements seek to make sure that appropriate, flexible yet robust governance arrangements are in place in accordance with the council’s own procedures and protocols as well as those developed by the Joint Committee. So as to satisfy itself that governance management arrangements remain fit for purpose given the fast-changing nature of the city region agenda, the committee may wish to consider a review of such arrangements. Recommendations

5.1 Members of the Corporate Governance and Audit Committee are asked to:

- Note the contents of the report, particularly the relationship between the City Region Joint Committee and the LEP Board.
- Ask for further report once the future legal status of the LEP has been determined.
- Give further consideration as to how governance arrangements are managed.

## 5.0 Background documents

### Background Documents Used

Leeds City Region Leaders Board, Joint Committee Agreement April 2007

Leeds City Region Leaders Board, Procedures and Protocols (2011/12), June 2011

Leeds City Region Local Enterprise Partnership Plan (draft), September 2011

Leeds City Council, Governance Checklist for Significant Partnerships, April 2010

Leeds City Council, Advisory Note for Directors: Partnership Governance, April 2011