



Leicester
City Council

WARDS AFFECTED
All

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

**OVERVIEW AND SCRUTINY MANAGEMENT BOARD
CABINET**

**4th December 2008
8th December 2008**

SUB REGIONAL ARRANGEMENTS FOR ECONOMIC DEVELOPMENT

Report of the Chief Operations Officer and Deputy Chief Executive

1. PURPOSE OF REPORT

- 1.1 This report updates and seeks the necessary Cabinet approvals to take forward work in relation to the Leadership Board for the sub-region, emda sub-regional funding programme, Multi Area Agreement (MAA) and Leicester and Leicestershire Economic Development Company (EDC).

2. SUMMARY

- 2.1 The role and function of the Leadership Board for Leicester and Leicestershire are considered in this report together with the required supporting structures. Two legal agreements are being drafted to underpin the work of the Board and the wider sub regional structure to establish the role, remit and terms of reference of the Board and the working relationship between the City and County Councils. This will identify the City Council will act as accountable body for funding and as host for Leadership Group support functions.
- 2.2 This report outlines progress on development of the MAA for Leicester and Leicestershire which is currently subject of negotiation with relevant Government departments. Delegated authority is sought for the submission of a final MAA to Government in December.
- 2.3 The proposed transfer of sub regional programme funding (currently with Leicestershire Economic Partnership – LSEP) to the City and County Councils from April 2009 is noted and approval is sought for the signing of a Declaration of Grant with emda.
- 2.4 This report also updates on progress on the establishment of an EDC for Leicester and Leicestershire which is due to commence activity from April 2009.

3 RECOMMENDATIONS

3.1 It is recommended that approval is given for:

- (a) the City Council to enter into an agreement with the County Council for the establishment of a Leadership Board and supporting structures;
- (b) the preparation of an agreement with the County Council to allow Leicester City Council to act as host organisation for the support of the Leadership Board and its supporting structures ('the Leadership activity') and as the accountable body for the receipt of sub regional programme grant;
- (c) the preparation of a Declaration of Grant for Economic Development with emda;
- (d) delegation to the Head of Legal Services in consultation with the Cabinet Lead for Regeneration and Transport to finalise the above agreements;
- (e) in principle, delegation of powers to the Chief Executive, in consultation with the Leader to implement the decisions of the Leadership Board the precise functional terms of which to be determined alongside the final wording of the agreements;
- (f) delegation of powers to the Chief Executive in consultation with the Leader for the Leicester and Leicestershire Multi Area Agreement (MAA) to be approved for final submission to Government; and
- (g) progress on the establishment of the EDC to be noted.

4. REPORT

Background

4.1 The new sub-regional arrangements for economic development outlined in this report have resulted from:

- The Government's Sub-national Review of Economic Development and Regeneration which proposes a greater role for upper tier local authorities in leading economic improvement at the sub regional level and a broader but more strategic role for Regional Development Agencies;
- Leicester and Leicestershire functioning as a single economic area and being, therefore, the appropriate geography for carrying out economic leadership functions; and
- The opportunities to align City and County economic development activity particularly in relation to Local Area Agreements and through a new Multi Area Agreement.

4.2 There are three main elements to the new sub-regional arrangements:

- Leadership activity headed by a Leadership Board to oversee strategy, prioritisation and performance;
- Multi Area Agreement to establish agreed targets and priorities; and
- Economic Development Company to deliver a key priority of the One Leicester Sustainable Community Strategy. A report was considered by Cabinet on 14th July where approval was given for the principles, direction of travel and functionality of the EDC, the establishment of the EDC as set out in the work programme and the early appointment of a Chief Executive to be responsible for driving this programme forward and leading the new organisation. Cabinet also resolved to receive a further report before March 2009 formally launching the EDC.

The Leadership Board

- 4.3 The Board does not have delegated powers. Formally its decisions will be enacted by the Chief Executives of the City and County Council as the Accountable Bodies for emda and other funding. Practically its decisions will also require the support of other stakeholders including district councils, the Economic Development Company, businesses and the Third Sector. Appendix A includes a flow diagram showing organisation of the Leadership Group, supporting structures and delivery arrangements, including the EDC.
- 4.4 Board membership is proposed to be:
- Leader of the County Council
 - Leader of the City Council
 - Leader of a District Council
 - A representative of the Business Council
 - The Chair of the Economic Development Company (who will also be a member of the Business Council)
 - A representative of the Voluntary Sector Forum.
 - A representative of emda
 - A representative of the Homes and Communities Agency.
- 4.5 The Board will be advised by the Chief Executives of the City and County Councils and other staff as may be required from time to time.
- 4.6 There are two legal agreements being drafted to underpin the work of the Board and the wider sub regional structure. One will establish the role, remit and terms of reference of the Board, including the use of substitutes. The other will establish the working relationship between the City and County Councils in relation to hosting the support unit and accountable body status.
- 4.7 Features of the Leadership 'activity' are:
- A Leadership support unit to be based in the City Council;
 - The City Council acting as lead accountable body;
 - The preparation of a sub-regional investment plan;
 - Emda sub regional funding of £11m for 2009/10. Detailed negotiations have taken place between the City and County Councils and emda to agree the transfer of this programme to the Councils starting April 2009 (previously this fund was administered by Leicestershire Economic Partnership). A Declaration of Grant for Economic Development will need to be signed up to by the City and County Councils and emda; and
 - Strategy and co-ordination groups for Employment & Skills (the existing Employment and Skills Board), Rural Issues (the existing Leicestershire Rural Partnership), Business & Enterprise, Transport, and Housing, Planning & Infrastructure (the latter three all being new groups).

4.8 Funding provisions to support 'Leadership activity' are proposed to be as follows:

80k city
80k county
80k Districts
50k NGP income
225k emda
20k from Business Council (10k from Chamber)
Total - 535k/annum

The Multi Area Agreement (MAA)

4.9 The MAA for Leicester and Leicestershire focuses on delivering key outcomes related to increased employment, higher skills levels and business growth. A first draft of the MAA has been circulated to Cabinet members and a revised draft submitted by the City and County Councils for Government consideration is available in the members area. A MAA negotiation workshop was held on 6th November with relevant Government departments to discuss detailed aspects of the MAA. Any changes to the MAA resulting from this workshop will be reported at Cabinet. The final MAA will need to be submitted to Government in early December.

Economic Development Company

4.10 Recruitment of the Chair and Chief Executive of the EDC is underway and appointments are expected during November/December. A draft Operating Plan for the Company is being prepared and this will form the basis of further preparatory work to be undertaken by the new Chief Executive ahead of the launch of the EDC. A further report will be considered by the Cabinet before 1st April 2009 to obtain approval for the formal establishment of the Company. Funding provisions for the EDC are proposed as follows:

250k City
250k County
125k Districts
250 EP
282 emda
Total core funding - 1.2m/annum
(Plus programme funding for specific programmes and projects)

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

5.1.1 The accountable body agreement between the City Council and Emda will be reviewed by Finance prior to completion to ensure that the level of risk that the Council is exposed to is minimized.

5.1.2 Current City Council contribution to the LSEP is £40k per annum and £250k per annum made from R&C's revenue budget. Any additional funding proposed over and above these amounts for the Leadership activity and the EDC will need to be identified separately.

Martin Judson, Head of Finance, extension 297390

5.2 Legal Implications

- 5.2.1 The Council will be entering into obligations both to the funding body and with the County Council.
- 5.2.2 The terms of the Declaration of Grant contain provision for clawback from the Council (or suspension or reduction of funding) and for indemnities to be given to emda. The Council will step down its obligations as far as practicable to the individual projects but remains directly responsible to emda but residual risk remains.
- 5.2.3 Discussions are continuing with emda about the terms of the Declaration, particularly in relation to accrued liabilities for existing projects and the impact of TUPE.
- 5.2.4 The Council will effectively be acting as agent or delegate of the County Council but there will be provision for disaggregation.
- 5.2.5 The details of a potential transfer of staff from the existing SSP are still to be determined.
- 5.2.6 The Council, in finalising the MAA is subject to duties under the Local Government Acts 1999 and 2000 and the Local Government and Public Involvement in Health Act 2007 to have regard to certain matters including its Sustainable Community strategy.
- 5.2.7 The Council has posers to enter into the proposed agreements and Declaration under the provisions of the Local Government Acts 1972 (as amended) and 2000.

Joanna Bunting Legal Service, extension 296450

6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	Yes	Whole Report
Policy	Yes	Whole Report
Sustainable and Environmental	Yes	Whole Report
Crime and Disorder	Yes	Whole Report
Human Rights Act	No	
Elderly/People on Low Income	Yes	Whole report

7. RISK ASSESSMENT MATRIX

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
1 Not moving sub regional arrangements forward to timetable	M	L	Continue with proposed programme
2 HR/Legal Issues including TUPE	M	M	To be fully considered as part of the work programme

L – Low
M – Medium
H - High

L – Low
M – Medium
H - High

8. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

Cabinet report of 14th July titled – ‘Establishing a New Economic Development Company for Leicester and Leicestershire’.
Prosperous Places: Taking forward the Review of Sub-National Economic Development and Regeneration: BERR – March 2008

9. CONSULTATIONS

- Officers within Leicester City Council
- Cabinet lead for Regeneration Highways and Transportation
- Officers within Leicestershire County Council
- Officers at emda
- Officers at English Partnerships
- Officers and Board at Leicestershire Strategic Economic Partnership
- Officers and Board at Leicester Regeneration Company
- Officers and Board of Leicestershire Promotions/invest Leicestershire
- Leicestershire Chamber of Commerce
- Leicestershire Business Voice
- Officers/leaders of District Councils

10. REPORT AUTHOR

Andy Keeling, Chief Operations Officer and Deputy Chief Executive 297380
Andrew Smith, Service Director Planning and Policy 297201

Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)

Appendix A

