

BOARD MEETING: Thursday 6th February 2014

REPORT PRESENTED BY: JAMES FARRAR

TITLE OF PAPER: LEP Governance and Structure

Following the meeting on 15th January, this paper provides more details and proposals regarding;

1. Membership and Voting rights of the LEP Infrastructure Board
2. Clarity around the relationship and governance with the existing sub-structures in the LEP area, e.g Devolved Local Transport Body
3. Options for delivery structures to ensure successful implementation of the LEP strategic economic plan
4. Overview of the Secretariat and current resources.

Chief Executives are asked to;

- 1. Agree in principle preferred voting structure**
- 2. Give their feedback on the proposed delivery models and to agree a collective way forward.**
- 3. Commit to developing a funding mechanism to deliver the agreed delivery model.**

1. LEP Infrastructure Board Voting Rights

It was agreed at the meeting of Local Authority Chief Executives, on Wednesday 15th January, that all Local Authorities have a seat on the LEP Infrastructure Board. This Board will be responsible for prioritising LEP Infrastructure investments.

The proposed voting rights for the LEP Infrastructure Board are based on the existing voting rights on the LGNYY, factoring in East Riding of Yorkshire and the Local Enterprise Partnership.

I have proposed two options, one whereby the National Parks retain a voting right within the Board and one where they do not.

The existing voting rights are:

	Votes
Craven	1
Hambleton	1
Harrogate	1
North York Moors National Park Authority	1
Richmondshire	1
Ryedale	1
Scarborough	1
Selby	1
North Yorkshire CC	7
York	4
Yorkshire Dales National Park Authority	1
Total Votes	19

Proposal: Option A

National Parks retain a vote

	Votes
Craven	1
Hambleton	1
Harrogate	1
Richmondshire	1
Ryedale	1
Scarborough	1
Selby	1
North Yorkshire CC	7
York	4
East Riding	6
National Park Authorities	1
LEP	1
Total Votes	26

Proposal: Option B

National Parks do not retain a vote

	Votes
Craven	1
Hambleton	1
Harrogate	1
Richmondshire	1
Ryedale	1
Scarborough	1
Selby	1
North Yorkshire CC	7
York	4
East Riding	6
LEP	1
Total Votes	25

In the event that a majority decision cannot be reached, the LEP will have the casting vote.

Action: Chief Executives are asked to agree in principle preferred voting structure

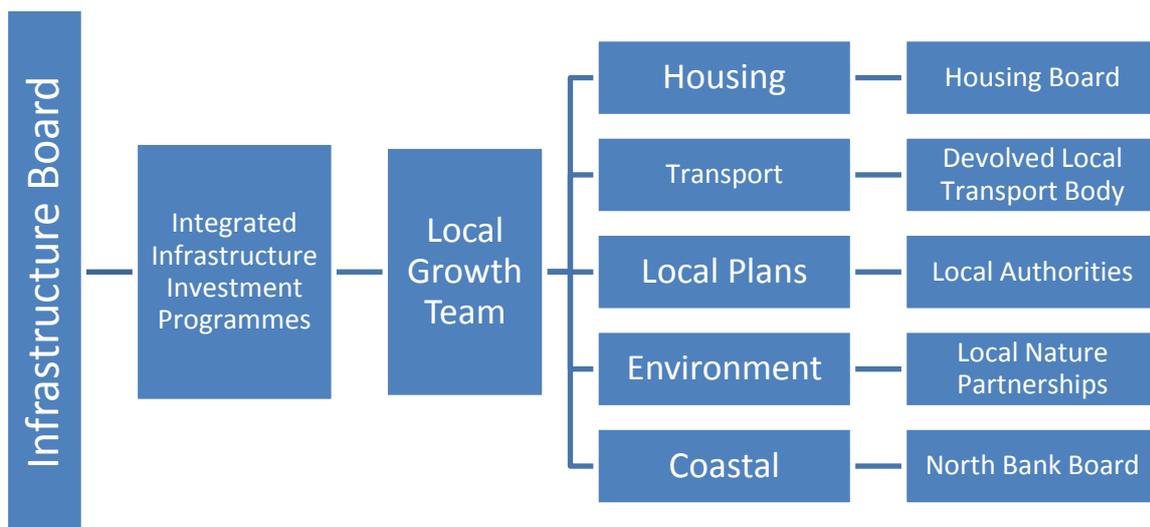
2. Relationship with other Sub-Boards

This is for information only:

There exists a number of sub-boards and partnerships within the region, which have a role in key areas of the LEP agenda. The LEP will continue to engage and work in partnership with these structures ensuring, where possible, that priorities are aligned.

Any of these partnerships may come forward with either projects or programmes which request LEP funding, however all will be appraised by the Local Growth Team and integrated into growth programmes. This will ensure we develop cohesive 'whole place' packages of investment which address the needs of areas. These will then **subject to prioritisation and approval by the LEP Programme Boards.**

In particular I would make reference to the following;



3. Management & Delivery Capacity

- At the meeting on 15th January, an initial discussion was held around LEP resources and the creation of a Local Growth team.
- Whilst a full review of the LEP secretariat will be undertaken, with the opportunity for Local Authorities to input, this paper provides an internal assessment of the current capacity and where there are clear gaps.
- It also reflects clear messages from government around governance and management of potential investments
- The importance of extremely robust delivery management and reporting processes is fundamental to our success. Our ability to demonstrate this will impact on the level of investment we secure from government and our success in delivering in 15/16 will impact on future investment secured.
- Two key points to note:
 - Membership of the Local Growth Team is not dependent upon being employed by the LEP, however 'ownership' of key LEP deliverables and accountability is required.
 - The existing capacity with Local Authorities varies greatly across the patch.
 - In comparison with some areas the resources, structures and pattern of joint working in this LEP are some way behind and can create challenges.
- It is anticipated that resources for Business Growth and Skills will either come from existing resource or be fully funded from funding secured via the LEP (e.g EU Technical Assistance funding)
- The section below focuses on models for the management and delivery of the capital infrastructure projects.

In summary:

I have provided 3 options ranging from light touch relationship management through to project management by the Local Growth Team, based on combining the LA teams with the current LEP staff resource. It is anticipated that the majority of the posts within the structures will come from existing skillsets within Local Authorities.

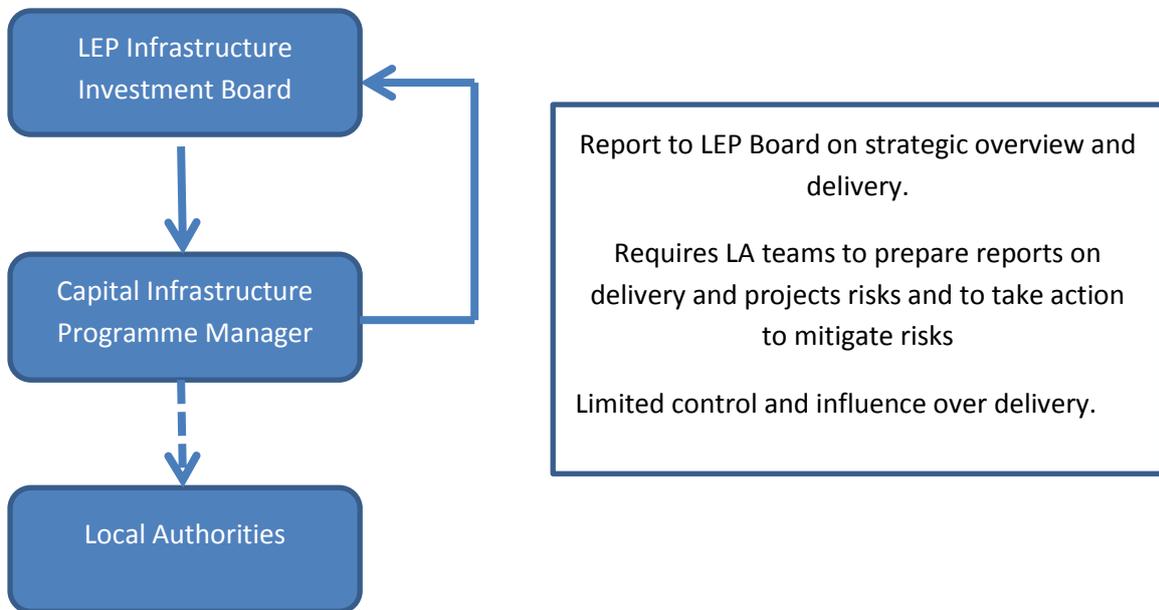
This should deliver efficiency savings to the Local Authorities, however because the LEP has not yet had any indication of its revenue funding, it cannot commit to funding this resource from its own resources. The final section of this paper provides a breakdown of LEP operating resources.

Action: Chief Executives are asked to give their feedback on the proposed delivery models and to agree a collective way forward.

Option 1: The existing LEP Capital Infrastructure Manager maintains relationships with the LA teams. The LA teams are responsible for resourcing and delivering projects in their own area and providing delivery and risk reporting back to the LEP Infrastructure Board.

We retain the existing structure of working together to develop future priorities and light touch relationships with the strategic partnerships, e.g Housing Board

<p>Strengths:</p> <ul style="list-style-type: none"> • Easy to implement and doesn't affect current structures and responsibilities 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Accountability up to the LEP Board is fragmented. • The LEP has no ability to support to mitigate risks • No sharing of resource or expertise • Likely to be seen negatively by Government and not a true partnership. • Could also be a perceived lack of management control by the LEP • Maintains limited officer resources at the LEP
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Option 2: The existing LEP Capital Infrastructure Manager works with a small cohort of portfolio managers who are responsible for key areas of the agenda. These would be responsible for working with the strategic partnerships (e.g Housing Board), ensuring a better aligned and more co-ordinated approach to both developing future LEP investment priorities, but also in attracting funding from other sources. E.g HCA etc. Portfolio Managers would cover Housing, Transport, Environment & Coastal.

From a delivery perspective they would work across the LEP area, supporting existing LA's teams to deliver and reporting back to the LEP Infrastructure Board. These posts would be likely to be resourced from existing posts within the LA's.

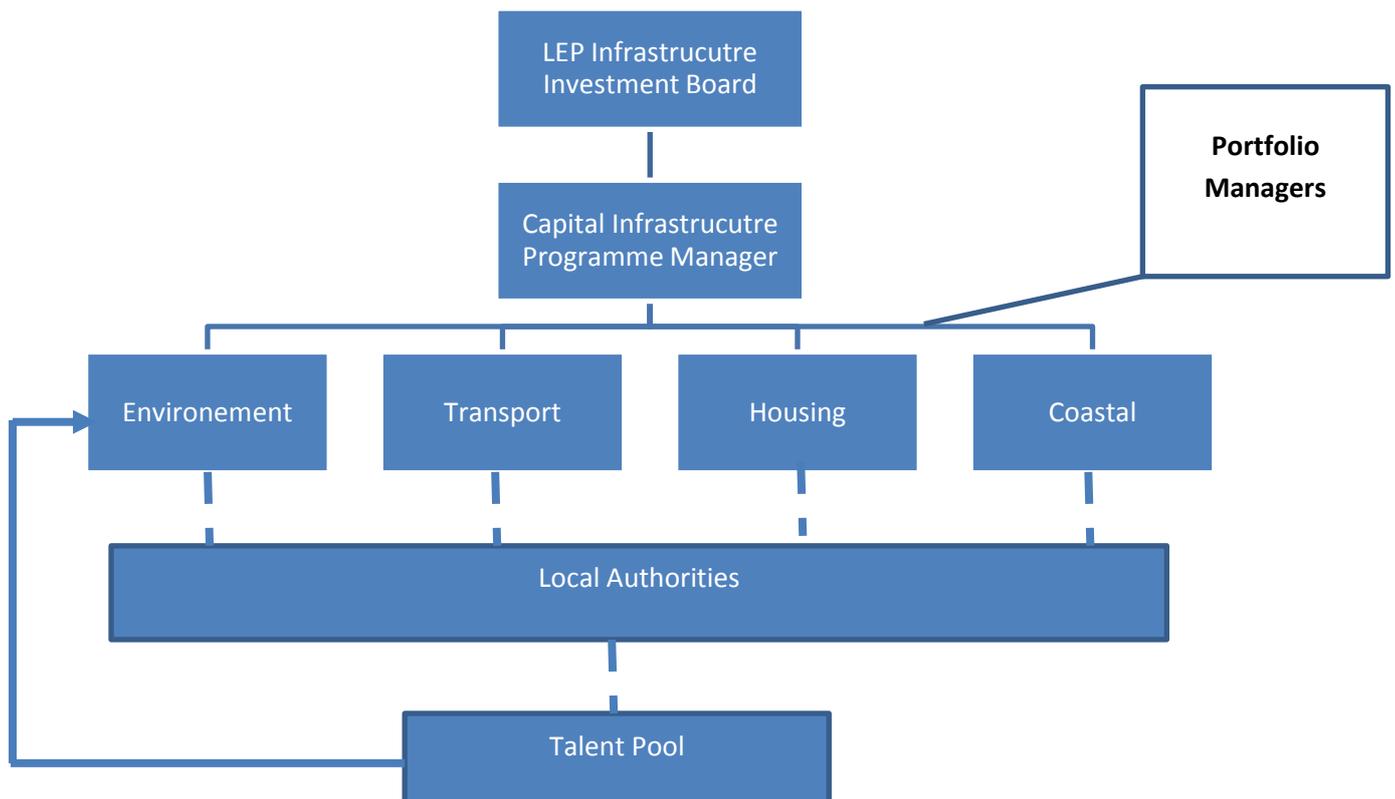
Within this model, we would also look to use the skillset which exists across the LEP area to support delivery. We would create a 'talent pool' whereby skills could be seconded to other Local Authorities to support delivery of projects.

Strengths:

- Demonstrates stronger commitment to the LEP and partnership working.
- Clear accountability from LEP Board to delivery.
- Improves value for money and savings by being a flexible resource across the LEP area which responds to need.
- Shares best practise by utilising knowledge and expertise from across the LEP area.
- Some benefits for areas with fewer resources and dedicated expertise.

Weaknesses:

- Requires a commitment to pooling resources.
- Availability of secondees will require flexibility between partners.
- The LEP will need secure sufficient funding to be able to fund potential secondments.
- LA areas with limited resources may still struggle as not a full sharing of officer resource across LEP i.e. would not fully share delivery staff across authorities



Option 3: The existing LEP Capital Infrastructure Manager works with a small cohort of portfolio managers who are responsible for key areas of the agenda. These would be responsible for working with the strategic partnerships (e.g Housing Board), ensuring a well aligned, co-ordinated approach to both developing future LEP investment priorities, but also in attracting funding from other sources. E.g HCA etc.

Portfolio Managers would cover Housing, Transport, Environment & Coastal.

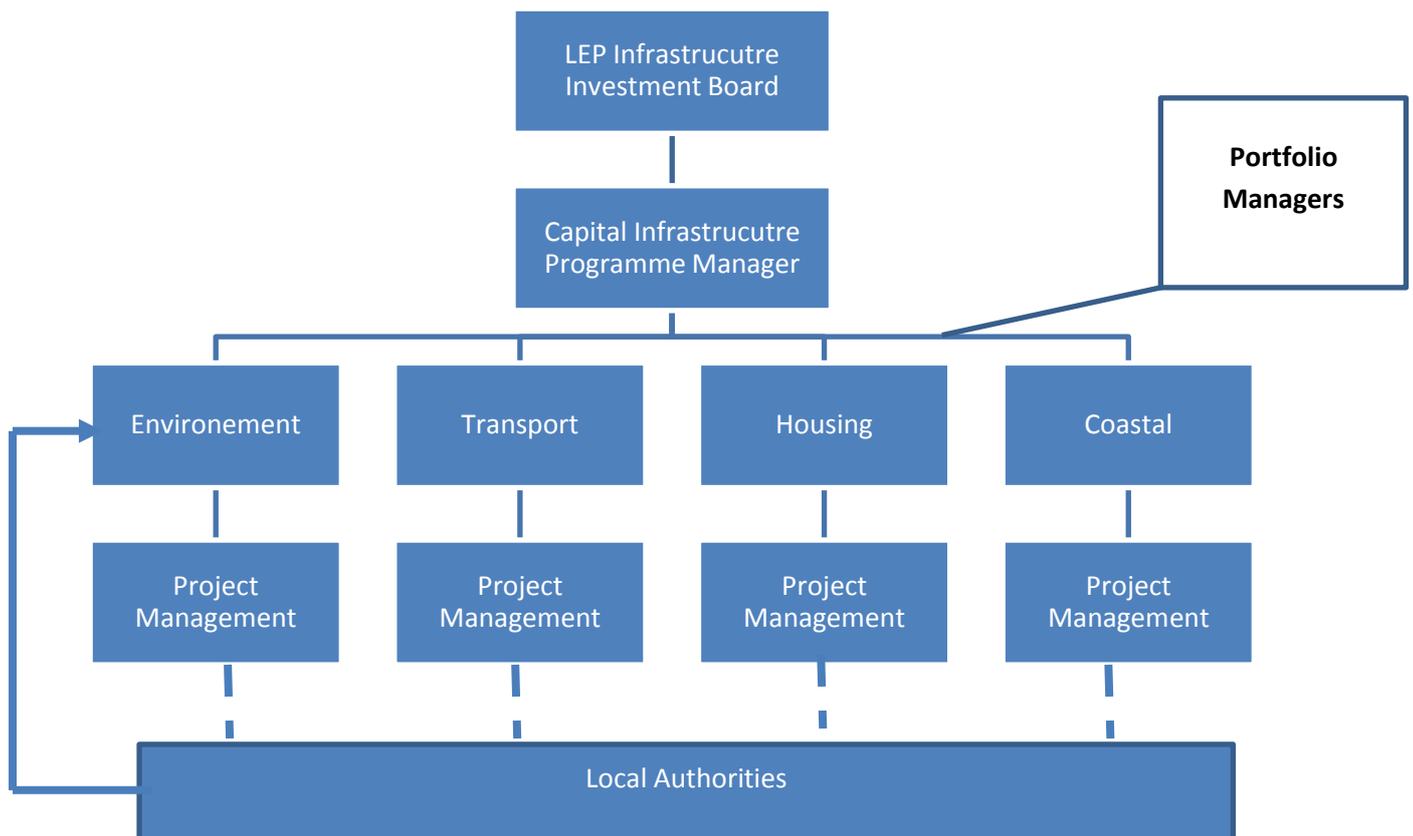
From a delivery perspective there would also be a team of project managers, who would report to the portfolio managers and be responsible for driving delivery. In effect it would create a LEP wide Economic Development Function. These would be likely to be resourced from existing LA posts, and there would be staff based mostly within the District Offices – although they would be more mobile than present

Strengths:

- Very strong project management and accountability from Board to delivery.
- A central resource to support LA's
- Provides a strong cross LEP approach to Economic Development
- Ensures consistency in delivery across the LEP area.
- Dedicated resource for LA's with limited resources.
- Could provide greater value for money and savings cross all LA areas.

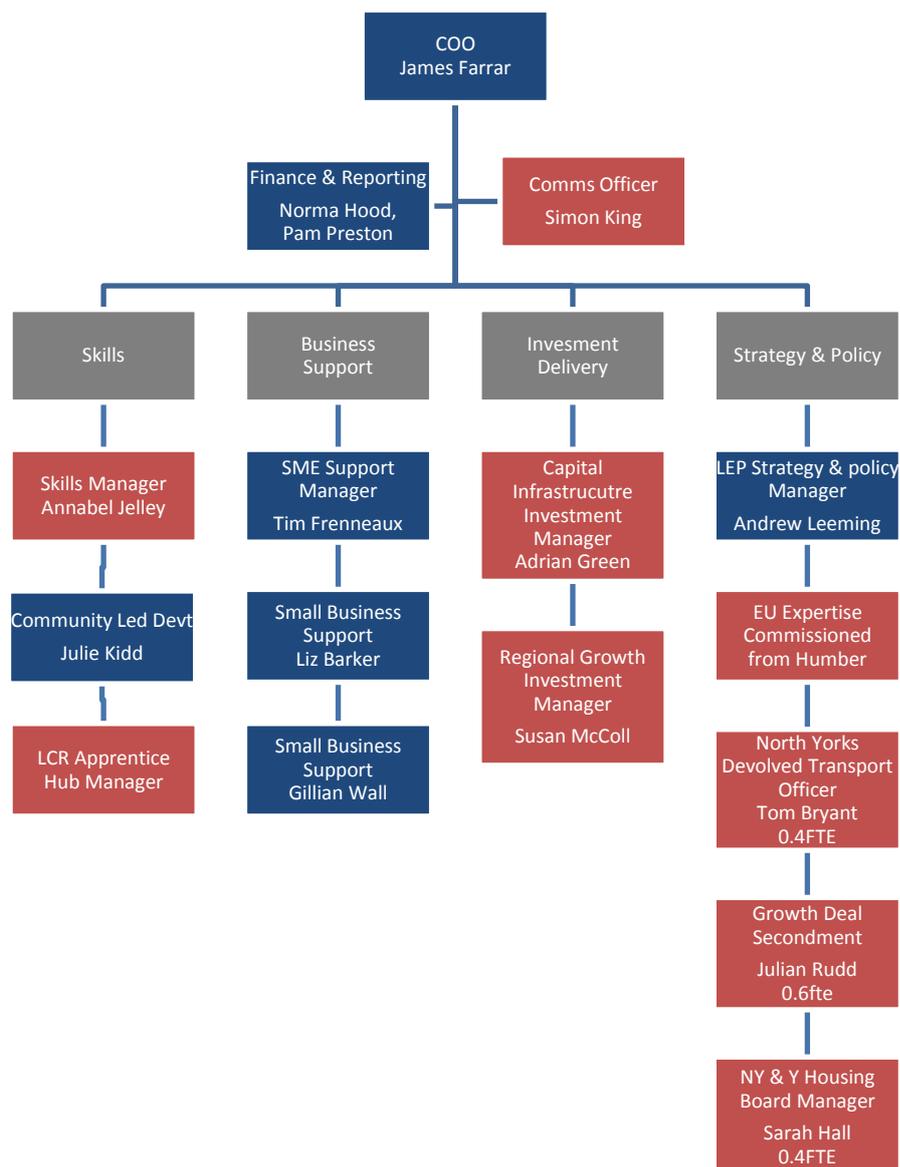
Weaknesses:

- Potential for sensitivity within Local Authorities, and concerns over prioritisation of local ambitions and projects



4. LEP Resources

- The organisation chart below details the current LEP staff resources. The **Blue boxes** are funded via the LA contributions, the **red boxes** via other LEP Funds
- The LEP is currently in receipt of £250k core budget and £250k for Strategy Development from Central Government per annum. This is confirmed up to 2014/15. These budgets fund the activities of the LEP alongside the development of the strategy.
They also fund the following posts: Skills Manager, Comms Officer, EU Expertise, Growth Deal secondment and 0.4 of the North Yorkshire & York Housing Board Manager.
- The other posts are resourced via investment funding secured by the LEP.
£4m Regional Growth Fund – Regional Growth Fund Manager
£9.2m Growing Places Fund – Capital Infrastructure Investment Manager
Leeds City Region City Deal – Apprentice Hub Manager



The Financial Contributions for 2013/14 are:

	NYCC Contribution £	Other Local Authority Contributions £	LEP Grant Funding £	Total £
Projected Costs				
Staffing	309,804	70,453	84,690	464,947
Premises	19,026	4,497		23,523
Office Running Costs	22,006			22,006
Total Projected Costs	350,836	74,950	84,690	510,476

The LEP Grant Funding amount of £84,690 reflects that the two skills and two investment posts are only in place for Q4 of the financial year. This will rise to c. £240k in 2014/15

Future Requirements.

- The current assumption is that the Growth Deal Secondment (Julian Rudd) and Transport Officer support will cease at the end of 2013/14
- Moving forward, the LEP will require sufficient capacity to deliver its Strategic Economic Plan across the Business Support, Skills and Infrastructure agenda.
- As previously stated, if we are able to maintain the existing capacity for business support and skills team, any further capacity will be secured via successful funding bids.
- It had originally been planned to utilise the New Homes Bonus to fund the infrastructure investments of the LEP. The removal of this budget present a major funding challenge to deliver an effective service
- The proposal is to work closely with Local Authority partners to implement the preferred delivery model. This clearly has an implication on Local Authority resources, however options 2 and 3 which move towards more of a joint team, provide potential efficiency savings through sharing of resources, whilst providing greater access to specialist expertise and best practise.
- A further consideration is around reporting requirements. Given the increase in LEP investments, the requirement for increased reporting to all Stakeholders is likely to increase. It is proposed that as part of the close partnership working, Local Authorities commit to providing a lead on this activity.

Action: Chief Executives are asked to commit to developing a funding mechanism to deliver the agreed model.

The organisation chart below outlines the proposed structure of the Local Growth Team

