

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO FULL COUNCIL**

Date 24 July 2019

1. **REPORT TITLE** **SSLEP – COMPANY MEMBERSHIP & APPOINTMENT OF DIRECTOR**
- Submitted by:** **CHIEF EXECUTIVE**
- Portfolios:** **Corporate and Service Improvement, People & Partnerships**
- Ward(s) affected:** **All**

Purpose of the Report

The government's National Local Growth Assurance Framework required all Local Enterprise Partnerships (LEPs) to move from informal partnerships to an incorporated body structure by 31 March 2019 and also set out future expectations for the LEP Board structure, including their size and representation from the private-public sector and gender and diversity mix.

As a result Stoke and Staffordshire LEP ('SSLEP') formally moved to a company limited by guarantee structure earlier this year and changes have been made to the Board representation. There are now 4 District Council representatives nominated by the Staffordshire Leaders Group.

The Leader of Newcastle-under-Lyme was nominated at Annual Council to be our representative on the LEP and has now been formally nominated by the Leaders Group as a District Council representative. This report seeks authority for the Council as a corporate body to become a member of the LEP company.

Recommendation

- a. **That Newcastle-under-Lyme Borough Council joins Stoke on Trent and Staffordshire Local Enterprise Partnership Limited (SSLEP) as a member.**
- b. **To note that the Leader of the Council has been selected to be appointed as a Director of the SSLEP company as one of the four District Council Representatives.**

Reasons

The Government is continuing to develop the role of Local Enterprise Partnerships (LEPs) and the move to a formal structure is a new phase in this development. The change from an informal partnership means that the Council itself as a corporate body must become a member of the Company, although its liability in the event of the Company being wound up is limited to a £1:00.

1. **Background**

- 1.1 In January 2019, the government updated their guidance on the requirements of the LEP Review in the final National Local Growth Assurance Framework. A key requirement is for LEPs to move to an incorporated body model to reflect their more prominent role in local

growth and to allow them to enter into legal commitments to take on further responsibilities in the future.

- 1.2 The government expects public-private collaboration to continue within LEPs as at present. Each has a role, with the private sector providing essential market intelligence to inform local decision making and Local Authorities providing democratic accountability and community knowledge as well as supporting business growth. The most successful LEPs also work closely with universities, further education colleges, the voluntary sector, and other key economic, business and community stakeholders.
- 1.3 LEPs will continue to set their own policies and priorities, but Government expects to see a focus on the following:
 - **Strategy:** Developing an evidence-based Local Industrial Strategy that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across their area.
 - **Allocation of funds:** Identifying and developing investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to improve productivity across the local economy.
 - **Co-ordination:** Using their convening power, for example to coordinate responses to economic shocks; and bringing together partners from the private, public and third sectors.
 - **Advocacy:** Collaborating with a wide-range of local partners to act as an informed and independent voice for their area.
- 1.4 Under the new requirements Private sector representatives must form at least two thirds of the company board (by February 2020), with a maximum permanent board of 20 people. Up to five additional people with specialist knowledge may be co-opted on a one-year basis. LEPs are expected to improve the diversity of their board members by drawing from a more diverse representation of sectors and all parts of their geographical area and with representation from more entrepreneurial and growing start-ups and from the voluntary and community sector. The government wants to see equal representation of men and women on LEP Boards by 2023, with at least a third of members being women by 2020.

2. Issues

- 2.1 At their meeting on the 14 February 2019 the LEP Executive Board endorsed the external legal advice from Sharpe Pritchard Solicitors that the SSLEP partnership should be set up as a company limited guarantee by the deadline of 31 March 2019 with the County Council continuing to act as the accountable body. It was agreed that all 18 LEP Executive Board Members would become Directors of the new company, however in order to be compliant with the new requirements the new board had to be two thirds private sector to one third public sector, with six women on the Board of Directors by 2020 (although the gender balance rule does not apply to local authority representation).
- 2.2 The new Board of Directors has been constituted with 12 Directors from the private sector (which includes the University) and 6 Directors from the public sector which includes:
 - 1 Representative each from the County Council and City Council who currently provide match funding resources

- 4 District Council representatives nominated by the Staffordshire Leaders Group

2.3 This is a variation from the previous arrangement for public sector representation as both the County Council and Stoke on Trent City Council originally had two voting places on the Executive Board which has now been reduced to one each. However, whereas District Partners previously only had two seats/votes on the Board under the new company structure this has been increased to four Directors/votes. These are to be filled by District Council nominations, with those nominations agreed by the Staffordshire Leaders Group. Alternate Directors from another District have been nominated in the event the agreed representative is unable to attend.

3. **Proposal**

3.1 The Staffordshire Leaders Group has recently met and Cllr Simon Tagg, as the Leader of NULBC, has been selected as one of the four district representatives on the new company board. There is no allowance attached to this role.

3.2 Annual Council at its meeting in May 2019 approved the Leader's nomination to the LEP, but the change of legal structures means that Cllr Tagg is not only required to consent to act as a Director of the new company, but is also asked to sign consent on behalf of the Council to NULBC itself becoming a member of the Stoke on Trent & Staffordshire Local Enterprise Partnership Limited. This requires the Council to abide by the Articles of Association and to contribute £1 if the company is wound up whilst the Council is a member, or within one year of the Council ceasing to be a member.

3 **Reasons for Proposed Solution**

3.1 The composition of the new board is in accordance with new government requirements and if District Councils are to retain their role in shaping and influencing the future strategies and policies of the LEP it is important to be able to take up a seat on the new Board.

4. **Options Considered**

4.1 There is an option of not approving the proposal, but NULBC would lose the opportunity to be represented on the LEP Board.

5. **Legal and Statutory Implications**

5.1 As a legal entity, the SSLEP will be required to follow relevant legislation, codes and corporate governance arrangements which align to the Company Limited by Guarantee (CLG) model. A CLG requires guarantors who are also known as 'members' of the company. It is proposed that the private sector members will be directors themselves and the public sector members will appoint directors.

5.2 The Council has the power to join the SSLEP Company and to appoint a director to its board of directors under the Localism Act 2011 general power of competence.

5.3 As a member of the SSLEP Company the Council will have liability of up to a £1.00. Accordingly if the company is wound up whilst the Council is a member, and for one year after the Council ceases to be a member, the Council will contribute a £1.00 to the assets of the company in accordance with the Companies Act 2006.

5.4 All directors of the SSLEP Company will need to make sure that they are familiar with the Articles of Association in line with the requirements of the SSLEP Assurance

Framework/Constitution. The directors need to understand their rights and obligations in the role of director of the company.

- 5.5 The newly-incorporated SSLEP has been advised to take out Directors' and Officers' Insurance.

- 6. **Equality Impact Assessment**

- 6.1 No implications.

- 7. **Financial and Resource Implications**

- 7.1 There are no significant resource or financial implications.

- 8. **Major Risks**

- 8.1 The SSLEP itself has developed and maintains a comprehensive Risk Register which is monitored and managed through the Executive Board.

- 9. **Sustainability and Climate Change Implications**

- 9.1 No implications.

- 10. **Key Decision Information**

- 10.1 This is not a key decision which requires inclusion in the Forward Plan

- 11. **Earlier Cabinet/ Committee Resolutions**

- 11.1 None directly relevant to this matter.

- 12. **List of Appendices**

- 12.1 Not applicable

- 13. **Background Papers**

- 13.1 National Local Growth Assurance Framework (January 2019)