



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

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Local Enterprise Partnership Review and Lancashire Local Growth Assurance Framework

(Appendices 'A' and 'B' refer)

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Executive Summary

The Local Enterprise Partnership Review and the National Local Growth Assurance Framework provide a major opportunity to strengthen the Lancashire Enterprise Partnership, to strengthen its business voice and leadership and to focus on a collaborative strategy and public-private partnership, capable of transforming the Lancashire economy for all. Following the decisions taken at Lancashire Enterprise Partnership Board meeting held on 11th February 2019, a small Lancashire Enterprise Partnership Transition Working Group was set up to take a strategic view on both the Local Enterprise Partnership Review and the changes required to secure compliance with the new National Local Growth Assurance Framework. This report sets out the advice and recommendations arising from that Working Group.

Recommendation

The Lancashire Enterprise Partnership Board is advised, by the Transition Working Group, to:

- (i) Approve the Lancashire Local Growth Assurance Framework, as set out in the Annex, and request its immediate publication on the Lancashire Enterprise Partnership website to ensure compliance with new Government guidance effective from 1st April 2019.
- (ii) Note the progress in the appointment of a permanent Chair.
- (iii) Approve the appointment of an independent Interim Chief Executive and ask Lancashire County Council to agree to the role having direct management responsibility for the existing officers that work solely on the Lancashire Enterprise Partnership.
- (iv) Agree to the recruitment of a permanent Chief Executive as set out.



- (v) Request Lancashire County Council to make a shareholding offer to the existing local authorities on the Board and the Chamber of Commerce, with a view to extend this to all the other local authorities in Lancashire in due course, and provide a wider offer to the private sector, taking full account of tax and VAT implications, and to note that Lancashire County Council will no longer be the sole shareholder in the company by the end of March 2019.
- (vi) Agree that Lancashire County Council should continue to act as the Accountable Body, and agree to its Statement, as set out in the Lancashire Growth Assurance Framework presented at Appendix 'A'.
- (vii) Request that Lancashire Leaders establish a joint Scrutiny Committee with representation from all local authorities across Lancashire to provide more inclusive scrutiny arrangements for Lancashire Enterprise Partnership and its activities.
- (viii) Agree to replace the Executive Committee with an Urgent Business Procedure, as set out in Option 3, paragraph 26.
- (ix) Agree to establish an Innovation Board (as a Committee of the Lancashire Enterprise Partnership) and to invite Lancashire universities to take an active leadership role within it with officers requested to draft Terms of Reference for the new Innovation Board to be presented to the next Lancashire Enterprise Partnership Board meeting for approval.

Background and Advice

1. The Local Enterprise Partnership Review and Lancashire Growth Assurance Framework provide a major opportunity to strengthen the Lancashire Enterprise Partnership, to strengthen its business voice and leadership and to focus on a collaborative strategy and public-private partnership, capable of transforming the Lancashire economy for all.
2. At the Lancashire Enterprise Partnership Board meeting held on the 11th February 2019 it was agreed to set up a Working Group consisting of a Panel of Directors, the Company Secretary, Officers of the Accountable Body and the Department for Business, Energy and Industrial Strategy to develop the proposals for submission to this Special Board meeting.
3. It was agreed at the Board meeting that authority be delegated to the Interim Lancashire Enterprise Partnership Board Chairman, the Section 151 Officer and the Company Secretary to determine the makeup of the Working Group. Following this decision, a Working Group has been formed consisting of Directors Jim Carter, Ann Dean, Miranda Barker and Councillor Mark Townsend along with the Company Secretary Laura Sales, and Officers from the



Accountable Body Stephen Young (Executive Director of Growth, Environment, Transport and Community Services), Richard Kenny (Interim Director of Growth, Planning and Environment). Also invited was Paul Evans, Assistant Director, Cities and Local Growth Unit, Department for Business, Energy and Industrial Strategy, to ensure they were fully sighted and supportive of the proposals.

4. The Working Group met on Thursday 28th February 2019 and considered the following:
 - Appointment of the new permanent Chair
 - Appointment of a permanent Chief Executive
 - Appointment of an interim Chief Executive
 - Staffing structures to ensure compliance
 - Accommodation options for staff / the new Interim / Permanent Chief Executive
 - The role of the Accountable Body
 - Creating an independent company membership model
 - Ensuring strong independent scrutiny arrangements are in place
 - A Scheme of Delegation to show clear decision making lines between the LEP Board, its Committees and Officers
 - The LEP Executive Committee and dealing with urgent business
 - A new draft Assurance Framework and Government Guidance checklist that is being worked through as a matter of urgency to ensure compliance.
5. The Working Group meeting was very productive and a clear way forward to create the necessary independent Lancashire LEP from 1st April 2019 and beyond, was agreed. On the 4th March 2019, the LEP Chair wrote out to the full Board explaining this position. The set of advice arising from the LEP Transition Working Group on and including the major issues arising, is set out below. Attached is a revised Lancashire Growth Assurance Framework, drafted in-keeping with these recommendations, but still in a draft form for consideration by the full Board at this meeting.
6. The issues are set out below.

Leadership top team: a new Chair and Chief Executive

7. The LEP Transition Working Group felt strong and stable leadership was central to the future of Lancashire Enterprise Partnership. As a result, there was strong support to create stability and a new top team. It was reported that following the recent appointment of an interim Chair, a process was now in place for recruitment of a new permanent Chair. There was also strong support for appointing a new interim Chief Executive in the short term with a view to recruiting in parallel a new permanent Chief Executive.
8. It was reported that the process for recruiting the new Chair is under the direction and management of Blackpool Council. The recruitment process is planned to complete with an appointment by mid-April 2019.



9. An independent interim Chief Executive is also planned to be recruited before the end of March 2019.
10. The Transition Working Group also supported the early recruitment of an independent permanent Chief Executive.

An independent company model: shareholders in Lancashire Enterprise Partnership Ltd.

11. It was recognised that Lancashire County Council had played, and is continuing to play, a key role in supporting the Lancashire Enterprise Partnership. As part of playing this role it was felt that there would be positive benefits to be gained by opening up opportunities for the other local authorities to be more involved and make a stronger contribution to the Lancashire Enterprise Partnership. This would also help overcome a referenced perception that the Lancashire Enterprise Partnership and Lancashire County Council are too close and of the same mind.
12. It was reported that the issue of the ownership and shareholding of the company had been previously raised as part of responding to the Local Enterprise Partnership Review. One of the key issues within the Local Enterprise Partnership Review is to strengthen both the business voice and the independence of the Lancashire Enterprise Partnership. There are no detailed prescriptive requirements, beyond securing legal personality, that relate to the shareholding of a limited company, although Department for Business, Energy and Industrial Strategy expressed the view that Lancashire County Council remaining as sole Member was, in their view, non-compliant. The Working Group nevertheless had already expressed that a lot of benefits could flow from opening up the shareholding and how this would be perceived by the other local authorities and wider partners.
13. After some discussion, the Transition Working Group felt that given timescales, in the first instance Lancashire County Council could be asked to offer shareholding (membership of the private limited company) to the existing local authorities represented on the Board and the Chamber of Commerce. This would confirm compliance within the spirit of the LEP Review. In due course, a follow on would be an offer to all the other local authorities across Lancashire as well as a wider offer for the private sector, taking account of the tax and VAT implications. This new shareholding will mean that, by the end of March 2019, Lancashire County Council will no longer be the sole member of Lancashire Enterprise Partnership Limited. This inclusive approach would be kept under continuous review. The issue of making a financial contribution to the Lancashire Enterprise Partnership as part of the membership also formed part of the discussions.

Accountable Body

14. The Working Group was strongly supportive of the work Lancashire County



Council undertakes as the Accountable Body for the Lancashire Enterprise Partnership. To be compliant with the Local Enterprise Partnership Review and Assurance Framework it was necessary to set out the checks and balances to fulfill the role of the Accountable Body. This had not been written down before. An Accountable Body Statement was shared with the Transition Working Group. Some discussion took place about the role and function of the Section 151 Officer and perceived conflicts of interest. These matters were resolved and it was recommended to agree the Accountable Body Statement.

Independent secretariat

15. The position relating to the independent secretariat was another matter of considerable discussion. Department for Business, Energy and Industrial Strategy advised that to be compliant there was a need for an independent secretariat as well as an independent Chief Operating Officer. This at a minimum nevertheless only required an independent Chief Operating Officer, or Chief Executive as preferred here, to provide independent advice to the Board. The Department for Business, Energy and Industrial Strategy felt nevertheless, that in the special case of Lancashire, it would be helpful to also put in place a secretariat, too.
16. Nevertheless, the Interim Director of Growth, Environment and Planning advised the Working Group that the existing officers that work solely on the Lancashire Enterprise Partnership could be considered to be the secretariat and that they should continue to be solely dedicated to Lancashire Enterprise Partnership business and, based on that advice, it was ultimately agreed that it would make sense for the secretariat to work directly under the new Interim Chief Executive.

It was also agreed that the new permanent Chief Executive should, as a priority first task, review the function and form of the Lancashire Enterprise Partnership. It was pointed out that last year's Annual Conversation, rated Lancashire Enterprise Partnership with Governance and Delivery as both 'good' but Strategy as 'requiring improvement'. The outcome of this year's annual performance review is still pending. Given the important role of Local Enterprise Partnerships as lean, agile, strategic and collaborative partnerships, it was both important and urgent to address this deficit, especially given the pressing requirements of a Local Industrial Strategy, capable of beginning to address the output gap, in this coming year. It was agreed that any new Chief Executive coming in, would want to do this as a priority.

Accommodation

17. The discussion on the independent secretariat rolled directly into an issue about accommodation. The Department for Business, Energy and Industrial Strategy advised that although it is not a requirement of the review or the NAF, it would help the perception of the independence of Lancashire Enterprise Partnership if offices, outside of County Hall could be secured, or at least separate accommodation in County Hall or other offices. This is because of a perception with some stakeholders that the LEP and the County are too close. Having a physical separation of the LEP and Lancashire County Council would help to



address this and has been a feature of discussions with the LEP since the review was published.

18. Again, this issue was disputed given that there is no reference in the Local Enterprise Partnership Review or National Local Growth Assurance Framework about accommodation. Nevertheless, as set out in the papers, the Interim Director of Growth, Environment and Planning had made a case for rotating Board meetings, accessing high quality corporate space for entertaining international investors and for providing separate physical space for the Lancashire Enterprise Partnership officers including the new Interim / Permanent Chief Executive. It was the view of the Transition Working Group to provide a separate physical space in the short term, with a view to review.

Scheme of Delegation

19. The Company Secretary advised on the need to introduce a proper scheme of delegation. The current position was that all Committees of the main Lancashire Enterprise Partnership Board are advisory (with the exception of the City Deal Executive and Stewardship Board which are setup with their own specific powers through agreement between all partners including Government) and that the officers that currently solely work on the Lancashire Enterprise Partnership, are, in essence, using the Lancashire County Council Scheme of Delegation to Chief Officers. The Company Secretary advised that it would take time to set a new scheme out. The Department for Business, Energy and Industrial Strategy advised that to be compliant there needed to be a Scheme in place, although the incoming Chair may wish to review this once appointed. The Company Secretary agreed to produce one and the Working Group agreed to review this in the short term to ensure that it worked in practice and ultimately reflected best practice. A scheme is included in the draft Lancashire Growth Assurance Framework and this will be both tested and reviewed.
20. It establishes the detailed procedures by which the company operates and stipulates how decisions are made. It also sets limits on what decisions can be taken by officers and in some cases, the Board.
21. The scheme of delegation will need to be considered alongside the articles, the latter taking precedence where there is any apparent conflict. In addition, as the LEP moves to becoming a company with multiple shareholders across different sectors, it may be necessary to enter into a shareholders agreement under which certain decisions will need to be approved by the shareholders. As the shareholders are not investors in the LEP, it is unlikely that they would seek to limit risk through a shareholders agreement but notwithstanding this, there are some matters which must be decided by the shareholders such as the LEP membership, its constitution and any further changes.
22. In putting together the proposals as to how the scheme of delegation will operate, it is assumed that the sub-committees and working groups established by the LEP board will have the power to make recommendations to the board but cannot by themselves take decisions.



Scrutiny arrangements

23. Ambitious scrutiny arrangements, as set out, were welcomed and supported by the Transition Working Group. This included proposing a more inclusive local government scrutiny arrangement that involved all fifteen local authorities. It involved commitments to meet at least bi-annually, set its own agenda and annual work programme, undertake deep dives, for its meetings to be streamed 'live', and provide for public question and answer sessions.
24. Such a request needs to be put to Lancashire Leaders, subject to the views of the Board.

Lancashire Growth Assurance Framework and National Local Growth Assurance Framework Checklist

25. The draft Lancashire Growth Assurance Framework and the associated national Checklist were both shared as work in progress. The document and the performance against the Checklist were also welcomed by the Transition Working Group. It was advised that these documents would be revised based on the recommendations of the Working Group and re-shared with the LEP Board for this Special Meeting of the Board. These documents are attached for consideration and approval.

Executive Board

26. Another item of key consideration is the use of the Executive (Urgent Business) Committee of the LEP. Members of the working group will be aware that at recent LEP Board meetings Directors have asked if this can be reviewed to make it "more inclusive" in terms of all Directors being sighted on genuinely urgent decisions that need to be taken by the LEP, therefore some options have been shared with the Working Group. These are as follows:
 - **Option 1** – Keep the Executive Committee as it is but rather than waiting until the next LEP Board meeting before reporting decisions taken by the Executive Committee, report any decisions taken by the Executive Committee immediately via email to all LEP Directors.
 - **Option 2** – Keep the Executive Committee as it is but when sending items to the Executive Committee Members for decision, at the same time copy in all the other LEP Directors to give opportunity to comment / feed their views to the Executive Committee.
 - **Option 3** – Replace the Executive Committee with an Urgent Business Procedure. The process for this would be the need to take an urgent decision is identified and the reasons for urgency provided. The LEP Chairman is then consulted and asked to agree it can be considered as an item of Urgent



Business. The item is then circulated to all LEP Directors for decision via email Written Resolution. A decision is passed by majority (i.e. 10 of the 19 Directors approve), The Chairman does not have a casting vote.

27. The Working Group members have expressed a view in favour of Option 3, this has been reflected in the updated Assurance Framework which is presented for Lancashire Enterprise Partnership Board approval at Appendix 'A'

Innovation Board

28. Completely unrelated to this Local Enterprise Partnership Review process, came a request from the discussion to formulate an Innovation Board (which would become a Committee of the Lancashire Enterprise Partnership). This was seen as an important part of starting to build capacity and capabilities for the Local Industrial Strategy. This could include strong representation from the big private sector companies and the universities in light of their research and development assets and aspirations. The Board is asked to support the setting up of an Innovation Board with officers requested to work up Terms of Reference for the Innovation Board for presentation to the next Lancashire Enterprise Partnership Board meeting.

List of Background Papers

Paper	Date	Contact/Tel
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None		
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Reason for inclusion in Part II, if appropriate

N/A