

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member for Policy and Resources
<b>Date:</b>	25 April 2019
<b>Title:</b>	Enterprise M3 LEP Incorporation, Governance Arrangements and Appointments
<b>Report From:</b>	Director of Economy, Transport and Environment

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#### Purpose of this Report

1. The purpose of this report is to provide an update on the outcomes of a national review of Local Enterprise Partnerships (LEPs) and the consequent changes that will be made to the governance arrangements in respect of the Enterprise M3 LEP (EM3 LEP), including its incorporation as a company limited by guarantee. The contents of this report do not apply to the Solent LEP. Solent LEP is already incorporated and in any event Portsmouth City Council is the Accountable Body for Solent LEP, rather than Hampshire County Council.

#### Recommendation(s)

2. That the incorporation of the EM3 LEP is noted.
3. That noting Councillor Mans' previous appointment to the EM3 LEP Board (until his term expires in July 2019) his consequential appointment as a member and director of the newly incorporated EM3 LEP Ltd is endorsed.
4. That the Executive Member for Policy and Resources notes the updated EM3 Assurance Framework attached at Appendix 1 and continues to delegate authority to the Head of Legal Services to finalise and agree (on behalf of Hampshire County Council as the Accountable Body) any further changes to both the Enterprise M3 Assurance Framework and the Memorandum of Agreement.

5. That the Executive Member for Policy and Resources continues to delegate authority to the Head of Legal Services to give approval to spend and commence the procurement process and to complete the appropriate contractual documentation on behalf of the Enterprise M3 LEP Ltd, where the LEP Board has authorised the County Council in its role as Accountable Body to approve such spend and procurement processes. This would be subject to adequate funding provision being made by the Enterprise M3 LEP Ltd Board and compliance with the Enterprise M3 Assurance Framework.
6. That, in relation to any funding administered by Enterprise M3 LEP Ltd, and subject to the LEP providing instructions on the terms and conditions of the legal contracts, the Executive Member for Policy and Resources continues to delegate authority to the Director of Economy, Transport and Environment to finalise and agree the details of the legal contracts with the individual funding recipients.
7. That the Executive Member for Policy and Resources continues to delegate authority to the Director of Economy, Transport and Environment to authorise payments to funding recipients in relation to any funding administered by the Enterprise M3 LEP Ltd, subject to satisfactory monitoring compliance undertaken by Enterprise M3 LEP Ltd.
8. That the Executive Member for Policy and Resources notes that under the revised arrangements, the County Council will continue to provide various support services to the LEP, including legal, finance and procurement, subject to revised Service Level Agreements.

## **Executive Summary**

9. This report seeks to:
  - Provide an update on the outcomes of a national review of LEPs and the consequential changes that will be made to the governance arrangements in respect of the Enterprise M3 LEP (EM3 LEP), including its incorporation as a company limited by guarantee.
  - Noting the previous appointment of Councillor Mans as the County Council's representative on the EM3 LEP Board (until July 2019) to secure endorsement of his consequent appointment as a member and director of the incorporated EM3 LEP.

- secure approval for continued appropriate governance arrangements, including delegations to officers in relation to Hampshire County Council's role as Accountable Body to the newly incorporated EM3 LEP, and which are compliant with recently issued national guidelines from Central Government.

## **Contextual information**

10. In July 2018 MHCLG published a paper called "Strengthened Local Enterprise Partnerships", following a national review of LEPs.
11. The outcome of the review includes some changes to LEP boundaries and to LEP governance arrangements, which local LEPs now need to implement.
12. The changes include a new requirement for LEPs to have legal personality. Unincorporated LEPs must become incorporated by April 2019.
13. The Enterprise M3 LEP has, to date, been un-incorporated. Work has been undertaken over the last 9 months to incorporate it as a company limited by guarantee. (The limit of the guarantee of each company member is £1).

## **Governance Arrangements**

14. The incorporated model adopted by the EM3 LEP is known as a "members as directors" model, where the members of the company are also its directors. The existing EM3 LEP governance arrangements will largely remain the same post incorporation, with Hampshire County Council continuing to act as the Accountable Body and continuing to provide a range of support pursuant to a Memorandum of Agreement, which is currently being reviewed as part of the incorporation project. Currently, the County Council employs a number of staff who support the Enterprise M3 LEP's work and implement the decisions of the Board. Under the new arrangements, this will continue, as it is only really the LEP Board (and its decision making functions) that is being incorporated.
15. An updated version of the EM3 Assurance Framework, which contains the revised governance arrangements following incorporation is attached at Appendix 1.

16. The governance arrangements post incorporation will continue to operate in a similar way to the previous governance arrangements. Hampshire County Council will continue to be the Accountable Body and will continue to receive and administer funding secured by the LEP in accordance with the LEP Board's or LEP Programme Management Group's decisions. In light of this, the governance arrangements and delegations previously agreed by the Executive Member for Policy and Resources in March 2015 (in respect of governance, procurement and contract matters), will need to continue, but under the revised Assurance Framework. The report to Executive Member Policy and Resources from March 2015 setting out the previous governance arrangements and delegations is attached at Appendix 2.
  
17. The governance arrangements in respect of the incorporated EM3 LEP will continue to include the Joint Leaders Board, to which the Leaders (or agreed deputies) of the 13 local authorities within the EM3 LEP Area are appointed. The Joint Leaders' Board will continue to nominate 4 District Council members for appointment to the incorporated LEP Board. In addition to the 4 District Council Members, both of the County Councils (Hampshire County Council and Surrey County Council) will continue to nominate a member each to the Board, who will in turn become members and directors of EM3 LEP Ltd.

## **Appointments**

18. Councillor Mans is currently appointed as Hampshire County Council's member of the EM3 LEP Board. As a result of this appointment, Councillor Mans will be automatically appointed as both a member and director of EM3 LEP Ltd, following its incorporation. As Councillor Mans' appointment arises from his role as a County Councillor, he will be indemnified pursuant to the County Council's officer and member indemnity policy and associated insurance arrangements. Members of the EM3 LEP Board can serve for a maximum term of 6 years. Councillor Mans' six-year term will end in July 2019. At this point, the County Council will need to nominate a different member for appointment to the Board.
  
19. Councillor Mans is also currently appointed to the Solent LEP as Hampshire County Council's member. The Solent LEP is already incorporated and there is no change to Councillor Mans' appointment to the Solent LEP as a result of the LEP review.

## **Finance**

20. The proposals for financial administration for the newly incorporated LEP will continue to operate on the same basis as they currently do in that all

funding will be held and accounted for by the Accountable Body who will oversee the administration and distribution of it once all of the necessary approvals of appropriate business cases has been undertaken by the Board or LEP Programme Management Group in accordance with the governance framework.

21. The changes to assurance frameworks, the role of the Section 151 Officer in respect of LEP governance and the latest changes in respect of incorporation have prompted a review of the existing services provided by Hampshire County Council to the LEP which are currently the subject of discussion with EM3 LEP Officers. The level and type of resources provided to the LEP in the future may therefore be subject to change and the LEP has already budgeted for a potential increase in costs arising from the greater resource requirements that the new governance arrangements have necessitated.

### **Consultation and Equalities**

22. Public consultation has not been undertaken in respect of the matters raised in this report, as the changes relate only to governance arrangements rather than changes to service delivery.
23. No adverse equality impacts have been identified in respect of the matters raised in this report.

### **Conclusions**

24. Consideration of this report and the associated decisions are required in order to maintain County Council representation on the incorporated LEP Board and enable the County Council to continue to perform the role of Accountable Body to EM3 LEP Ltd.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

<b>Hampshire maintains strong and sustainable economic growth and prosperity:</b>	Yes
<b>People in Hampshire live safe, healthy and independent lives:</b>	No
<b>People in Hampshire enjoy a rich and diverse environment:</b>	Yes
<b>People in Hampshire enjoy being part of strong, inclusive communities:</b>	No

**Other Significant Links**

<b>Links to previous Member decisions:</b>	
<u>Title</u>	<u>Date</u>
Enterprise M3 Local Enterprise Partnership Governance Agreement (Procurement)	March 2015
<b>Direct links to specific legislation or Government Directives</b>	
<u>Title</u>	<u>Date</u>

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

<u>Document</u>	<u>Location</u>
None	

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

Equality objectives are not considered to be adversely affected by the proposals in this report as the proposals do not affect staff or services. The proposals relate to changes to governance arrangements only, not changes to service delivery.