

## **Paper for LEP Board**

### **Interim arrangements for governance during the LEP transition**

#### **Background**

Following the LEP review, but prior to the Chancellor's announcement regarding LEP activities, proposals had been agreed to re-arrange board meetings and the sub-board / committee structure. The Budget statement has interrupted the implementation of those plans and the long term future arrangements will now need to be reconsidered once decisions are reached on how best to transfer LEP activities to LAs.

At present, as noted at recent board meetings, most of the LEP sub-boards are not meeting which leaves routes for decision making unclear.

The LEP sets out in its Local Assurance Framework the processes by which it makes decisions but risks having to work around those procedures while the transition is ongoing and implemented. Operating alternate procedures, without prior documentation, risks concerns being raised by the s151 officer and his audit team when annual assurance statements are prepared and submitted to DLUHC from our Accountable body.

This paper therefore sets out proposals to cover arrangements for the short to medium term on an interim basis. If the proposals in this paper are agreed, it will be added as a temporary measure to the LAF.

#### **Proposals**

##### **Board and Sub-boards**

Because the LEP is now entering a period of transition with that transition to be implemented by 1<sup>st</sup> April 2024, we might consider it appropriate to limit the number of decisions taken which have impacts and implications into 2024-25 and beyond, especially those which will place ongoing responsibilities onto the Local Authorities. Clearly not all decisions can or should be deferred or may be unavoidable but in reaching them greater emphasis should be placed on consulting with and taking account of the views of the Local Authorities.

Examples would be decisions on investment, use of Growing Place Fund, EZ grant awards, new borrowing, new major contracts.

While some sub-boards may occasionally be meeting, which provides some continuity for business opinion and advice, delegations should be removed and any decisions of consequence be made at board level.

It is also suggested that with the pace of change associated with the LEP transition, and the associated decisions which will go alongside it, all formal board meetings for the time being are "public", where decisions can be taken in open forum. If separate "private" sessions are needed to debate issues with sensitivity, these can be placed into part B of the agenda.

The executive is also conscious that board decisions need to be quorate, and that attendance levels can vary. In person meetings are expected from time to time, but risk lower attendance. The board will need to be agile, and some decisions may need agreement by correspondence.

**Recommendation 1:** Disband sub-boards and remove their investment delegations. Investment and similar decisions revert to board level.

**Recommendation 2:** Designate all board meetings as public to facilitate decision making at pace in relation to the transition.

**Recommendation 3:** Make provision for directors' views on decision matters to be submitted by correspondence.

#### **Decision ratification and risk management**

Prior to the announcement, the board had already agreed to merging the LEP Finance and Audit Committee with the Performance and Investment (P&I) Committee. We propose continuing with this merger. P&I is expected to have fewer investment decisions to consider (the role is to ratify that due process as set out in the Local Assurance Framework has been followed, not re-evaluate the decision taken) and the requirement to monitor outputs from LGF and GBF has diminished. Its focus is therefore likely to be on monitoring performance against the annual Delivery Plan and on risks. There is an overlap with the role that F&A also discharges on risk management.

P&I is presently short one board director member (following Loren Jones standing down) which risks it being non-quorate. Combining the committees should be relatively straight forward as there is already considerable overlap of membership between the two committees (Chris Hindley, Nichola Newton, Alex Thompson). It is nevertheless suggested that meetings follow a rhythm where once each quarter finance matters take precedence and to which the external auditors are also invited.

**Recommendation 4:** Continue with the plan to merge P&I with F&A.

#### **Local Assurance Framework Exemptions**

During Covid in recognition of the challenges to recruit board directors, DLUHC made provision for LEPs to use exemptions to make up of the board. The exemptions were subsequently extended when the LEP Review created uncertainty over the future of LEPs. The exemptions covered matters of the tenure of chairs and deputy chairs, and the make up of the board including private sector representation and gender balance. C&W LEP has not needed to use any of the exemptions offered. However, with the changing role of the LEP, directors may wish to stand down, or as part of the transition the board restructured. Unless the National Guidance for the LAF is amended prior to those changes, the LEP could find itself in a position to require the use of an exemption, rather than seek to recruit or appoint additional directors to comply with the guidance. The LEP will need to inform DLUHC accordingly. There are instances, e.g. extension of a director's term, where the exemptions as stated in the guidelines are not consistent with the company's articles of association and the articles may take legal precedent.

**Recommendation 5:** If needed, defer recruitment of additional directors and use exemptions permitted under the National Local Assurance Framework Guidelines, unless to do so would breach the company's articles.

#### **Marketing Cheshire**

Although MC is a subsidiary of the LEP, as a separate entity it retains its own board and finance and audit committee. We had plans to integrate those structures more fully with the LEP but maintaining them provides more flexibility until we have clarity of the future structures. If they remain separate, the MC board will need to approve changes to its structure and operations and be assured about its future as a going concern.

Confidential

**Recommendation 6:** Retain separate board of directors and finance committee for Marketing Cheshire.