

EXECUTIVE BOARD DECISION



REPORT OF:	Leader of the Council
LEAD OFFICERS:	Deputy Chief Executive
DATE:	Thursday, 11 April 2019

PORTFOLIO(S) AFFECTED:	Regeneration
WARD/S AFFECTED:	(All Wards);
KEY DECISION:	Y

SUBJECT:

Lancashire Enterprise Partnership - Change in Company Membership

1. EXECUTIVE SUMMARY

The Lancashire Enterprise Partnership is responsible for developing a growth strategy that enables local partners, including Blackburn with Darwen Council, to compete for national growth funds and attract new private investment.

The Council is represented by the Executive Member for Regeneration on the Board of the Lancashire Enterprise Partnership.

The purpose of this report is to seek the approval of the Executive Board for the Council to become a member of the Lancashire Enterprise Partnership company, as part of a wider change programme to ensure compliance with new Government guidance, in advance of new local growth funding streams.

2. RECOMMENDATIONS

That the Executive Board:

1. Note the changing national context influencing the Lancashire Enterprise Partnership and the need for strengthened independence with greater separation from Lancashire County Council;
2. Approve the Council's membership of the Lancashire Enterprise Partnership company, with financial liabilities of members limited to £1; and
3. Subject to 2 above, authorise the Director of Growth & Development and the Director of HR, Legal & Governance, in consultation with the Executive Member for Resources and the Executive Member for Regeneration, to agree and finalise the Members Agreement and other documentation necessary to formalise the Council's membership.

3. BACKGROUND

Local Enterprise Partnerships were created by Government in 2010, as private sector-led partnerships, with public sector support, to lead and develop local growth strategies in the 38 city-regions and sub-regions of England.

The Lancashire Enterprise Partnership, established in 2010, includes Blackburn with Darwen and

Blackpool unitary areas and Lancashire County Council's area of responsibility, as this is considered to be a functional economic geography of scale. In recent years, the Lancashire Enterprise Partnership has been highly successful in competing for national growth funds and initiatives, including £320m in Growth Deal funds and the Samlesbury Aerospace Enterprise Zone.

In partnership with the Lancashire Enterprise Partnership, the Council has been successful in competitively securing nearly £20M in Growth Deal funding to deliver the enabling infrastructure needed to unlock new housing and employment growth in South East Blackburn and Darwen with additional funding for initiatives such as the Making Rooms and Café Northcote.

In July 2018, Government initiated a national review of Local Enterprise Partnerships to ensure they are fit for purpose and compliant with new and enhanced national guidance in relation to governance and performance. Moving forward, Government has signalled that Local Enterprise Partnerships in non-Mayoral Combined Authority areas will play a central role in new local growth strategies and public investment frameworks, via Local Industrial Strategies. Although details on any new local growth funds are limited, at this stage, a positive outcome for Lancashire to the review is especially important as Government is considering successor arrangements to the Local Growth Deal Fund and EU funding streams. Currently, these two public investment funds, which will continue until 2021, are worth an unprecedented £500m to Lancashire.

A key dimension of the national review requires each Local Enterprise Partnership to demonstrate it is functioning as a truly independent business-led entity, free from undue local authority control or influence (actual or perceived), within an Assurance Framework agreed with Government to ensure public funds are delivering value for money and decision-making arrangements are transparent and accountable.

The Lancashire Enterprise Partnership is currently agreeing a number of changes to ensure compliance with new Government guidance, in advance of new local growth funding arrangements. One of the key changes required relates to the Lancashire Enterprise Partnership's company structure. The Lancashire Enterprise Partnership was established as a company limited by guarantee, a legal status which is compliant with new Government guidance. However, Lancashire County Council is the sole company member with effective control and ownership of the Lancashire Enterprise Partnership company, which is non-compliant with Government guidance. The County Council's sole ownership of the Lancashire Enterprise Partnership, along with its roles as its accountable body, company secretary and host of the core team, combine to inform the widely-held perception that the Partnership is unduly controlled by the County.

To drive separation and strengthen independence, as required by the Government review, the Lancashire Enterprise Partnership and County Council agreed at the Board meeting on 19 March to accept additional company members. It was agreed that the five local authorities currently represented on the Board of the Lancashire Enterprise Partnership Board (Blackburn with Darwen, Blackpool, South Ribble, Burnley and Lancashire), along with Lancashire's two Chambers of Commerce (East and North West), would form the new nucleus of the company membership, subject to confirmation.

The financial liabilities of members are to be limited to £1 with members bound by the company's Members Agreement and Articles of Association, though these are currently being revised.

This membership change was agreed by the Board as a necessary initial change to demonstrate greater separation between the County Council and the Lancashire Enterprise Partnership, with the company membership ultimately reflecting the public/private sector composition of the Board, which operates with a two-thirds private sector majority. This outcome is to be achieved within the next 6 months, as part of a wider change programme further clarifying the role of the accountable body, and the creation of an independent secretariat to provide the Lancashire Enterprise Partnership with the capacity to compete with neighbouring city-regions for new growth funding

and private investment.

The purpose of this report is to secure the approval of the Executive Board for the Council to become a member of the Lancashire Enterprise Partnership company; and to authorise the Leader and Executive Member for Regeneration, in conjunction with the Chief Executive and S151 Officer, to finalise and agree the company's revised Members Agreement and Articles of Association.

4. KEY ISSUES & RISKS

The Lancashire Enterprise Partnership plays a key role in enabling local partners, including the Council, to compete for and access national growth funds.

If the Lancashire Enterprise Partnership fails to become a fully independent business-led body, as required by new Government guidance, this may have significant implications for the ability of Lancashire as a whole, and local partners, to secure funding from new national growth programmes.

5. POLICY IMPLICATIONS

There are no direct implications.

6. FINANCIAL IMPLICATIONS

There are no direct implications.

7. LEGAL IMPLICATIONS

Local Enterprise Partnerships operate within a National Assurance Framework agreed by Government. From 1 April 2019, a revised Framework will be in effect with enhanced governance requirements. With reference to the new Framework, an updated the Local Growth Assurance Framework was considered and approved by the Board of the Lancashire Enterprise Partnership on 19 March 2019. One of the requirements in the Framework is that Local Enterprise Partnerships must have a legal personality. Although this already exists in the case of Lancashire (which is a private company limited by guarantee), there is also the need to address the "perception test" of undue control and influence by a single local authority. At the Board meeting it agreed that Lancashire County Council would no longer continue as the sole member of the company.

The draft Members Agreement required to formalise the Council's membership will need to be considered together with the current Articles of Association to ensure the revised corporate structure promotes greater independence.

8. RESOURCE IMPLICATIONS

There are no direct implications.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

10. CONSULTATIONS

N/A

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

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DATE:	1 April 2019
BACKGROUND PAPER:	N/A