
LEP Review: Proposed response on governance

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We expect all Local Enterprise Partnerships will follow best practice within the sector and produce an **annual delivery plan and end of year report**. Within the implementation plan, the LEP should outline its plans to draft and publish an annual delivery plan by April 2019 and an end of year report at the end of the 2019-20 financial year.

Government will work with LEPs to develop qualitative and quantitative measures to report against. As you develop your Local Industrial Strategy, Government expects the delivery plan and end of year report to be linked to the progress of your Local Industrial Strategy. The implementation response should provide a commitment to adopt and report against agreed key performance indicators.

Response	<ul style="list-style-type: none"> - We will do this and have previously produced end of year reports - Delivery plan drawn from the SEP, local strategies and Local Industrial Strategy/ies when in place - Commitment to agreeing and reporting to KPIs
Milestones	<ul style="list-style-type: none"> - Strategic Board approval of Delivery Plan March 2019 - Regular reporting of KPIs to SELEP board
Risks	<ul style="list-style-type: none"> - Delays from Government in determining top down KPIs - Engagement with the KPIs if they do not resonate locally - Resourcing requirements

1/11



Government expects that each Local Enterprise Partnership **consults widely and transparently with the business community before appointing a new Chair**, and appoints a Deputy Chair.

Within the implementation plan, you should outline your LEP's draft proposed process for consultation of the business community before appointing a new Chair. LEPs should plan to have this process in place by 28 February 2019.

Response	<ul style="list-style-type: none"> - This is a version of what we already do - Federated model allows deep consultation with business community - Deploy Non-Executive Search approach as before, ensuring full consultation
Milestones	<ul style="list-style-type: none"> - Fully considered process to Strategic Board - Process to be run fully in early 2020, to align a new Chair appointment with the end of the current Chair's tenure
Risks	<ul style="list-style-type: none"> - Restrictive timetable for agreeing process (end Feb) requires additional Strategic Board meeting - Pressure on resource given other expectations ahead of end of February 2019.

2/11



In line with best practice in the private sector, Local Enterprise Partnerships will want to introduce **defined term limits** for Chairs and Deputy Chairs where these are not currently in place.

Within the implementation plan, you should outline how your LEP plans to introduce defined term limits for Chairs and Deputy Chairs. LEPs should plan to have this process in place by 28 February 2019. LEPs should also plan to have a Deputy Chair in place by 28 February 2019.

Response	<ul style="list-style-type: none"> - We have already agreed 2 year terms for non-LA members of the board. - We should operate this on a 2+2+2 basis, starting now, allowing renewed terms where appropriate (as previously discussed). - In supporting the Chair, possible move to an advisory 'cabinet', comprised of the Federated Board Chairs, with the SELEP Deputy Chair simply rotated from this group.
Milestones	<ul style="list-style-type: none"> - Add the newly defined tenure terms to the Terms of Reference for the Strategic Board, effective 1st April.
Risks	<ul style="list-style-type: none"> - Delay in initial responses from Government - Delay on the release of guidance around the National Assurance Framework.

3/11



Government's aspiration is that Local Enterprise Partnerships work towards strengthening the representation from the private sector, increasing representatives from the **private sector so that they form at least two thirds of the board**, to ensure that each Local Enterprise Partnership can truly be said to be business-led. In order to maintain focused board direction and input, Government will work with Local Enterprise Partnerships to establish a **maximum permanent board of 20 people**, with the option to co-opt an additional five board members with specialist knowledge on a one year basis. (implemented by 31st March 2020)

<p>Response</p>	<ul style="list-style-type: none"> - <i>We will present the Strategic Board with three options for discussion, as follows in order of size:</i> <ul style="list-style-type: none"> • <i>Retaining the status quo of 28 members</i> • <i>Pursuing a model of 22 members + 5 co-opted members (27) which would require pragmatism from Government</i> • <i>Indicating what a board of 20 with 2/3 private sector might look like and discussing the limitations of this</i> - After the Strategic Board discussion we will write this section of the paper to reflect what is agreed.
<p>Milestones</p>	<ul style="list-style-type: none"> - Agreement by SELEP Strategic Board
<p>Risks</p>	<ul style="list-style-type: none"> - Reduction of democratic legitimacy - Loss of local authority support - Impact of overburdening businesses - Managing this with other LEP Review requirements

4/11



Government expects refreshed Local Enterprise Partnership boards to **improve their gender balance and representation of those with protected characteristics**. Our aim is for Local Enterprise Partnership boards to have equal representation of men and women by 2023. As a step towards achieving this, we will replicate the target set in the Hampton-Alexander Review for FTSE 350 boards; Local Enterprise Partnerships should aim for a minimum of a third women’s representation on their boards by 2020.

Response	<ul style="list-style-type: none"> - Demonstrate commitment to this. - Secretariat to increase support to new board members.
Milestones	<ul style="list-style-type: none"> - Early 2019 – develop a voluntary code of conduct to address gender diversity and best practice - Report quarterly to Strategic Board on progress
Risks	<ul style="list-style-type: none"> - Need to manage carefully. Given the mix of local authority nominees to the board, this requirement will mean that around half of the businesses nominated to the SELEP board will have to be female.

5/11



Local Enterprise Partnerships will need to provide a **secretariat independent of local government** to support the Chair and board in decision making. Within the implementation plan, you should outline how your LEP plans to put in place arrangements to ensure that all board members, whether from a public, private or third sector organisation, can access impartial advice and support from the LEP as a collective enterprise. You should outline the timeframe in which your LEP expects to have this secretariat in place.

<p>Response</p>	<ul style="list-style-type: none"> - SELEP's secretariat is already independent and the response will indicate how this independence is ensured. - <i>If Government wishes secretariats to be entirely independent of local authorities, they should consider whether it is appropriate for local authorities to contribute to the costs of running LEPs.</i> - No intention to incur TUPE, payroll and pension liability costs associated with moving SELEP staff to a new company
<p>Milestones</p>	<ul style="list-style-type: none"> - Agreement from Government that maintaining the status quo is acceptable
<p>Risks</p>	<ul style="list-style-type: none"> - Government's pragmatism on this point.

6/11



Government will support all Local Enterprise Partnerships to have a **legal personality**. Within the implementation plan, you must outline your LEP's plans to adopt a legal personality. All LEPs should plan to adopt a legal personality by April 2019. Government will provide further advice to LEPs on incorporation.

Response	<ul style="list-style-type: none">- We will pursue a move to a legal personality (LEP Network recommended Company Limited by Guarantee) but <i>only</i> on the basis that it maintains our standards of transparency and supports our federated model and existing arrangements such as the Accountability Board – which represents best practice in the ‘sector’.
Milestones	<ul style="list-style-type: none">- Arguably possible to achieve within around 9 months of Government response on LEP Review submissions- Strategic Board to consider options for the new structures/legal entity in October 2019
Risks	<ul style="list-style-type: none">- Robust options appraisal required- Requires proper legal input/commission- Requires full local government scrutiny

7/11



Local Enterprise Partnerships will want to identify a **single Accountable Body** within each area that is responsible for all Local Enterprise Partnership funding. Within the implementation plan, you must outline how your LEP plans to adopt a single Accountable Body within each area that is responsible for all Local Enterprise Partnership funding. You should outline the timeframes in which the LEP expects to have this arrangement in place.

Response	- Recommended that the Board requests that Essex CC continues in its Accountable Body role at least until the LEP Review recommendations are implemented.
Milestones	- Agreement by Board and approach to Essex CC if appropriate; listed for the October Board meeting
Risks	- Risks associated with changing A/B at this time include delays on management of LGF programme, LEP Review transition and contract novation.

8/11



As legal entities, all Local Enterprise Partnerships will be required to hold an **annual general meeting**. We will set an expectation that these are open to the public and businesses to attend and properly promoted. Within the implementation plan, your LEP must commit to hold an annual general meeting; open to the public to attend. Your LEP should hold its first/next public Annual General Meeting in the 2019-20 financial year.

Response	<ul style="list-style-type: none"> - We already exceed the requirements around transparency and hold AGMs - AGMs will be developed into bigger events to satisfy these requirements.
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Milestones	<ul style="list-style-type: none"> - We will have our next AGM July 2019
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Risks	
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9/11



We will expect all Local Enterprise Partnerships to **set out exactly who is accountable** for spending decisions, appointments, and overall governance locally. Within the implementation plan, you should outline how your LEP plans to review the responsibilities of the Chair, Board, Director, and Accountable Body and discuss plans to outline these responsibilities in a revised Local Assurance Framework. These arrangements should be put in place for the 2019-20 financial year.

Response	<ul style="list-style-type: none"> - We already indicate lines of responsibility in our Assurance Framework. - When the new National Assurance Framework is published, we will again update our approach to ensure compliance.
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Milestones	<ul style="list-style-type: none"> - Agreement of refreshed Assurance Framework, March 2019
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Risks	
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10/11



The Government will support Local Enterprise Partnerships to set out how they will ensure **external scrutiny and expert oversight**, including participating in relevant local authority scrutiny panel enquiries to ensure effective and appropriate democratic scrutiny of their investment decisions. Within the implementation plan, you should outline how your LEP plans to discuss and agree scrutiny and oversight processes with the LEP’s Accountable Body Section 151 Officer. LEPs and S151 Officers should refer to forthcoming guidance from CIPFA on the role of the S151 Officer.

Response

- SELEP Accountability Board decisions are already subject to call in and scrutiny and we believe this offers the best of external and democratic scrutiny.
- It should be noted decisions made by a private company board are final and therefore cannot be scrutinised by a local authority, therefore it may be difficult to find a solution that both places decisions within a private company and subjects those decisions to public scrutiny. We will encourage Government to consider this.

Milestones

Risks

11/11

