



## Lancashire Enterprise Partnership Limited

**Private and Confidential: NO**

**Date:** Tuesday, 8 December 2020

### LEP Joint Scrutiny Committee

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#### Executive Summary

This report is regarding the requirement for the Lancashire Enterprise Partnership to have in place Joint Scrutiny arrangements in accordance with Government guidance and requests that authority be delegated to the LEP Chief Executive Officer to finalise the Terms and Conditions of a LEP Joint Scrutiny Committee for Lancashire with the Accountable Body and the Local Authorities in Lancashire.

#### Recommendation

The Lancashire Enterprise Partnership Board are asked to delegate authority to the LEP Chief Executive to:

- (i) Finalise the Joint Scrutiny Committee Terms of Reference, seeking approval from the LEP Accountable Body and by Lancashire Leaders.
- (ii) Identify an Independent Chairperson in agreement with the LEP Accountable Body and Lancashire Leaders; and
- (iii) Liaise with the LEP Company Secretary to arrange the first meeting of the new Joint Scrutiny Committee by the end of March 2021.

## Background and Advice

### National Framework Requirements for LEPs

In January 2019 Government published a new National Local Growth Assurance Framework which applies to all Local Enterprise Partnerships in England.

The National Local Growth Assurance Framework is underpinned by "The Seven Principles of Public Life" (The Nolan Principles) and all LEPs should comply with the spirit of the principles.

One of the seven principles is regarding accountability and, as LEPs are considered to be utilising public funding, holders of public office (in this case the LEP) are



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

### **Scrutiny Arrangements – Requirement for LEPs**

The National Framework states that LEPs should agree with their Accountable Body the appropriate scrutiny arrangements to ensure that decisions (taken by LEPs) have the necessary independent and external scrutiny in place.

In addition to any agreed internal scrutiny arrangements within the LEP, the LEP should participate in relevant Local Authority scrutiny arrangements to guarantee the effective and appropriate democratic scrutiny of their investment decisions. LEPs should ensure this engagement by either:

- making an open offer to attend Local Authority Scrutiny Committees in their area and attending when requested; this will enable democratic scrutiny to take place when required and enable LEP decision makers to be held to account;
- creating a joint Local Authority Scrutiny Committee, comprised of all Local Authorities from the LEP area, who meet to scrutinise and examine LEP decisions; or
- creating a joint Scrutiny Committee which comprises of all Local Authorities from the LEP area and relevant representatives that can provide scrutiny from a business perspective, who meet to scrutinise and examine LEP decisions.

These arrangements should be clearly set out in the LEP Assurance Framework and on the LEP website. An update on these arrangements should be included in the annual performance review statement from the LEP Chief Executive and Chair.

### **Purpose of LEP Scrutiny**

All LEPs must report to Government via the Ministry of Housing, Communities and Local Government (MHCLG) and Department for Business, Energy and Industrial Strategy (BEIS) via its Cities and Local Growth Unit (CLGU), through this process LEPs are monitored and regulated, ensuring compliance with Government requirements and are subject to annual performance reviews. This should be seen as a moderation / regulation role.

LEP Scrutiny serves a different, but similarly important role, which is to provide locally elected members, elected by the public to serve their local communities, the opportunity to scrutinise the work of LEPs on behalf of the areas constituents.

The principal purpose of Scrutiny is to influence the policies and decisions made in relation to the delivery of services undertaken using public funding, in this case by LEPs. A scrutiny committee should gather evidence on issues affecting local people and make recommendations to the LEP based on its findings.



A scrutiny process provides an opportunity to investigate any issue which affects the local area or the area's inhabitants. However, effective scrutiny work relies on 'soft' influencing power, as the committee has no formal power to compel changes.

For this reason, it is important to think about how the scrutiny process can be used to build a positive working relationship with those who are the subject of scrutiny's recommendations.

### **Effective Scrutiny**

For scrutiny to be effective it should be seen in the role of a 'critical friend' to the LEP and it is important to identify areas where decisions could be improved and how to prevent mistakes being made or repeated.

It is important to emphasise that the focus should be on forward thinking and making positive changes, rather than seeing the role of scrutiny as negative or primarily being one of apportioning blame such an approach will help to foster positive and constructive relationships between scrutiny, local councillors, LEP directors and officers.

The purpose of scrutiny is ultimately to improve the lives of local people through improved public services.

### **Joint Scrutiny Committee for Lancashire's LEP – Progress to date**

On the 9<sup>th</sup> September 2019 a report was presented, and approved by the Lancashire Leaders Group for the Lancashire Enterprise Partnership to pursue the third option within the Government Framework – to create a joint Scrutiny Committee comprising of all 15 Local Authorities from the Lancashire LEP area and a relevant representative that can provide scrutiny from a business perspective to act as an Independent Chairperson, who meet to scrutinise and examine LEP decisions.

On 30<sup>th</sup> September 2019 the Lancashire LEP Board met and approved

- (i) The principle that the LEP's existing Performance Committee be abolished and that it be replaced with a Joint Scrutiny Committee;
- (ii) That the Chief Executive and Chair be authorised to negotiate and agree the structure of the terms of reference of the Scrutiny Committee with Lancashire Leaders Group; and
- (iii) Upon agreement of the terms of reference of the Scrutiny Committee by the Chair and Chief Executive, that the LEP Board's approval be sought to the detailed arrangements prior to implementation (including any consequential changes that are required to the LEP's Local Assurance Framework).

With the above resolutions subject, ultimately, to agreement as the most suitable method by the Accountable Body for the LEP.



Through the remainder of 2019 and into 2020 Terms of Reference for a Joint Scrutiny Committee were drafted by the Accountable Body based on the National Framework requirements, agreements made by Lancashire Leaders and the Lancashire LEP. These were based on various Scrutiny Committees Terms of Reference in those LEP areas where a Scrutiny Committee is already established.

These Terms of Reference have been shared with the LEP Chairman and Chief Executive Officer.

The LEP Chief Executive has consulted with BEIS Compliance Unit on a proposal to have the 12 District Councils in Lancashire rotate on an annual basis – 6 to be Committee Members one year with the other 6 replacing them as Committee Members the following year and vice versa. This would mean that the Committee Membership would, at any given time, consist of 10 Committee Members:

- An Independent Chairperson
- 3 x Upper Tier Local Authorities in Lancashire
- 6 x District Local Authorities in Lancashire (rotating annually)

The LEP Chief Executive has advised that BEIS Compliance Unit notes the exceptional local authority structures in Lancashire and is of the view this proposal would be acceptable.

### **Joint Scrutiny Committee for Lancashire's LEP – Next Steps**

It is important that the Lancashire LEP establishes its scrutiny arrangements before the end of the financial year 2020/21 to ensure compliance with its requirements, therefore, in order to ensure the Scrutiny Committee can be created as soon as practicable that further authority be delegated by the LEP Board to the LEP Chief Executive to finalise the Terms of Reference with the follow next steps identified:

- LEP Board authorise the LEP Chief Executive to finalise the Joint Scrutiny Committee Terms of Reference on the basis set out above – 10 Committee Members with District Councils rotating annually.
- Final Terms of Reference agreed by LEP Chief Executive, Accountable Body and by Lancashire Leaders (via email circulation)
- Joint Scrutiny Committee is established with an Independent Chairperson identified and approved by the LEP Chief Executive, Accountable Body and Lancashire Leaders.
- Respective councils are requested to nominate their representatives (in accordance with requirements, council members shall not be from a council's executive body)
- A first Joint Scrutiny Meeting shall then be arranged before financial year end 2020/21.
- It is proposed that the Joint Scrutiny Committee shall meet twice a year as a minimum.



### List of Background Papers

Paper	Date	Contact/Tel
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None

Reason for inclusion in Part II, if appropriate

N/A