

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Mark Stanton – Economic Development Manager

To: Council – 17 December 2014

(Author: Mark Stanton – Economic Development Manager)

Subject: Greater Lincolnshire Enterprise Partnership (GLLEP) Company Membership

Purpose: To present to Council the option for South Holland District Council to become a Member of the GLLEP Company Limited by Guarantee

Recommendations:

- 1) That the Council signs up as a District Member of the Greater Lincolnshire Local Enterprise Partnership Company Limited by Guarantee; and
- 2) That Councillor Nick Worth Deputy Leader of the Council and Portfolio Holder for Localism and Big Society be the District's representative for the GLLEP Company.

1.0 BACKGROUND

1.1 The Greater Lincolnshire Local Economic Partnership (GLLEP) is one of 39 business led public/private sector partnerships that was set by Government as a result of the Heseltine Review. Local Enterprise Partnerships (LEPs) are expected to deliver growth by:

- Setting strategic objective – The Strategic Economic Plan (SEP)
- Coordinating delivery partnerships and
- Administering growth related funding programmes

1.1.2 The GLLEP has identified the following priority sectors for growth and support in Lincolnshire as:

- Agri-food
- Manufacturing
- Visitor Economy
- Renewables
- Ports and Logistics
- Health and Care

1.1.3 The GLLEP has now incorporated as a Company Limited by Guarantee. This was primarily to give the GLLEP a legal status; to give directors protection and limit their liability and reputational risk, and to allow the LEP to act in this capacity, by developing funding bids in their own right.

1.2 Members

1.2.1 There will be around 20 to 30 organisations that will be invited to become the initial members of the Greater Lincolnshire LEP Limited Company. The districts will be involved in the company as members. The liabilities and risk for members are quite limited compared to the Directors and is normal in companies limited by guarantee.

- 1.2.2 The liability of members of a company limited by guarantee is limited to the amount they have agreed to contribute, set out in the guarantee clause of the articles of association of the company (the “articles”). The guarantee can be for any amount per member, usually a nominal sum of £1. Members can control changes in the constitution and other fundamental decisions relating to the company. Members have rights and obligations by virtue of their membership. The rights and obligations derive from the articles, general company law and any rules or by-laws prescribed by the company from time to time.
- 1.2.3 Generally, the members of a company limited by guarantee have few obligations other than their obligations towards the company and the other members, as set out in the articles and any other constitutional documents. The general management of the company is normally entrusted to the directors, but the members have the more important role in terms of making decisions about fundamental aspects of the company (such as the constitution, the composition of the board of directors, winding up, or changing the company’s name).
- 1.2.4 In its role as member of the company the Council will take decisions on those matters that the law, the Articles or the Members Agreement reserves to the members. This includes such matters as amendments to the Articles themselves. However, apart from such matters, the Articles envisage that the day to day running of the company will be a matter for the Directors. The proposed company is therefore one in which relatively light levels of control are exercised by the members.
- 1.2.5 Membership of the LEP therefore formally acknowledges the role of the local authorities but does not bring high levels of control or indeed additional financial commitment for the Council. In order to represent the views of the District Councils as a member including at members meetings, the recommendation seeks nomination of an individual to act as a member representative of each district. It is advised that this be a separate individual to the district nominated Director to minimise the degree of conflict of interest that may arise for any one individual asked to fulfil a number of roles.

1.3 **Directors**

- 1.3.1 The Lincolnshire leaders have been asked to nominate a member to become a Director of the LEP Board. This Director should represent and seek the views of the Districts at the LEP. It is for this group to appoint and rotate involvement. Under the draft Articles there are not less than 12 and not more than 20 directors of the Company although the company will commence with 16. Five directors are nominated by the Local Authorities in Greater Lincolnshire. These five directors are one each appointed by the three upper tier authorities, a representative District Council member (nominated by the Lincolnshire Leaders and CX’s group) and a person appointed by the Council in its capacity as provider of secretariat services to the company.
- 1.3.2 The District Director appointee, Councillor Doreen Stephenson, is directly appointed by the Lincolnshire Leaders and does not require approval by the company itself. A Director is appointed for a period of 3 years and can continue for a maximum of three 3 year term. In order to enable the company to manage the performance and commitment of the board and individual directors, a director seeking a further term (including an LCC and District director) would require approval by the company’s Appointments Committee.
- 1.3.3 Of the other 11 Directors, 8 are from the private sector being prominent business men or women from across the region representing important industry sectors and different sizes of business, both for profit and not for profit and having links into major business representative groups. The current private sector members of the GLLEP Board are envisaged to become the first Directors under this heading with future Directors appointed as a result of an open competitive process.

1.3.4 The other three Directors would represent other public sector or quasi-public sector bodies such a Further Education colleges or Universities. The chairman and vice chairmen would be drawn from the private sector representatives. It is worth pointing out that, although appointed by a Local authority, the Directors will owe their primary duties to the company. There are seven main duties of a company director as follows:-

- to act within the company's powers
- to promote the success of the company
- to exercise independent judgment
- to exercise reasonable care, skill and diligence
- to avoid conflicts of interest
- not to accept benefits from third parties and
- to declare any interest in proposed transactions or arrangements with the company

1.3.5 Further guidance on these duties will be provided for the Directors. The Articles also provide for Directors to be indemnified by the company and for the company to purchase insurance for Directors against liability arising out of breaches of obligations as a director. This would be a matter for the company.

How the Council is involved with the GLLEP and related groups

GLLEP Role/Involvement	SHDC Member/Officer Rep	Purpose
GLLEP Board	One District Rep Cllr. Doreen Stephenson/ East Lindsey DC	Represent Lincolnshire Districts interests on the GLLEP Board
Lincolnshire Leaders Board	Leader/Chief Executive	Principal decision making body on behalf of Las. Feeds into GLLEP Board
ED Lead Councillors	Deputy Leader/ED Manager Cllr Nick Worth Mark Stanton	Members and senior officers from all Lincolnshire LAs. Feeds into GLLEP Board
GLLEP Company	The Council/ Cllr. Nick Worth	Legal Entity for the GLLEP
GLLEP Growth Hub	ED Manager Mark Stanton	One of two District reps on the officer business support and funding group. Support the GLLEP Growth Hub
Lincolnshire Delivery and Infrastructure Growth Group (LDIGG)	Planning Manager Paul Jackson	Promotes and supports the delivery of major infrastructure schemes in Lincolnshire.
Senior ED Officers Group	Senior ED Officer Nigel Burch	Looks at project delivery issues
European Rural Development Programme for England (RDPE) - Leader Wash Fens Group	Senior ED Officer Nigel Burch	Local action management group for the Wash Fens RDPE funding. Separate funding stream from DEFRA
Grants4Growth (G4G) Programme Supported by the GLLEP	Board Chair/Reps Cllrs. Johnson Przystlak ED Manager Mark Stanton	Strategic Management Board for the G4G Programme

2.0 OPTIONS

2.1 Option 1 – Recommended

2.1.1 That the Council signs up as a District member of the Greater Lincolnshire Local Enterprise Partnership Company by Guarantee.

2.1.2 That Councillor Nick Worth, Deputy Leader of the Council and Portfolio Holder for Localism

and Big Society be the District's representative for the GLLEP Company.

2.2 Option 2

2.2.1 The Council does not sign up to GLLEP Company Membership.

3.0 REASONS FOR RECOMMENDATIONS

3.1 The Council needs to engage fully with the GLLEP on a number of levels so that we can ensure that the Districts business and economic growth priorities are represented at all levels with the GLLEP structure.

3.2 Risks – The risks of not signing up would place the Council in a weak position within the GLLEPs wider local authority partnership arrangements threatening our ability to promote our local business and growth priorities and attract funding to deliver them.

4.0 EXPECTED BENEFITS

4.1 Membership of the GLLEP Company formally acknowledges the role of the District in the wider Local Authority Partnership of the GLLEP without requiring the Council to have a high level of control or any financial commitment.

5.0 IMPLICATIONS

5.1 Carbon Footprint / Environmental Issues

5.1.1 It is the opinion of the Report Author that there are no implications.

5.2 Constitution & Legal

5.2.1 Internal legal advice has been sought by officers on the commitment and liabilities that would come with Council membership of the GLLEP Company and the advice supports the paragraph within the Background 1.2 paragraph 1.2.2 section of this report as follows: *The liability of members of a company limited by guarantee is limited to the amount they have agreed to contribute, set out in the guarantee clause of the articles of association of the company (the "articles"). The guarantee can be for any amount per member, usually a nominal sum of £1.*

5.3 Contracts

5.3.1 It is the opinion of the Report Author that there are no implications.

5.4 Corporate Priorities

5.4.1 Supporting the Local Economy.

5.5 Crime and Disorder

5.5.1 It is the opinion of the Report Author that there are no implications.

5.6 Equality and Diversity / Human Rights

5.6.1 It is the opinion of the Report Author that there are no implications.

5.7 **Financial**

5.7.1 It is the opinion of the Report Author that there are no implications.

5.8 **Health & Wellbeing**

5.8.1 It is the opinion of the Report Author that there are no implications.

5.9 **Risk Management**

5.9.1 It is the opinion of the Report Author that there are no implications.

5.10 **Staffing**

5.10.1 It is the opinion of the Report Author that there are no implications.

5.11 **Stakeholders / Consultation / Timescales**

5.11.1 District Council sign up expected by the GLLEP by December 2014.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 Not applicable.

7.0 **ACRONYMS**

7.1 GLLEP – Greater Lincolnshire Enterprise Partnership
RDPE – Rural Development Programme for England
G4G – Grants4Growth Programme
ED – Economic Development
LCC – Lincolnshire County Council

Background papers:- [See The Committee Report Guide](#)

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Director / Officer who will be attending the Meeting

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Key Decision: No

Exempt Decision: No

This report refers to a Discretionary Service