

Central Area Growth Board Report

14 February 2023

Update on Transition of LEP Functions to West Northamptonshire Council

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1. Recommendations

1.1 That the Growth Board:

- a) note the update contained within this report;
- b) agree in principle to establish a Joint Committee, and request that arrangements to do so are progressed by the respective Monitoring Officers in consultation with the Leaders of the member authorities; and
- c) consider the desirability of a further meeting in March/early April.

2. Background

2.1 The decision of the CAGB on the 12 December 2023 has allowed officers at West Northamptonshire Council (WNC) alongside colleagues on the Task & Finish Group to progress work to allow for the transfer of LEP functions and staff from 1 April 2024. The decisions stated:

That the Growth Board agree that option 2 is the preferred funding envelope and budget option for the delivery of LEP functions for 2024/25 and that WNC will proceed with the TUPE process on this basis, and a detailed budget for this option will be brought to the February Growth Board meeting, subject to:*

- a) *written confirmation by the end of the calendar year from SEMLEP, that in excess of £1.5 million of their reserves are available for supporting the continuation of services;*
- b) *West Northamptonshire Council committing to review option 2 to reduce the call on reserves as far as practicable (in consultation with the Chief Executives of the Growth Board Member Councils);*
- c) *a formal review the LEP services and budget being undertaken, and report brought back to the Growth Board within 6 months, in order to prepare for financial year 2025/26; and*

d) *Chief Executives agreeing to support West Northamptonshire Council via a task and finish group.*

** Option 2 Utilising Government funding, any existing project funding and reserves to create a stronger year one position*

- 2.2 A fundamental principle for all six local authorities for the future delivery of the LEP functions is that the service must be financially sustainable. A financial envelope of £1,875,988 has been agreed as a budget for 24/25 which allows for the transfer of Strategic Economic Planning, Growth Hub and Careers Hub, together with support roles. This budget draws on £495,000 of approved LEP reserves. The agreement to use of reserves in year one will allow WNC to establish and review the structure and functions and future budget required. This will go back to the CAGB following review after 6 months, with a view to reducing the use of reserves and finding a sustainable funding model for the service functions and a budget for 2025/26.
- 2.3 Written confirmation has been received confirming that SEMLEP will have in excess of £1.5m of reserves available for supporting the continuation of services in 2024/25.

3. Update

TUPE Process

- 3.1 WNC have identified the services and staff to transfer to WNC from 1 April 2024. SEMLEP have provided the employee information and the measures letter has been sent. TUPE consultation commences from the week of the 5 February.

WNC Cabinet Paper

- 3.2 WNC Cabinet on the 13 February 2024 will consider a paper and recommendations relating to the transfer of LEP functions. A copy of this report and recommendations can be found [here](#).

Joint Authority Agreement

- 3.3 The paper considered by CAGB at its meeting on the 12 December outlined the requirement for a joint agreement relating the future hosting arrangements for the LEP functions. This agreement is intended to ensure that all partner authorities are committed to the arrangement and to ensure that future liabilities or reserves are equitably to ensure that in a future scenario where the government funding is withdrawn, or future government guidance requires the winding up of the LEP functions.

- 3.4 WNC have instructed lawyers to draw up heads and terms and an agreement for review and agreement by all partner authorities. This is due to be circulated, alongside a template report and recommendations which all councils are asked to seek appropriate executive approval for the hosting arrangements and joint authority agreement.

Future Governance

- 3.5 The CAGB has become the governance structure for overseeing the decisions relating to the new hosting arrangement following the winding up of SEMLEP. This was not its original remit and therefore whilst it enables the six local authority leaders to come together and represent their individual councils, its terms of reference are no longer fit for purpose and the current arrangements rely on decisions endorsed by the Growth Board, being subsequently agreed at member authority level. It is therefore proposed that a local authority Joint Committee is established which would have only the local authority leaders or deputies able to form the Committee and make decisions relating the hosted LEP functions. Milton Keynes City Council act as host and secretariat for the CAGB and it is suggested that this arrangement could continue.

Business Board

- 3.6 Government guidance was published on the 2 August 2023 and subsequently on the 19 December 2023 which highlights the need to embed a strong, independent, and diverse local business voice into the new arrangements. A separate paper provides further discussion and background to the proposals.

Accountable Body

- 3.7 A meeting with Luton Borough Council as existing accountable body is scheduled. All accountable body functions will sit with WNC from 1 April 2024, however clarification regarding residual accountable body functions is required. A verbal update will be provided at the CAGB, following further discussion with Luton Borough Council.
- 3.8 It should be noted that a further report to the Board will be required to set out the detailed budget, including management fees, transition costs, residual costs (including LBC residual accountable body costs), and rebranding. Whilst the next CAGB/Joint Committee is not currently scheduled until June, members may consider an earlier meeting desirable.

Branding

- 3.9 MKCC have, on behalf of the CAGB, appointed Whistlejacket to deliver a proposal for new branding and identity. A separate update is provided by MKCC at this meeting. It should be noted however that in order to ensure a smooth and effective transfer of functions a new name and identity for the combined area, strategic economic planning, growth hub and careers hub is needed at least by the beginning of March to allow for domain names to be established and new email addresses for staff.
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