

Subject: Pennine Lancashire
Development Company Limited

Status: For Publication

Report to: Governance Working Group
Cabinet
Council

Date: 12th August
14th October 2009
3rd November 2009

Report of: Director of Business

Portfolio

Holder: Leader and Regeneration

Key Decision: Yes

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

- 1.1 To request approval for the establishment of the Pennine Lancashire Development Company (PLDC).
- 1.2 To agree to Rossendale becoming a member of the Company.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report impact directly on the following corporate priorities:-
 - Delivering quality services to our customers
 - Delivering regeneration across the Borough
 - Encouraging healthy and respectful communities
 - Keeping our Borough clean, green and safe
 - Promoting the Borough
 - Providing value for money services

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- The Council will need to evaluate the benefits of membership over time to ensure best value is obtained as far as possible from the arrangements.
- Governance issues will need to be kept in the forefront in terms of managing and monitoring the operation of the company.

4. BACKGROUND AND OPTIONS

- 4.1. Pennine Lancashire authorities have collaborated for a number of years when addressing issues which affect the sub-regional economy, for example, the East Lancashire Partnership, and more recently the Local Enterprise Growth Initiative (LEGI) “No Limits” Programme.
- 4.2 Elevate HMR has been operating since 2002, and was set up as a condition by government to be the conduit for HMR funding to eligible local authorities.
- 4.3 Pennine Lancashire Leaders and Chief Executives (PLACE) was established in 2004. PLACE has led the development of the existing suite of strategies: Integrated Economic Strategy; Housing, Transport and Spatial; as well as negotiating the Multi Area Agreement with government. PLACE has overseen the delivery of several funding programmes, including NWDA’s Economic HMR programme and LEGI. PLDC will deliver elements of these strategies.
- 4.4 PLDC Shadow Governing Body/ Board have been meeting since October 08.
- 4.5 Executive Board previously approved the councils’ respective Leader and Chief Executive to participate in a shadow Governing Body/Board to agree the Members Agreement; Memorandum of Association; and the Articles of Association.

4.6 POLICY IMPLICATIONS

- 4.6.1 PLDC will draw together existing economic development and regeneration activity across Pennine Lancashire, this will bring benefits of economies of scale, as well as additional capacity to deliver major interventions. The remit of the company will be to deliver the following elements:
- HMR
 - Economic Development, including:
 - LEGI/Enterprise
 - Major Projects
 - Image and Branding
 - Business support and investment

- Technology and Innovation
- 4.6.2 PLDC will continue to assume responsibility for the Elevate HMR programme, No Limits LEGI. The company structure however, will differ from that of Elevate. Through the memorandum and articles and member agreement (attached), care has been taken to ensure democratic oversight of company activities, but also enabling clear and effective decision making.
- 4.6.3 PLDC will be a private company limited by guarantee. The member local authorities will own the Company. PLDC Governing Body will comprise the seven elected Leaders with one vote per authority. The Governing Body will, by qualified majority, appoint one of the representatives of the Governing Body as Chair. The Governing Body will sign off the Company Business Plan and provide regular reports on progress against milestones.
- 4.6.4 Each member of the Governing Body may appoint a director (presumed to be Local Authority Chief Executive) to form a supporting Executive Board. The Chief Executive of the PLDC will not be appointed as a director of the Board. The Board will comprise a maximum of 13 directors. The member local authorities will have a majority on the Board. Other directors will include representatives from the private sector, NWDA and HCA.
- 4.6.5 The Governing Body will appoint an independent Board Chair. Each director will have one vote at Board meetings and decisions will be taken by qualified majority.
- 4.6.6 If in the event of the winding up or dissolution of the Company, if there remains after the satisfaction of all its debts and liabilities any property or operating surplus, this will be paid to the founding members of the Company pro rata to the funding, size of budget and other support (cash or otherwise) which, when aggregated together, they have each made available and advanced to the Company.
- 4.6.7. Blackburn with Darwen BC, as the current employing body for Elevate will fulfil this function for PLDC. Lancashire County Council will assume the role of Accountable Body.
- 4.6.8 It is proposed that PLACE will become a Local Authority joint committee, which will allow it to contract with funding bodies and commission PLDC to deliver agreed elements of wider programmes or substantial sub-programmes.
- 4.6.9 The establishment of PLACE as a joint committee and PLDC aligns with wider government policy, as set out in the Sub National Review, and subsequent legislation. This acknowledges that the economy, labour and housing markets do not recognise administrative boundaries. Therefore it is appropriate to plan and deliver market interventions as ‘functional economic areas’.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

- 5.1 Elevate funding is secure for 2009/10
- 5.2. Funding is sought from the North West Development Agency and the Homes and Communities Agency to provide additional capacity to PLDC. Both agencies have committed in principle, and negotiations are at an advanced stage.
- 5.3 Council and officers will have to consider the implications of PLDC with regard to annual group accounting.
- 5.4 The treatment of potential surpluses in the event of a winding up are detailed in para 4.6.6. It is assumed that the Councils limited liability status will protect it from any deficits on a winding up.
- 5.5 It should be noted that although there are references to LEGI funding within the report, Rossendale Borough Council receives no such funding.

6. MONITORING OFFICER

- 6.1 Copies of the Members Agreement; Memorandum of Association; and the Articles of Association are available for inspection.

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 7.1 Alongside existing Elevate and LEGI staff already in post, it is proposed that Pennine Lancashire authorities will second a number of staff to the company. In total the PLDC establishment will comprise approximately 80 staff. Rossendale will second a member of the regeneration team for two days per week.

8. CONCLUSION

- 8.1 The formation of PLDC will provide a framework for increased collaboration; reduce duplication and a pooling of expertise and capacity across Pennine Lancashire. PLDC will allow for:
- Increased private sector investment
 - Alignment between programmes (i.e.: LEGI and HMR)
 - Faster decision making
 - Faster delivery of key projects.

9. RECOMMENDATION(S)

9.1 Council/Cabinet agree to:

- The formation and membership of the company.
- Authorise the Leader and Chief Executive to take seats or make nominations at the Governing Body/Board.
- Agree the final: members agreement; memorandum of association; and articles of association.

10. CONSULTATION CARRIED OUT

10.1 None at this stage

11. COMMUNITY IMPACT ASSESSMENT

Is a Community Impact Assessment required No

Is a Community Impact Assessment attached No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No

Is a Biodiversity Impact Assessment attached No

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Background Papers	
Document	Place of Inspection
Draft documents and correspondence	Futures Park

GLOSSARY

HCA - Homes and Communities Agency

- HMR - Housing Market Renewal
- LEGI - Local Enterprise Growth Initiative
- NWDA - North West Development Agency
- PLACE - Pennine Lancashire Leaders & Chief Executives
- PLDC - Pennine Lancashire Development Company