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##### Cheshire & Warrington Local Enterprise Partnership

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| **Title: Delegated Authority** | **Agenda item:** |
| **Prepared by: Mark Livesey** | **Date of Report: 14th November 2018** |

**Purpose**

1. To seek the Boards approval to give delegated authority to the Board’s sub-committees to enable them to make decisions without the need to refer them to the main Board for endorsement.

**Recommendations**

* To approve the approach to formal delegations proposed in this paper and accompanying governance arrangements.

**Background**

1. All financial decisions made by the LEP, including by its sub-committees, are currently put to the full LEP Board for consideration and decision. Given the demands being placed on the LEP and the likelihood that those demands will continue to increase e.g. as we prepare and debate the content of our Local Industrial Strategy, it seems timely to propose empowering LEP sub-committees and so to agree a scheme of delegation to them enabling them to ensure business is concluded efficiently and effectively. This would also respond to the view expressed by Board members at the recent awayday, that more time should be found in Board meetings to discuss strategic issues, rather than repeating discussions that have already taken place in the sub-committees.

1. If the Board agrees with the proposed level of delegations set out at Annex A, it is a requirement of MHCLG’s accountability framework that the levels of governance and transparency around the LEP sub-committees mirror those of the main LEP Board. In truth, this is pretty much the case already, with meetings being open to the public and papers, agenda etc. being published in advance. The only area of further work would be around the voting rights of sub-committee members.

1. As LEP sub-committees have been established, the LEP has been keen to benefit from the breadth of expertise across Cheshire and Warrington. This means that we have extended sub-committee membership beyond simply Board members and representatives from our Local Authorities, bringing in expertise from both the wider private and public sector. The processes for doing so have been relatively informal, and there is no problem with this continuing, but if they are to be involved in making decisions on financial matters delegated by the Board, they must be appointed via an open and transparent process. Clearly this is not an issue for LA representatives, or Board members who have been appointed through an open and transparent process.

**LEP Sub-Committees**

1. At present the LEP operates five ***decision making*** ‘sub-committees’ which are:
* Strategy Committee
* Enterprise Zone Board
* Local Transport Board
* Employer Education and Skills Board
* European Social Investment Fund Committee

In addition to the above, we have a small number of ***governance*** sub-committees, including Finance and Audit, Appointments and Remuneration and an independent Overview & Scrutiny Committee, as well as the Performance and Investment committee which reviews the decisions taken by the decision making committees.

1. Following the decision to bring the Growth Hub in-house, it would be sensible to establish a further sub-committee, and would advise setting up a Business Growth Board, which would provide oversight and policy direction to the Growth Hub and its activities. This would replace the Business Growth Strategy group which currently performs an advisory function and would have a clear remit to provide direction and focus to the Growth Hubs activities. **Does the Board agree to the establishment of a Business Growth Board?**

**Governance**

1. The size, structure and membership of current sub-committees varies significantly. In order to ensure robust governance and transparency moving forward, the appointment process outlined above will enable us to bring some standardisation to both the constitution and appointment process, while also helping us to shape committees to ensure that they have the relevant breadth of experience and expertise.
2. In delivering a more structured approach to sub-committee appointment and membership, it would also be sensible to ensure a clear line of accountability to the LEP Board. We should therefore look to ensure that full Board members chair each sub-committee. It may also be advisable to appoint a Deputy Chair, again from the LEP Board who is able to deputise as necessary for the Chair, but again providing direct accountability to the LEP Board. Other sub-committee members could be drawn from the main LEP Board or a wider group as happens currently. **Does the Board agree with the appointment of LEP Board Deputy Chairs for each sub-committee?**
3. In moving to this more structured approach, it would also mean that sub-committee activity could continue unhindered while the fuller governance arrangements are put in place ie with two Board members and a representative from each of our local authorities in place, meetings would be quorate, and voting could operate. However, wider sub-committee members would be unable to vote unless they had been appointed through an open and transparent process. We would want to set in hand an appointment process to conclude this swiftly. There would be no bar on the number of non-voting members, enabling sub-committees to draw in expertise as necessary.
4. Representation from local authority partners tends to vary, with local councillors attending a number of sub-committees and officers’ others. For absolute transparency going forward, it may be sensible to ask local authorities to provide an assurance that officers have the authority to vote. This will be particularly important while the full governance arrangements are set in place. **Does the Board agree this approach?**

**Delegated Funding Authority**

1. The diagram below sets out the proposed sub-committee structure and identifies those committees that are advisory in nature and those that, with appropriate delegated authority, could take decisions.



1. If the sub-committees are to function effectively, and to avoid repeating discussions in the full LEP Board, it would make sense to empower sub-committees to make decisions. This would mean enabling a sub-committee to conclude the majority of business which comes before it, without having to revert to the full LEP Board to repeat those discussions and decisions, again creating more space at full Board meetings to discuss strategic issues. It is worth noting that from 2019, the full LEP Board will have already agreed an Annual Delivery plan, which is a requirement flowing from the LEP Review and so a very clear road map will have already been provided to each sub-committee. In addition, sub-committees will continue to circulate the minutes of meetings to all Board members, in order to ensure that they are fully aware of decisions being made. Clearly, if decisions exceeded the agreed limits then they would have to revert to the full Board.
2. There needs to be financial oversight of any decisions and so we would want our S151 officer, or other nominee, to provide that. Moving forward this may be a role the LEP’s Financial Director could play, but only if our S151 officer was content.
3. The table at Annex A sets out the proposed limits of delegation, based on the activity already being handled by respective sub-committees. As discussed earlier, if delegations are to be effective then the majority of business (say 80%), should be concluded without further recourse to discussion in the main Board. However, it would be important to ensure that the more significant decisions (the remaining 20% of business) are brought back to the full LEP Board for discussion and decision. In addition, all novel and contentious decisions would be brought to the full LEP Board, irrespective of value. The Executive would recommend reviewing these levels after 6 months, in order to ensure that business is flowing effectively and the full Board remains comfortable with the levels that have been set, in the light of decisions that had been taken. **Does the Board agree with the proposed levels of delegation set out at Annex A and that these are reviewed after 6 months of operation?**

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| Sub-Committee | Proposed Delegation | Level of Delegation | Board Member |
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| Strategy Committee | The Strategy Committee sets the overarching vision and strategy for economic growth in the Cheshire and Warrington LEP area (including sign off of the SEP, LIS, Growth deal, ESIF strategies), including identifying priorities for investment. The committee oversees the development of programmes and projects that seek to deliver the priorities set out in the Strategic Economic (SEP) and related strategies and, going forward, the Local Industrial Strategy (LIS). As long as proposed projects are in line with the objectives set out in overarching vision and strategy approved by the full LEP Board, then the committee should have delegated authority to approve projects up to £2.5m. | £2.5m | **Chair:** Robert Mee**Other:**Pete WatermanGraeme BristowGary SteenClare HaywardStephen Kinsey  |
| Enterprise Zone Board | The Enterprise Zone Board is responsible for setting and overseeing the strategic direction and operational delivery of the Cheshire Science Corridor Enterprise Zone including reviewing and approving of all businesses cases for investment in the EZ and ratifying Business Rate Discount applications approved by the EZ Steering Group.EZ investment projects can vary between £500k up to c.£5m, but typically range between £1m-£2.5m. The annual EZ Investment Programme is to be approved by the LEP board and Strategy Committee with the EZ Board having delegated authority to approved projects up to £2.5m.  | £2.5m | **Chair:**Robert Mee**Other:**Gary Steen |
| Local Transport Board | The main role of the Local Transport Board is to provide strategic direction to transport in the sub-region. Therefore, the spending decisions are limited to the deployment of consultancy spend. Significant capital investments are taken by Transport Authorities. | £500k | Chair:Pete Waterman |
| Employers Skills Board | The Employers’ Skills and Education Board works with other employers, local authorities, universities, colleges and other training providers to ensure that businesses in Cheshire and Warrington have the skills they need to grow and that all our residents have the skills they need to progress and play a full part in the economy.The Board, supported by the LEP Executive, will make investment decisions on skills and education up to £1million ensuring value for money and strategic fit with the LEP’s Skills Strategy and local priorities. The Board will champion investment in skills and education and communicate effectively with the business community to advise on new developments and local opportunities. | £1m | **Chair:**Clare Hayward |
| Growth Strategy Board | Delegations to be established following establishment of the committee | N/A | Chair:TBC |
| Performance and Investment | The Performance and Investment Committee is a review committee and no financial decisions can be taken without approval from P&I. It will review all financial decisions being made by other sub-committees and following consideration will either confirm final approval, or else revert the decision back to the full LEP Board depending on the delegated authority of the sub-committee, whose decision it is reviewing.  | N/A | **Chair:**Ged Barlow**Other:**Meredydd David |