

COUNCIL

17 DECEMBER 2013

REPORT OF THE PORTFOLIO FOR ECONOMY AND EDUCATION

CREATION OF A JOINT SCRUTINY COMMITTEE FOR THE SUPERVISORY BOARD OF THE GREATER BIRMINGHAM AND SOLIHULL LOCAL ENTERPRISE PARTNERSHIP

1. Purpose of the Report

To seek approval of a Joint Committee, draft Constitution and Terms of Reference and for the creation of a Joint Scrutiny Committee for the Supervisory Board of the Greater Birmingham and Solihull Local Enterprise Partnership (GBS LEP).

2. RECOMMENDATION

That the Council approves

(1) The establishment of a Joint Committee, in accordance with Article 12 of the constitution, the Localism Act 2011, and the Local Government Acts 1972 and 2000 for the purposes of acting as a Supervisory Board for the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) for decisions on any funds devolved from government as part of a Single Local Growth Fund and

(2) The Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) draft Constitution, Terms of Reference and Joint Scrutiny Committee arrangements as detailed in the documents attached in the Appendices in accordance with the Constitution and Article 11 thereof ;

3. Background

In September 2012, a delegation of Birmingham politicians and business leaders, including the GBS LEP Chair went to meet the Prime Minister. At that meeting, an offer was made to pilot outcomes from Lord Heseltine's review into how to drive economic growth. This sparked the Prime Minister's interest and the outcome a few months later was the initiation of the Greater Birmingham Project (GBP).

His intense eight week review saw the GBS LEP work with Lord Heseltine to assess the economic benefit of implementing the recommendations contained within his report 'No Stone Unturned'. The link below will take you to Lord Heseltine's report :-

<http://www.bis.gov.uk/assets/biscore/corporate/docs/n/12-1213-no-stone-untuned-in-pursuit-of-growth.pdf>

The 89 recommendations included the creation of a £49bn capital pot of devolved funds from Whitehall which local areas can bid into to fund economic development activity.

The findings of the review were published on Sunday 17 March 2013. The 'Greater Birmingham Project: the Path to Local Growth'.

The link below will take you to the findings of the review :-

http://centreofenterprise.com/wp-content/uploads/2013/03/GBSLEP-Report-version_complete.pdf

The review outlined how outcomes would be improved if the Greater Birmingham area had control over a large capital fund that it could use to drive economic growth and improve the quality of life of local people.

The report also acknowledged that governance would need to be strengthened if the LEP was to start making spending decisions over significant sums of money. In the document, the GBS LEP committed to forming a Supervisory Board comprised of the nine elected local authority leaders, if a substantial Single Pot was created. The report stated that the Supervisory Board would:

- Provide clear political accountability for the management of the Single Pot.
- Operate a cabinet style of accountability and be a formal governance structure between a Joint Committee and a Combined Authority.
- Empower the LEP Board through formal decision making and a scheme of delegated authority.

The commitment by the Government (led by the current Conservative/Lib Dem administration), announced by the Chancellor of the Exchequer and confirmed in the recent Budget that

"Government spending should be aligned with the priorities of the local business community ... from April 2015, the Government will place more of the funding that currently goes to local transport, housing skills and getting people back to work into a Single Pot that LEPs can bid for."... is welcomed.

Moreover, it is acknowledged that the democratic accountability deficit currently exhibited by LEPs given that there is insufficient elected member oversight of decisions taken by LEPs requires to be addressed. In the Government's response to the Heseltine Review, among the principles for effective partnership, it is stated that local authorities will 'manage an account for the localised funds through binding and long lived decision making structures such as joint committees as a minimum, or combined authority (preferable), or other similar arrangement'.

This devolution of funding and responsibilities should be subject to meaningful local democratic accountability to ensure there is also alignment with community priorities.

Accordingly, Cabinet welcomed the statement in the Greater Birmingham Project: the Path to Local Growth, once the details of the single pot are announced, that the Greater Birmingham & Solihull LEP will 'immediately establish a Supervisory Board comprised of the nine local authority leaders. This will provide clear political accountability for the management of the single pot. It will operate a cabinet style of accountability and will be a formal government structure between a Joint Committee and a Combined Authority.'

In response to Lord Heseltine's 'No Stone Unturned', the Government has created a Local Growth Fund of c£2billion, of which about half will be available for LEPs to bid into competitively. To be successful, LEPs will be expected to demonstrate a number of things including arrangements for delivering their Strategic Economic Plan which "deliver collective decisions, from all local authority leaders, including district councils within the LEP, with evidence of underpinning robust partnership arrangements" such as Joint Leaders Committees (Growth Deals – Initial Guidance for Local Enterprise Partnerships': HM Government (July 2013)). The expectation from Government is therefore that LEPs will strengthen their governance arrangements if a formal structure is not already in place

4. Creation of a Supervisory Board

Cabinet agreed on 22 August 2013 to:

- (1) The establishment of a Joint Committee, subject to approval of Council, in accordance with Article 12 of the constitution, the Localism Act 2011, and the Local Government Acts 1972 and 2000 for the purposes of acting as a Supervisory Board for the GBSLEP for decisions on any funds devolved from government as part of a Single Local Growth Fund ;
- (2) The GBSLEP draft constitution, terms of reference and scrutiny arrangements as detailed in the documents attached in the Appendices be referred to Council for approval in accordance with the Constitution and Article 11 thereof ;
- (3) The Solicitor to the Council and Monitoring Officer be authorised to make any amendments to the relevant documents and finalise the detail for the GBSLEP Constitution, terms of reference and scrutiny arrangements as the proposals are developed between the LEP and local authority members of the Joint Committee and
- (4) Delegate to the Leader and in his absence the Portfolio Holder for Economy and Education the membership position on the GBSLEP as contained in the Terms of Reference with full voting rights on all Supervisory Board.

A copy of the report, the draft Constitution and Terms of Reference are attached at Appendices (1), (2) and (3).

The necessary approvals are being sought by each of the other local authorities in the LEP.

Membership of the Supervisory Board will comprise the nine Local Authority Leaders (or other appointed member) of the GBSLEP. The GBSLEP Chair will be invited to be a member (using the power to co-opt non-authority members on to a committee contained in Section 102(3) of the Local Government Act 1972) but will be a non-voting member of the Board.

Political proportionality rules will not apply to the Joint Committee as so constituted.

Objects of the Supervisory Board will be to:

- Provide effective decision-making and clear political accountability for the management of the Local Growth Fund and other significant funding streams that cover the full GBS LEP geography as agreed by the LEP Board
- To empower the LEP Board to deliver decisions taken;
- To oversee and review the activities of the GBS LEP Board;

- To co-ordinate and liaise with the GBS Local Transport Board;
- To consider any further measures necessary to strengthen the GBS LEP Board.
Birmingham City Council will host the Supervisory Board.

4 Creation of a Joint Scrutiny Committee

As the Supervisory Board performs executive functions it is necessary to create a Joint Scrutiny Committee to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the Supervisory Board.

It is proposed that the Joint Scrutiny Board will be formed of one member from each local authority, making a total of nine. Quorum will be four, one from each area of the LEP (i.e. Birmingham, Solihull, North Worcestershire and South Staffordshire). As each Local Authority will be nominating its member, the composition of the Scrutiny Committee will not accord with political balance rules.

The Joint Scrutiny Committee will be hosted under local government arrangements by Solihull Metropolitan Borough Council and the Chief Executive of Solihull Metropolitan Borough Council shall be Secretary to the Joint Scrutiny Committee.

Solihull Metropolitan Borough Standing Orders will apply to the Joint Scrutiny Committee. The Host Authority will also provide s151 and Monitoring Officer roles to the Joint Scrutiny Committee.

The draft Terms of Reference for the Joint Scrutiny Committee are attached at Appendix 4

Appendices

- (1) Report to Cabinet on 22 August 2013 – Creation of a Supervisory Board for the Greater Birmingham and Solihull Local Enterprise Partnership
- (2) Draft Constitution
- (3) Terms of Reference
- (4) Draft Terms of Reference for the Joint Scrutiny Committee

Report Author

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