

**NORTH DEVON COUNCIL**

**REPORT TO: COUNCIL**

Date: 16<sup>th</sup> January 2019

**TOPIC: HEART OF THE SOUTH WEST – JOINT COMMITTEE**

**REPORT BY: HEAD OF CORPORATE AND COMMUNITY**

## 1 INTRODUCTION

- 1.1 On the 5<sup>th</sup> December 2017, Council approved the establishment of a Joint Committee to move forward with adoption of the Productivity Plan.
- 1.2 This report now provides an update on the work of the Joint Committee, deals with the budget for the Committee and also seeks authority to delegate further powers to the Joint Committee.

## 2 RECOMMENDATIONS

That Council

- a) Agree to delegate the development and endorsement of the HotSW Local Industrial Strategy (LIS) to the HotSW Joint Committee (noting that final approval of the HotSW LIS rests with the HotSW Local Enterprise Partnership (LEP) and the Government);
- b) Note the Budget statement for 2018/19 set out in Appendix A and note that in accordance with the decisions taken at the time the Joint Committee was established the Council will be asked to make an annual budgetary provision to meet the support costs of the Joint Committee in line with the 2018/19 contribution of £1400.
- c) To agree the Budget and Cost-sharing Agreement set out in Appendix B to this report.

## 3 REASONS FOR RECOMMENDATIONS

- 3.1 It is essential that the local authorities contribute to the development and approval of the LIS working in collaboration with the LEP. The LIS will be a natural development of the Productivity Strategy and Delivery Plan for which the Joint Committee already has delegated authority, and therefore it would seem appropriate to formally extend this authority to the development and approval of the LIS to the Joint Committee on behalf of the constituent authorities.
- 3.2 It is important that the constituent authorities are kept up to date on the Committee's budget situation and make provision for the 2019/20 budget commitment. It is also important that the Budget and Cost Sharing Agreement is

formally agreed by the constituent authorities as part of the Committee's governance arrangements.

#### 4 REPORT

- 4.1 As members will recall, a Joint Committee was established in January 2018 and was tasked with improving productivity and establishing a Productivity Plan.
- 4.2 Since then, the Productivity Strategy has been approved along with a Delivery Plan. These documents are available at <https://heartofswlep.co.uk/about-the-lep/how-we-work/productivity-strategy/> and <http://www.hotswjointcommittee.org.uk/wp-content/uploads/2018/10/HotSW-Draft-Delivery-Plan-October-2018.pdf>
- 4.3 An Opportunities Prospectus has also been produced and is available at
- 4.4 Other work is also ongoing in relation to housing, transport and infrastructure.
- 4.5 The HotSW LEP has now been included within the second wave of areas to benefit from working with the Government to develop Local Industry Strategies (LIS).
- 4.6 LISs will focus on the foundations of productivity and identify transformational opportunities with partners across Ideas, People, Infrastructure, Business Environment and Place. The Strategy will be led by local people and businesses, allowing local leaders to harness the strengths of their own areas; ensure that the benefits of growth are realised by all; and provide the right conditions for improving the prosperity of communities throughout the area.
- 4.7 Ultimate approval of the LIS rests with the LEP in collaboration with the Government. The LIS guidance requires the LEP to collaborate on the development of the LIS with a range of stakeholders including the local authorities and other partners.
- 4.8 The LEP's proposed timetable is to have the final LIS agreed between the LEP and the Government by June 2019. Fortunately, HotSW partners are better placed than many areas to meet this timetable as the work done by the Joint Committee and the LEP to build and test the evidence base for the Productivity Strategy and Delivery Plan has set the foundation; the LIS will be a natural extension of this.
- 4.9 The Joint Committee is ideally placed to provide both collective and council level input into the development of the LIS, although final approval rests with the LEP. The validity and positioning of the document would be immeasurably strengthened by the involvement and general endorsement of all the constituent authorities, and by other partners including the business community. To enable the development of the LIS to be taken forward at pace, and to demonstrate alignment with partners across the area, it is proposed that local authority input is developed, coordinated and signed off by the Joint Committee. The powers of (and delegations to) the Committee are tightly focussed around the Productivity Strategy under the current governance arrangements, so this report seeks Council approval to formally delegate the Council's responsibilities for contributing to and signing off the HotSW Local Industrial Strategy (LIS) to the Joint Committee. The recommendations

provide the opportunity for the Council to influence and shape the LIS as well as provide content.

4.10 In relation to the budget, Appendix 1 sets out the current budget situation. This shows a current budget underspend but it is anticipated that the Council will be asked to contribute the same amount as last year, £1400, towards the budget for 19/20.

4.11 When the Joint Committee was set up, it was anticipated that a Budget and Cost Sharing Agreement would be entered into between the parties. A simple draft agreement is attached as part of the Appendix A.

## 5 RESOURCE IMPLICATIONS

5.1 This report has no major resource implications, although Council will be asked to set allocate £1400 towards the Joint Committee as part of the budget setting process..

## 6 CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?
Part 3 Annexe 4	Delegated

## 7 STATEMENT OF CONFIDENTIALITY

7.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

## 8 BACKGROUND PAPERS

8.1 The following background papers were used in the preparation of this report :

- Proforma report and Draft inter-Authority Agreement

The background papers are available for inspection and kept by the author of the report.

## 9 STATEMENT OF INTERNAL ADVICE

9.1 The author (below) confirms that advice has been taken from all appropriate Councillors and officers.

---

Author: Ken Miles Date:

## BUDGET STATEMENT – 2018/19

### Costs

At the time the Joint Committee was established it was estimated that its operating and support **costs** for 2018/19 (and to cover the remainder of 2017/18) would be £89,000 - excluding in-kind officer support. This estimate comprised:

1. £25,000 for work the Joint Committee would wish to commission to support the delivery of its work programme
2. £24,000 for the Brexit Resilience and Opportunities Group Secretariat
3. £40,000 for the Administering Authority to undertake its duties.

### Budget

Current budget position summary:

18/19 Budget = <u>£117k</u> (an increase of £25k over the original estimate)	18/19 Expenditure - <u>£84.1k</u> (as at 24/10/18)
1. £67k - devolution budget carry forward (as against the estimate of £42k) – transferred from PCC to SCC	1 £40k - for Administrative Authority costs including: direct meeting costs (including refreshments); staffing costs directly relating to HotSW meetings; JC communications and marketing; micro-site development
2. £50k - funding contributions from the constituent authorities	2 £19k - support costs of the Brexit Resilience Opportunities Group (BROG) including seconded part-time officer support (against an original budget allocation of £24k)
	3 £6k – costs of Housing Summit
	4 £9.8k – housing consultancy support
	5 £9.3k – national corridor infrastructure corridor consultancy support

## **BUDGET AND COST SHARING AGREEMENT**

As part of the new Joint Committee working arrangements, the following clause was agreed in relation to the costs of operation of the Joint Committee. This clause was in the Inter-Authority Agreement.

### **4.0 JC Finance**

4.1 The JC's budgetary arrangements shall be detailed in a budget and cost sharing agreement to be agreed by all the Constituent Authorities annually on the recommendation of the JC and in advance of the financial year. The only exception to this will be in the JC's first year of operation when the JC shall recommend a budget and cost sharing agreement to the Constituent Authorities for approval at the first opportunity following its establishment.

4.2 The budget and cost sharing agreement shall cover:

- (a) The responsibilities of the Constituent Authorities for providing funding for the JC
- (b) The anticipated level of expenditure for the JC for the year ahead
- (c) The cost sharing mechanism to be applied to the Constituent Authorities
- (d) Details of how the budget will be set and agreed each year
- (e) Who is to be responsible for maintaining financial records on behalf of the JC (the 'accountable body');
- (f) What financial records are to be maintained;
- (g) What financial reports are to be made, to whom and when;
- (h) What arrangements and responsibilities are to be made for:
  - auditing accounts;
  - insurance including ensuring all partners have sufficient cover;
- (i) How any financial assets held by the JC on behalf of the Constituent Authorities will be redistributed to the CAs in the event of the dissolution of the JC or in the

### **How is the budget set and agreed each year?**

In the February preceding each financial year, in consultation with the Somerset County Council Finance Advisory Team, the SCC Strategic Manager - Partnership Governance on behalf of the PMO will detail a budget plan for the JC income and expenditure. This will establish estimated amounts for that financial year and the timing of those financial transactions. This will be submitted by the administering authority to the Joint Committee for recommendation to the Constituent Authorities (CA) for approval.

Each CA will pay their agreed contribution to the Administering Authority (AA) in a timely manner on receipt of invoice details.

### **Who is to be responsible for maintaining financial records on behalf of the JC?**

SCC Finance Advisory Team – Ian Tier, Finance Manager.

**What financial records are to be maintained?**

Financial records, i.e. orders for supplies and services, payments made, invoices raised and receipts, will be kept electronically on the SCC financial system. This incorporates purchase orders, invoice scans, cashiers receipts and sales invoices.

**What financial reports are to be made, to whom and when?**

SCC Finance Advisory will present a quarterly income and expenditure report to the SCC Strategic Manager – Partnership Governance. This will be reported to the CEx Advisory Group for information. An income and expenditure report will be presented to the JC for information on at least an annual basis.

**What arrangements and responsibilities are to be made for?**

☐ **Auditing Accounts:** The AA's accounts and audit arrangements will apply to JC business.

☐ **Insurance:**

Each CA will ensure that it has sufficient insurance cover in place to provide protection for their members and officers participating in the work of the JC and in their capacity as officers or members of that authority. The AA will ensure that it has sufficient insurance cover in place to cover the AA role.

**How any financial assets held by the JC on behalf of the CA will be redistributed to the CAs in the event of the dissolution of the JC or in the event of a CA formally withdrawing from the CA?**

---

Itemised records of contributions made by each of the CAs will be kept over the life of the JC. In the event of the dissolution of the JC or in the event of a CA formally withdrawing from the CA having given the required notice, financial assets will be returned to the CA or CAs on a proportionate basis