

# AGENDA

## Marches Enterprise Joint Committee

Date: **Wednesday 14 June 2017**

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Time: **10.00 am**

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Place: **Craven Arms Community Centre, Newington Way,  
Craven Arms SY7 9PS**

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Notes: Please note the time, date and venue of the meeting.

For any further information please contact:

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If you would like help to understand this document, or would like it in another format, please call Sarah Smith on 01432 260176 or e-mail [sarah.smith1@herefordshire.gov.uk](mailto:sarah.smith1@herefordshire.gov.uk) in advance of the meeting.

# Agenda for the Meeting of the Marches Enterprise Joint Committee

## Members:

<b>Chairman</b>	Councillor AW Johnson	Herefordshire Council
	Councillor S Davies	Telford and Wrekin Council
	Councillor M Pate	Shropshire Council
<b>Non Voting Member</b>	Mr G Wynn OBE	Chairman of the Local Enterprise Partnership

## AGENDA

	Pages
<b>1. ELECTION OF CHAIRMAN</b> To elect a chairman for the ensuing year.	
<b>2. APOLOGIES FOR ABSENCE</b> To receive apologies for absence.	
<b>3. NAMED SUBSTITUTES (IF ANY)</b> To receive details of any Executive Member nominated to attend the meeting in place of the voting Member representing their Authority.	
<b>4. DECLARATIONS OF INTEREST</b> To receive any declarations of interest by members of the Committee in respect of items on the agenda.	
<b>5. MINUTES</b> To approve and sign the Minutes of the meeting held on 13 February 2017.	5 - 6
<b>6. MARCHES INVESTMENT FUND</b> To agree Marches Investment Fund Allocations.	7 - 16
<b>7. MARCHES ENTERPRISE JOINT COMMITTEE ANNUAL REPORT</b> To provide the second annual report on the activities of the Marches Enterprise Joint Committee.	17 - 24



**MINUTES of the meeting of Marches Enterprise Joint Committee held at Craven Arms Community Centre, Newington Way, Craven Arms, Shropshire SY7 9PS on Monday 13 February 2017 at 10.00 am**

**Present:** Councillors: S Charmley, A McClements and PM Morgan  
Non-voting member: Mr G Wynn OBE

**Officers:** Gill Hamer and Kathy Mulholland

**26. ELECTION OF CHAIRMAN FOR THE MEETING**

Councillor Steve Charmley was elected as chairman for the meeting.

**27. APOLOGIES FOR ABSENCE**

Apologies were received from councillors AW Johnson, M Pate and S Davies.

**28. NAMED SUBSTITUTES (IF ANY)**

Councillor P Morgan substituted for Councillor AW Johnson.  
Councillor S Charmley substituted for Councillor M Pate.  
Councillor A McClements substituted for Councillor S Davies.

**29. DECLARATIONS OF INTEREST**

None.

**30. MINUTES**

**Resolved that:**

**the Minutes of the meeting held on 12 December 2016 be confirmed as a correct record and signed by the Chairman.**

**31. MARCHES LEP ACCOUNTABILITY AND ASSURANCE FRAMEWORK**

The Marches LEP director introduced the report. She explained that the Accountability and Assurance Framework (AAF) set out how the Marches LEP operated, managed its finances and ensured that it was held to account for the expenditure of public money. The updated AAF complied with the latest guidance from the Department for Communities and Local Government (DCLG), who were reported to be comfortable with the new document. The LEP was required to have an up to date AAF in place before funds were put through for 2017/18.

Once the joint committee had given its agreement to the updated AAF, the LEP's Accountable Body S151 Finance Officer was required to write to the DCLG to certify that the AAF had been implemented and met the revised standards.

The director reported that the updated AAF would be uploaded to the Marches LEP website.

**Resolved that:**

- a) the Joint Committee members agree the proposed changes to the Accountability and Assurance Framework.**

### **32. MARCHES SKILLS PLAN 2017**

The Marches LEP director introduced the report. She stated that the new skills plan had been worked on for the last 6 to 8 months and that the skills lead officers from each of the partner authorities had been heavily involved in the drafting. The plan had been endorsed by the LEP Board with minor amendments. The skills action plan would be reviewed at the quarterly skills board meetings.

The director clarified that the proposed skills round tables were not intended to replace the skills board. Employers and providers had wanted a forum for a more generic debate about skills in their area and the round table sessions would facilitate this. Dates for the sessions were to be confirmed, starting in April 2017.

The impact of the apprenticeship levy on employers in the marches area was discussed. It was noted that only a relatively small number of employers across the area would meet the threshold of having 50+ employees. The LEP director reported that further detailed guidance was awaited from central government.

It was noted that a considerable amount of consultation had taken place in drafting the new skills plan and that it was a slimmed down, more focussed document than previous plans.

**Resolved that:**

- a) the Marches Enterprise Joint Committee agrees the draft Marches LEP 3 Year Skills Plan and Action Plan as detailed in Annexe 1 and Annexe 2 to the report.**

### **33. FUTURE MEETING DATES**

The planned dates for future meetings were noted.

The meeting ended at 10.12 am

**CHAIRMAN**



<b>Marches Enterprise Joint Committee</b>	
<b>Meeting date:</b>	<b>14 June 2017</b>
<b>Title of report:</b>	<b>Marches Investment Fund (MIF) – Allocations</b>

## **Classification**

**Open**

## **Key decision**

This is a key decision because it is likely to result in the councils incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates; and because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the Marches local enterprise partnership area.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

## **Purpose**

To agree the next steps in allocating Marches Investment Fund (MIF) funds.

## **Recommendation(s)**

**The Joint Committee agree that:**

- a) an interest free Recyclable Grant for Public Sector Led Schemes as detailed in option 2, be taken forward by the LEP team in allocating MIF funding;**
- b) the revised MIF eligibility criteria as listed in Appendix 1 to the report be applied to schemes received and all future applications;**
- c) the LEP team investigate further Option 3, A Flexible Loan Fund for Private Sector Schemes (existing Loan Fund Scheme managed by a third party), as a further opportunity for allocating MIF funds in the future.**

**That with regards to taking forward Option 2, the Joint Committee agree:**

- d) that subject to receipt of independent assessments, a financial limit of £5m per scheme and consultation as set out in delegation (b) in the Scheme of Delegation the LEP Director be authorised to agree the allocation of**

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Further information on the subject of this report is available from  
Yasmin Sulaman, Marches LEP Business Support Officer; [yasmin.sulaman@marcheslep.org.uk](mailto:yasmin.sulaman@marcheslep.org.uk)

**Recyclable capital Grant funding to Shell Store Incubation Centre, Model Farm Employment Park, Oswestry Innovation Park and Residential Opportunities Fund;**

- e) that authority be delegated to the LEP Director to determine the terms and conditions with each project promoter, in consultation with the relevant council's S151 officer**

## **Summary**

1. In 2012, the Department for Communities and Local Government (DCLG) allocated £8.1m towards Growing Places Fund (GPF) to the MLEP. The allocation included 2% towards fund management costs. The aims and objectives of the fund was to operate a revolving loan fund to help generate economic activity by addressing immediate infrastructure and site constraints that are preventing sites from being developed thereby promoting the delivery of growth and jobs. By delivering work through a revolving fund, the government aims to create value within the local economy.
2. Funding was awarded to MLEP as a Section 31 Grant under the Local Government Act 1972. The funding is unringfenced, and comes with the condition that capital allocations are invested in capital projects. This means that it can be managed in accordance with the requirements of the programme rather than the constraints of Government financial years. The funding was rebranded Marches Investment Fund (MIF).
3. The MLEP has been working with the Cities and Local Growth Unit (Department for Business, Energy and Industrial Strategy (BEIS) and DCLG to develop a more flexible model for using the funds in the future. The Cities and Local Growth Unit has aided by directing the MLEP to examples of models that are operating effectively in other LEP areas. The Cities and Local Growth Unit has stated that the LEP must prioritise the use of the funding as loan funding and not as grant funding.
4. Currently, there are two live schemes of a combined investment value of £1.4m providing job creation of 262 full time equivalent new jobs. Both schemes are now in the repayment phase. The LEP team have not been able to award any further funding due to several different factors including private sector-led projects having inadequate level of security, insufficient information supplied within proposal, incomplete funding packages/none viable project proposals and poor deliverability.
5. This paper provides the Committee with options as discussed with BEIS on how we can use the remaining £6.9m MIF (approx).

## **Options**

### **Option 1 - Do nothing**

6. MIF currently operates on the basis that funding is in the form of a loan where it supports the private sector with an interest rate in accordance with State Aid Requirements. For the public sector, the interest rate is 0.2% below the Public Works Loan Board (PWLb) 5-year annuity rate and is over a 3-5-year period. Since the first round, public sector partners have not come forward to seek funding as they believe they can access better loan terms elsewhere. The scheme has already been revised to widen the eligibility criteria e.g. to support final stage feasibility work as well as capital funds for project development. The information above highlights the reasons for lack

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Further information on the subject of this report is available from  
Yasmin Sulaman, Marches LEP Business Support Officer; [yasmin.sulaman@marcheslep.org.uk](mailto:yasmin.sulaman@marcheslep.org.uk)



of progress. Continuing this approach is not a viable option.

## **Option 2 - A Recyclable Grant for Public Sector Led Schemes**

7. This scheme could be accessed by LEP priority projects including pipeline Growth Deal projects that demonstrate a need for match funding. The funding will be provided as repayable grant, for which no interest would be payable. The funds would be repaid by the borrower at agreed trigger points (such as on completion of land remediation or new utilities/infrastructure where land value increase can be demonstrated) or by an agreed trigger date. The funding agreement will be based upon the repayment of the full amount borrowed. The general feedback from the public sector in Greater Birmingham & Solihull and Black Country is that this option is attractive as the amount does not appear as a liability on the Council balance sheet as it is offered as a Recyclable Grant. Proposed eligible criteria is included in **Appendix 2**. **Appendix 2** also provides a case study of Greater Birmingham & Solihull LEP (BGSLEP) to a good practice model to which BEIS has referred the LEP team.
8. The non GD3 funded LEP schemes provide an opportunity to make some early progress on this option because these schemes have developed business cases which have been independently assessed by KPMG and prioritised by the LEP Board. BEIS would support this as a good starting point. Further work will be undertaken in the coming months to develop the project pipeline with partners.

## **Option 3 - A Flexible Loan Fund for Private Sector Schemes (potentially using an existing scheme managed by a third party)**

9. Funding could be provided in the form of a Mezzanine Loan with a low interest rate that will accord with State Aid requirements. This fund would support projects with build and capital costs. This scheme could be managed by a third party e.g. Finance Birmingham where MLEP could join an existing scheme with no charge. The LEP could have a representative on the Board should the LEP Board wish this. **Appendix 3** provides a live sample of GBSLEP case study as directed by BEIS. By joining an existing scheme, MLEP would be able to manage team resource more effectively. **Appendix 3** also provides MLEP Private Sector proposed eligible criteria.

## **Option 4 - Smoothing Local Growth Fund 3 Annual Profiling (2017-2020)**

10. The provisional profile for the MLEP Growth Deal 3 allocation is heavily back-loaded and potentially problematic for projects. Any slippage in the final year will result in money lost. The special LEP Board of 7 March 2017, agreed to the principle of using MIF monies to 'smooth' the profile in problematic years, enabling projects to deliver earlier. Project profiling is currently being revised with each scheme to examine the requirements. This will enable the LEP team to identify the amount needed for this purpose and the years in which it would be required.
11. This option was discussed in detail at the Management Team meeting on 4 April 2017. It was considered at the meeting that this option should not be pursued as there would be greater value on pursuing Option 2, A Recyclable Grant for Public Sector Led Schemes, generating additional activity, jobs and homes using the funds.

## **Recommended Option**

12. At the Management Team meeting on 4 April, the next steps in taking forward Option 2 were discussed and the LEP team has pursued as follows: -

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Further information on the subject of this report is available from  
Yasmin Sulaman, Marches LEP Business Support Officer; [yasmin.sulaman@marcheslep.org.uk](mailto:yasmin.sulaman@marcheslep.org.uk)

13. It was noted that there is £6.9m available and Board Members would, most likely, prefer to support more than one Recyclable Grant project proposal in order to maximise economic growth outcomes.
14. Local Authority partners were asked to provide information about LEP priority schemes (unsuccessful GD3 submissions already independently assessed and prioritised by the LEP Board) they would wish to put forward for immediate consideration for MIF funds provided as Recyclable Grant. The Local Authority partners were asked to consider and comment upon how their project relates to the revised MIF eligibility criteria for Recyclable Grant for Public Sector led schemes (Appendix 1) and to revisit the business case independently assessed by KPMG submitted last year, and confirm that the details were still current or provide any updates.
15. The following schemes were received by the deadline: -
- Shell Store Incubation Centre
  - Model Farm Employment Park
  - Oswestry Innovation Park
16. The requested MIF total exceeded the total value of available MIF funding. These schemes have already undergone independent Green Book appraisal (demonstrating value for money, deliverability and a proactive approach to risk management) based upon submitted business cases and will provide combined outputs of 2335 jobs.
17. In late submission, Telford & Wrekin partners advised that a recyclable grant does not provide the right funding route for the two unfunded Growth Deal 3 prioritised schemes. They requested that consideration be given to using MIF towards: -
- Residential Opportunities Fund based on non-repayable grant assistance in order to eradicate the viability gap problem. This scheme would deliver 100 houses across the whole geography and is ready to go.
  - Newport Innovation Park scheme be allocated £1.8m repayable grant to smooth the anticipated funding profile.

Newport Innovation Park was successful in being funded through GD3.

18. The LEP team feel confident in progressing a further evaluation on these schemes quickly. This will involve the LEP team working with the project sponsors to agree funding amounts and terms and conditions, using independent advice. This process will also determine the amounts to be awarded to each successful scheme. In addition to this, the LEP Section 151 Officer is developing the parameters of the Terms & Conditions, based upon MLEP existing funding agreement letters.
19. For the four schemes recommended for consideration of recyclable grant funding in this report (listed below), independent assessment work on these schemes is on-going. Should we be in a position to make a recommendation on any of these schemes between publication of agenda papers and the meeting of the joint committee on 14 June 2017, this will follow in a supplementary paper.
1. Shell Store Incubation Centre
  2. Model Farm Employment Park
  3. Oswestry Innovation Park
  4. Residential Opportunities Fund.

## **Financial implications**

20. MIF funding has been provided by Government to operate as a revolving loan fund to help generate economic activity. Not using these funds is not an option.

## **Legal implications**

21. The allocation of capital expenditure is a function of this joint committee. Specific delegations to the LEP Director can be made as the postholder is an officer of Shropshire council.
22. Any grant will require terms and conditions and an agreement to be entered into which will be drafted by Shropshire council.

## **Risks, opportunities and impacts**

23. Reputational risk associated with not using these funds.

## **Consultation**

24. The Cities and Local Growth Unit has aided by directing the LEP to examples of models that are operating effectively in other LEP areas.
25. There has been more effective consultation between the LEP team, BEIS and DCLG from 7 September 2016 and the current day over options for the use of MIF funds.
26. Consultation has also taken place with the LEP Section 151 Officer on 13 April 2017 and with LA Senior Officers who support the LEP Management Team on 4 April 2017.
27. Consultation with the LEP Board has taken place on 23 May 2017.

## **Additional information**

28. We hope to provide a supplementary paper which will follow. This paper will include the independent assessment outcome of the Shell Store Incubation Centre scheme.

## **Appendices**

- Appendix 1: Revised Eligible Criteria
- Appendix 2: Greater Birmingham & Solihull LEP – Revolving Investment Fund Case Study
- Appendix 3: Greater Birmingham & Solihull LEP – The Mezzanine Loan Fund Programme and proposed criteria

## Revised MIF Eligibility Criteria

### Proposed Recyclable Grant Criteria – Public Sector Led Projects

*This scheme will operate on the basis of a 0% interest loan to public sector led projects. Recyclable Grant Agreements will be issued on the basis of 100% repayment.*

Eligible schemes will meet the following criteria: -

1. The project is a LEP prioritised capital scheme that supports the objectives of the Marches LEP Strategic Economic Plan and generates jobs, housing and private sector leverage.
2. The project promoter can demonstrate the extent of project funding that is in place and the remaining funding gap.
3. The project can demonstrate that it has considered other funding options and is approaching MIF as the funder of last resort.
4. The project has completed a favourable Treasury **Green Book** Appraisal demonstrating value for money, deliverability and a proactive approach to risk management.
5. The scheme has demonstrated that it can begin straight away including planning permission is in place, contractors have been procured and utilities work is timetabled.
6. The scheme can demonstrate many benefit accruals namely: -
  - By starting work now, the scheme can take advantage of windfall funds increasing the value for money for the project
  - By starting work now, the scheme can take advantage of timetabled utilities work (e.g. roads only dug up once or utilities provider already on adjoining site)
  - By starting work now, the scheme will be timetabled alongside a complimentary strategic project(s) leading to a significant increase to collective project benefits to the business community.
7. The project financial profile can demonstrate payback of funds within an agreed period.

### **Greater Birmingham & Solihull LEP - Revolving Investment Fund Case Study**

A Revolving Investment Fund (RIF) is due to be launched in April 2017. The RIF is provided to public sector project promoters as repayable grant, for which no interest is payable. For private sector projects promoters, funding from the RIF will be a loan with interest payable (**Appendix 3**). The fund will support capital projects that contribute to the delivery of the SEP for the GBS LEP area. The RIF is designed to provide repayable funding solely to projects within the GBS LEP Programme Pipeline, complementing the Local Growth Fund Programme (LGF) which provides grant support. Funding returned to the RIF is available for further investment in the GBS LEP Programme Pipeline.

Projects within the pipeline are eligible for funding from both RIF and LGF or through a combination of both. Project sponsors will be invited to apply for finance from the RIF when applying for grant from LGF. GBS LEP's Programme Managers may also request that promoters consider an application to the RIF, based on their review of the financial and commercial case proposed by projects submitted onto the Programme Pipeline. In addition to RIF and LGF, projects may also be eligible for financial support through external grant schemes run by central or local Government, including the West Midlands Combined Authority. In line with LGF procedures, wherever possible, the procedures for applying for RIF support will be aligned with the processes adopted by these schemes. The RIF is initially being established as a pilot using funds from the LGF. If there is not sufficient demand for the loans on offer, the GBSLEP Board may agree to transfer some or all of these funds back to the LGF programme.

There are no minimum or maximum funding limits under RIF, but it is envisaged that the fund would be unlikely to provide more than £5m to an individual project. Birmingham County Council will be the Accountable Body.

The RIF is formally a standalone part of the Growing Places Fund (GPF) overseen by the Project Delivery Board (PDB) who report directly to the LEP Board, rather than the Growing Places Committee.

The costs of managing the RIF are subsumed within the wider costs of running GPF and LGF. No additional resource is required as a result of establishing the fund. The RIF is expected to generate small amounts of interest, and this will be returned into the general LEP budget to be allocated to where it can best contribute to delivering SEP objectives.

The ability of schemes to repay their funding is assessed in line with Green Book principles as part of the consideration of a project's commercial case. This is either conducted by the Independent Technical Evaluator (ITE), Finance Birmingham or suitably qualified members of GBS LEP staff who have been made fully independent of project promotion through Chinese Walls.

### **Greater Birmingham & Solihull LEP – The Mezzanine Loan Fund Programme**

The Mezzanine Loan Fund Programme has already received a significant amount of public funding together with matched funding from West Midlands Pension Fund (which is the first time that a pension fund has invested in this type of project), however in order to deliver critical mass of jobs and growth the fund needs to attract a total allocation of £56m – hence the need for further GPF. Whilst the Regional Growth Fund (RGF) and Pension Fund will support SME growth across the West Midlands the LEP members are only asked to contribute to projects within their own geography therefore, the “ring fenced” funds will only be drawn down against successful project applications and will not be used for other projects outside the appropriate LEP geography. GBSLEP has ring-fenced £10m to support private sector project promoters.

The fund provides a source of development and growth finance in the form of Mezzanine type of loans to SME's. Businesses are able to apply for loans between £0.250m and £2m and each loan advance will be funded 50/50 between public and private sector e.g. the pension fund will contribute £1 for every £1 of public money invested. The rate of interest charged, security and other conditions of loans is determined independently in accordance with investment industry standards and generally available commercial terms, taking into account that the RIF's primary objective is to enable or accelerate development on projects within the Programme Pipeline. The maximum repayment term is three years.

#### **Key points: -**

- This is a £56m Mezzanine Loan Fund only for West Midlands businesses.
- Finance Birmingham fully manage the fund (including marketing)
- The recipient of any funding pays for the costs of transacting the deal if it completes. Typically, this includes legal and due diligence costs, an arrangement fee for the funders (Finance Birmingham often co invest with banks and others), and adviser costs. These costs are picked up by the recipient company.
- Finance Birmingham provide due diligence at a daily rate of £500 which is payable by the loan recipient.
- Finance Birmingham only draw down monies to invest when they have an investment which has been through their investment board (which is a board comprised of independent investment professionals and representatives of the investors).
- Half of the money is committed by West Midlands Pension Fund (the 50% private element) and the rest from public sources. Every investment is 50% private 50% public.
- The public money comprises £7m RGF (all invested), £10m GBS LEP/Growing Places (committed), £3m Black Country LEP/Growing Places (being formalised at present), and the remaining amount from Birmingham City Council.
- Each LEP invest their money in their area.
- Returns from the company (interest, capital or other returns) is passed back to the investor usually quarterly.
- The results to date are better than the expected, principally because defaults on loans have been lower than anticipated. The level of defaults is the key risk for any investor.
- The LEP commitment is formally set out in a legal agreement.

## **MLEP Private Sector Projects proposed criteria: -**

*This option provides an opportunity to offer a Mezzanine Loan Fund with a low interest rate that will not impact on State Aid requirements*

Eligible schemes would be expected to meet the following criteria-

1. A small to medium sized business based in the Marches area;
2. Growing (organically or via acquisitions);
3. Maximum of 50% cash-out to independent parties (i.e. acquisition) on any deal;
4. Trading for a minimum of two years;
5. Providing two years' financial accounts;
6. A strong management team;
7. Non-Executive representation on the Board;
8. Existing profitability and/or a clear ability to service the mezzanine funding; and
9. Strategic fit with the Marches LEP.







<b>Marches Enterprise Joint Committee</b>	
<b>Meeting date:</b>	<b>14 June 2017</b>
<b>Title of report:</b>	<b>Report of the Marches Enterprise Joint Committee</b>

## **Classification**

**Open**

## **Key decision:**

This is not a key decision.

## **Purpose**

To provide the second annual report on the activities of the Marches Enterprise Joint Committee.

## **Recommendation(s)**

**THAT the Joint Committee:**

- (a) **agree the content of the report which can be used in updating their respective Council's on the work of the Committee.**

## **Summary**

1. The Marches Enterprise Joint Committee (MEJC), is a formal joint committee of the three local authority leaders (established for the purposes of Part VI of the Local Government Act 1972 and Part 1, Chapter 2 of the Local Government Act 2000), formed in 2014 in preparation for the arrival of the first substantial public funds for the Marches LEP in April 2015.
2. The MEJC provides democratic accountability for LEP Partnership Board recommendations, ensuring that decisions meet with government public finance and accountability requirements. Decisions of the Joint Committee are subject to scrutiny by the three local authority scrutiny committees, (Herefordshire Council General Scrutiny Committee, Shropshire Council Enterprise Growth and Scrutiny Committee and Telford and Wrekin Council Housing, Economy and Infrastructure Scrutiny Committee).
3. The Terms of Reference of the Marches Enterprise Joint Committee form Appendix 1 of this report. These Terms of Reference include the following Joint Committee

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Further information on the subject of this report is available from  
Jacqui Casey, Marches LEP Partnership Manager; [Jacqui.casey@marcheslep.org.uk](mailto:Jacqui.casey@marcheslep.org.uk)

responsibility:

*“(To) Provide an annual report on the activities of MEJC to the three partner councils”*

4. The purpose of this report is to provide the details of the second year of activity of the Committee.
5. Over the past 12 months, the MEJC has been required to meet on four occasions and has undertaken five key areas of work, providing approval to LEP Board recommendations relating to:-
  - a. Updating the Marches Accountability & Assurance Framework, ensuring that it is compliant with requirements set out in the government's revised National Assurance Framework. This is the essential governance document for the LEP that sets out, in a clear and transparent way, how the Marches LEP operates in terms of its decision-making, reporting & monitoring and management of public funds. Without this robust governance framework the LEP would be operating at risk.
  - b. The LEP application to becoming a Non-Constituent Member of the West Midlands Combined Authority (WMCA), including the £25k fee for 2016/17 financial year and to the LEP Chairman providing LEP representation at the WMCA Board and associated sub-groups. This course of action is being pursued to ensure that the Marches LEP is in a strong position to continue to influence regional policy, as appropriate, and to secure government funding to support Marches growth aspirations, as a non-constituent member.
  - c. The LEP's Growth Deal 3 submission. This was approved in March 2017, with a minimum allocation of £21.9m secured against the delivery of 5 strategic projects. Allocations against each individual project will be brought back to the MEJC for approval.
  - d. The LEP's approach in managing Growth Deal 1 & 2 Programme Delivery; specifically, the temporary virement of funds from one delayed project to another which was exceeding its delivery profile. This government-supported action ensured that the LEP met its requirements in utilising the full allocation of funding for the 2016/17 financial year and protected funding for the delayed government-approved Growth Deal project, which has since 'caught up' on project delivery and spend. This was considered by Dept. for Business, Energy and Industrial Strategy to demonstrate the Marches LEP's sound financial management of the Growth Deal programme.
  - e. The approval of a Scheme of Delegation for the Marches LEP. Developed and agreed by the Local Authority partner's three Heads of Legal Services, this Scheme of Delegation enables the LEP to undertake its business within the often significantly restricted timeframes required by Government and makes for a partnership that has a fast and flexible approach, whilst meeting the requirements for an accountable and transparent decision-making framework.
6. The Scheme of Delegation has been used once since it was approved by the Joint Committee. This related to the reallocation of Growth Deal 1 Skills Capital underspend, after the withdrawal of one Skills project. Following a procurement process, Shrewsbury Colleges and the Marches Centre for Manufacturing Technology (MCMT)

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Further information on the subject of this report is available from  
Jacqui Casey, Marches LEP Partnership Manager; [Jacqui.casey@marcheslep.org.uk](mailto:Jacqui.casey@marcheslep.org.uk)

were awarded £57k each towards their independently appraised projects, set against their having been able to offer additional outputs from their projects.

7. The work of the MEJC continues to build. It is not possible to predict all areas of work well in advance. However, future planned areas of work during the current financial year include the refresh of the Marches Strategic Economic Plan and the commencement of delivery on Growth Deal 3. The Marches LEP's Annual Report, published on 11 May 2017, provides details of the range of work currently being undertaken by the LEP.

## **Alternative options**

8. The government has encouraged Local Enterprise Partnerships to form Joint Committees or Economic Prosperity Boards to support transparency and accountability in governance and management of public funds.

## **Financial implications**

9. There are no direct financial implications arising from this report.

## **Legal implications**

10. There are no legal implications arising from this report.

## **Risks, opportunities and impacts**

11. There are no specific risks or impacts related to the content of this report.

## **Consultation**

12. None.

## **Additional information**

13. None.

## **Appendices**

- Appendix1: Marches Enterprise Joint Committee Terms of Reference

## **Reference**

Annual Report of The Marches Local Enterprise Partnership 2017:

[http://www.marcheslep.org.uk/download/annual\\_report\\_and\\_conference\\_2017/The-Marches-LEP-Annual-Report-2017\\_FINAL.pdf](http://www.marcheslep.org.uk/download/annual_report_and_conference_2017/The-Marches-LEP-Annual-Report-2017_FINAL.pdf)



## Appendix 1 – The Marches Enterprise Joint Committee Constitution

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### Purpose of the Committee

- Herefordshire Council, Shropshire Council and Telford and Wrekin Council have established an executive committee, known as the Marches Enterprise Joint Committee (MEJC), for the purpose of discharging the functions set out in the paragraph on roles and responsibilities below.
- MEJC is a joint committee of the executive for the purposes of Part VI of the Local Government Act 1972 and Part 1, Chapter 2 of the Local Government Act 2000 and the provisions applicable to joint committees of the executive shall apply to MEJC.
- MEJC will take decisions in accordance with the principles of good decision-making namely:
  - Giving consideration to all options available;
  - Having regard to due consultation;
  - Giving consideration to professional advice from officers;
  - Having clarity of aims and desired outcomes;
  - The action proposed must be proportionate to the desired outcome;
  - Having respect and regard for human rights;
  - A presumption for openness, transparency and accountability;
  - Only relevant matters being taken into account;
  - Due weight to all material considerations (including opportunities and risks);
  - Proper procedures being followed.

### Committee Membership and Voting

Membership Organisation	Member	Alternate
Herefordshire Council	Cllr Tony Johnson (Chair)	Cllr Patricia Morgan
Shropshire Council	Cllr Malcolm Pate	Cllr Steve Charmley
Telford and Wrekin Council	Cllr Shaun Davies	Cllr Lee Carter
Marches LEP	Graham Wynn OBE	Mandy Thorn MBE/ Paul Hinkins

- MEJC shall comprise four members as follows: three voting members, each council being entitled to appoint one voting member who shall be a member of that council's Cabinet; and one non-voting member, being the Marches LEP Partnership Board Chair. In the event of a voting member of the MEJC ceasing to be a member or executive member of their appointing council, that council shall appoint another voting member in their place. Only a voting member is entitled to be Chair or Vice Chair of MEJC.
- Each council may appoint members of its executive as named substitutes for voting members to attend meetings in the absence of a voting member appointed as above. The secretary of MEJC shall be notified of any named substitutes before commencement of the meeting.

- For the avoidance of doubt, it is a matter for the respective councils' executives to appoint their voting members/substitutes.
- The MEJC shall, at its annual meeting, elect a Chair and Vice Chair from among its voting members; or may choose to adopt for that year a rotating Chair. In the event of an elected Chair and Vice Chair not being present the MEJC shall elect a Chair for the meeting from the voting members present.
- Two voting members shall constitute a quorum. Unless the law provides otherwise all matters shall be decided by a majority of the votes of the voting members present; if there are equal numbers of votes for and against, the Chair shall exercise a second, casting vote.

### **Meeting Arrangements**

- Herefordshire Council will act as secretariat to MEJC and provide all necessary governance support.
- MEJC shall meet at least annually and otherwise as may be determined by the Chair, or at the written (electronically or otherwise) request of any two voting members; any such request should be forwarded to the secretariat who will convene a meeting within 28 working days of receiving the request.
- The secretariat will give notice of time, date and venue for the meetings in accordance with the provisions of the access to information requirements of the Local Government Act 2000 as amended and ensure compliance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.
- Unless explicitly provided for within this constitution; the relevant standing orders for MEJC are those of Herefordshire Council.

### **Roles and Responsibilities**

- MEJC shall fulfil the following executive functions, at all times having regard to the duty to co-operate and the views of the Marches LEP Partnership Board:
  - a) Set, monitor and review objectives and priorities for strategic economic investment across the Marches LEP area.
  - b) Agree allocation of Marches LEP revenue and capital spend that is under the control of the LEP Partnership Board and relating to the delivery of the LEP Strategic Economic Plan.
  - c) Agree Marches LEP capital expenditure programmes relating to the delivery of the LEP Strategic Economic Plan, and ensure policy and programmes are delivered effectively.
  - d) Agree Major Transport Scheme funding allocation in line with the LEP Strategic Economic Plan.

- e) Ensure alignment between decision making regarding achievement of the Marches Strategic Economic Plan and decisions on other related areas of policy such as land use, transportation and wider community and economic regeneration.
- f) Influence and align government and public investment in order to boost economic growth within the Marches LEP area.
- g) Provide an annual report on the activities of MEJC to the three partner councils.
- h) Agree lead or accountable body status for any particular issue as necessary.
- i) Review and (where all three Leaders are present) amend the Terms of Reference of the MEJC.

*These Terms of Reference were last reviewed in March 2015. The membership table was last updated in January 2017.*

