

LEP Review: Achieving compliance

1. Purpose

- 1.1 The purpose of this paper is to update the Strategic Board on SELEP's position vis-à-vis the LEP Review and to undertake a vote by electronic procedure relating to changes to the composition of the Strategic Board which have been instructed by Government.
- 1.2 Given the importance of this decision to the future operation of the LEP and because it affects all members of the Board, we will require a response from all 28 board members. We will issue a response to Government when we have reached voting quorum.

2. Recommendations

- 2.1 The Board is asked to **note** the update on the LEP Review; and
- 2.2 The Board is required to indicate whether or not they accept the Minister's instructions on the future shape and composition of the SELEP board. Specifically:

2.2.1 The Board is asked to vote on whether the SELEP Strategic Board should consist of no more than 20 full members with 5 co-opted members, with this change implemented prior to March 2020; and

2.2.2 The Board is asked to vote on whether the SELEP Strategic Board should consist of 2/3rd private sector membership

- 2.3 Board members are invited to respond to the email entitled 'LEP Review: Achieving Compliance' with their position on whether to accept the two recommendations in 2.2.1 and 2.2.2 above. A simple 'YES' in the email subject field will indicate consent to adopt the two recommendations, while 'NO' will indicate dissent and a preference to explore whether there may be any alternative arrangements. It should be noted that currently there appears to be no alternative to complying with the requirements that would allow continued access to government funding.
- 2.4 Votes are required to be submitted to the SELEP Secretariat by 12pm Friday 15 February 2019.

3. Background

- 3.1 Board Members will be aware that the LEP Review ([Strengthened Local Enterprise Partnerships](#)) was launched by Government in late July 2018, with the aim of setting the conditions by which LEPs would strengthen and, by extension, become suitable custodians of future funding streams, such as the UK Shared Prosperity Fund.
- 3.2 Every LEP was required to make two responses to the LEP Review recommendations, one on its geography and one on the wider issues of governance. The Board agreed both responses from SELEP and they were submitted in line with Government's deadlines at the end of September and the end of October 2018
- 3.3 Government were above all else keen to eradicate overlapping geographies and, subsequent to the submission and in-line with our own ambitions, our previous overlaps have been resolved with the Lewes District Council and Uttlesford District Council areas becoming part of geographic SELEP alone.

Jake Berry MP has formally acknowledged these resolutions and we are embarking on exciting new working arrangements with Coast to Capital LEP on Newhaven Enterprise Zone in particular. In addition to this, the Minister has been clear to us that the issue of SELEP geography is closed and that the only issues of geography which are being considered nationally are those which were raised with Government prior to the 30th September 2018 deadline.

- 3.4 Despite this, we were informed by officials in December 2018 that we were one of only three LEPs who did not submit an entirely compliant response to the LEP Review. While it is acknowledged that the rest of our submission is completely aligned with Government's expectations, it is the case that our previously expressed clear intention to retain our current Strategic Board membership of 28 members is not acceptable to Government.

4. Progress

- 4.1 In a letter to the Chair (dated 21st December 2018) acknowledging the resolution of the Lewes overlap, Jake Berry MP provided formal acknowledgment of the issue: "I understand your proposals on Board size and composition do not yet address the changes set out in *Strengthened Local Enterprise Partnerships*. I look forward to meeting you early in the New Year to discuss how we can move forward with this."
- 4.2 The Chair and Jake Berry MP met on 14th January 2019. At that meeting, Jake Berry MP made it very clear that SELEP should move to a board which is LEP Review compliant and that he would be writing to that same effect. **To be absolutely clear, the requirement here is that we move to a board of 20 with up to 5 co-opted members in addition. Within this number, representation on the Board needs to be at least two-thirds private sector.**
- 4.3 Since that meeting, we have undertaken conversations with the Federated Boards which have sat, and the Chair has spoken to each of the six upper tier leaders. The shared view from those conversations is that while our preference would be, of course, to retain the Board as we currently have it, we recognise that we must comply with Government's direction in order to release funding for future work and for existing LGF commitments. It is also important to allow the team to focus on delivering against the expectations of the LEP Review and planning for the development of the Local Industrial Strategy, amongst other key items of work.
- 4.4 The issue was discussed at the LEP's Annual Performance Review meeting with Government officials on 21st January 2019 with some frank and constructive views on the broader challenges of the LEP Review offered by the SELEP representatives. There is a shared desire to resolve this issue and move strongly on to further work.

5. Next steps

- 5.1 At the meeting on 14th January 2019, Jake Berry MP asked that Chris Brodie confirm the LEP Board's intention to accept the recommendations of the LEP Review pertaining to board composition in writing. Should we reach a quorate number of 'yeses' in response to this vote by electronic procedure, Chris Brodie will write immediately to Jake Berry MP and the release of funding will follow anon.
- 5.2 If the Board does not vote to accept the two recommendations above then **no further funding** will transfer from Central Government to the Accountable Body for SELEP's activities. This includes both revenue funding for the day-to-day activities of the LEP and the capital funding that finances our Local Growth Fund investments. Whilst the Accountable Body is currently holding some funding that

has been carried forward; these monies would be exhausted by the mid-point of 2019/20 and effectively SELEP would no longer be functional at that point.

- 5.3 Subsequent to this vote, we will discuss the matter and the best way forward at the March Strategic Board meeting. It should be our intention, as we move to iterate the LEP in line with the LEP Review, to retain the central underpinnings of our success to date – namely the federal model and our transparent handling of matters of governance, epitomised by the activities of the Accountability Board.
- 5.4 It is acknowledged that the membership of the 20 +5 co-opted members needs to be determined, and therefore a full paper will be considered by the Board later in the year. The LEP Review requires the implementation of the change to the board, if approved, to be made by March 2020. We should be mindful of the other aims of the LEP Review when undertaking this conversation, not least our ambitions around diversity and the changed expectations of board members linked to the incorporation of the LEP. Accordingly at this stage the Board are being asked to approve the requirements of the LEP review as set out in 2.2.1 and 2.2.2.

6. Accountable Body comments

- 6.1 The following sets out the mandatory requirements included in the new National Local Growth Assurance Framework; all LEPs are required to incorporate these into their own local Assurance Frameworks by 31 March 2019 and must ensure that they are implemented by 28 February 2020:
- 6.1.1 *LEP Boards should contain representatives from different parts of the community. In addition, **at least two-thirds of the Board must be representatives from the private sector** (as defined by the National Accounts Sector Classification);*
- 6.1.2 *LEPs should have Local Authority representatives on the LEP Board to ensure democratic accountability and provide local intelligence. In places where not all Local Authorities are represented directly on the LEP Board, it is important that their representatives have been given a mandate through arrangements which enable collective engagement with all Local Authority leaders.*
- 6.1.3 *LEPs should have a Board which is a **maximum of 20 people, with the option to co-opt an additional five Board members** with specialist knowledge on a one year basis, unless there are exceptional circumstances.*
- 6.2 LEPs must be compliant with the requirements set out in the National Local Growth Assurance Framework and it is part of the role of the Accountable Body to ensure compliance with regards to decision making and use of funding.
- 6.3 It should be noted that where Government identifies non-compliance with the National Local Growth Assurance Framework, *“the Government may exercise its discretion to withhold or withdraw some or all of the public funds and responsibilities where it has concerns about significant or systemic non-compliance”*.

Author: Adam Bryan
Position: Managing Director
Contact details: adam.bryan@southeastlep.com
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