

LEP BUSINESS BOARD

SHADOW BOARD MEETING: 22 February 2018

Structure of new LEP

When the government set out its plans for local economic growth, it did not specify a structure for local enterprise partnerships. The structure and form was to be decided locally. Many, including the GCGP LEP set themselves up as a company limited by guarantee, established in 2010.

Many of the original LEPs were set up as either

- (a) A partnership body or
- (b) A Ltd company by Guarantee

In November 2016 the Department for Communities and Local Government (DCLG) produced new guidance for LEP's (Local Enterprise Partnership National Assurance Framework). The guidance also dealt with the approach to be taken in Mayoral devolution deal areas where Combined Authorities and LEP's had agreed to align their funding into a single pot. Many Combined Authorities, both mayoral and non-mayoral, and LEP's began to align their strategic objectives and governance processes as a result. Again no guidance was given on the structure

Those LEPs that have aligned within a combined authority area have amalgamated their structures with the LEP being an advisory board within the combined authority structure.

When reporting to the Board on 20 December, it was proposed to set up the new Business Board as a company limited by guarantee *"to reinforce its distinct role"* and *"to deliver strategic advice to the combine authority"*.

The report also advised that *"Reflecting the single pot funding approach, the Business Board would not take direct decisions on the funding of programmes as these will be referred to the Combined Authority Board to approve. Once approved, the implementation of such programmes will be passed back to the Business Board for implementation."*

At a recent meeting with CPCA representatives, Pinsent Masons LLP, Grant Thornton, Kate Hallett of Cities and Local Growth Unit, Ministry of Housing, Communities and Local Government, there was discussion on whether a limited company was the right structure going forward for the following reasons

- The purpose of setting up a company limited by guarantee is to limit the liability of its owners/guarantors (ie the board members) to the amount of their guarantees - usually £1. The assets and liabilities of GCGP LEP will transfer to the Combined Authority and therefore, board members do not have to limit their liability.

- The Government is undertaking a review of LEP structures and until that review is completed, there seems little point in setting up a company at the present time.
- The structures would be set out in the company's articles which are difficult to amend and would require specialist legal support to wind up
- The Government and the Combined Authority could do little to avoid the problems previously experienced as the LEP would have a separate legal entity to the combined authority
- The company would have to abide by Companies Act rules as well as local government rules, ie submitting annual returns, accounts (even if Nil accounts) all involving unnecessary bureaucracy

It is recommended that initially the new LEP is set up as an advisory board within the combined authority structure and that this is underpinned by a partnership agreement.