

TITLE	Establishment of a Joint Committee – The Berkshire Prosperity Board
FOR CONSIDERATION BY	Council on Thursday, 22 February 2024
WARD	None Specific
LEAD OFFICER	Chief Executive, Susan Parsonage
LEAD MEMBER	Leader of the Council and Executive Member for Housing - Stephen Conway

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

This report seeks to establish a Joint Committee (to be known as the Berkshire Prosperity Board) to enable Berkshire Authorities, through collaboration, to benefit from:

- Working to a shared vision of inclusive, green and sustainable economic prosperity to address challenges and meet opportunities whilst retaining the sovereignty of each local authority.
- Presenting a strengthened case to Government and private investors for greater investment into strategic projects, service delivery and initiatives across Berkshire.
- Acting as a vehicle to commission the Thames Valley Berkshire Local Enterprise Partnership (LEP) and others to deliver core functions in response to the Government's review of Local Economic Partnerships.
- Having a stronger, collective voice in lobbying Government and other agencies. Taking a collaborative mindset in targeting external bodies effectively for the benefit of Berkshire
- Advantageously position Berkshire in readiness for potential devolution proposals to benefit from additional responsibilities and funding opportunities. Setting up a Berkshire that is better able to efficiently, seize future opportunities and adapt to challenges.

Transforming Berkshire's productivity through, responsive, agile collaboration

RECOMMENDATION

That Council approve:

1. the establishment of a fully constituted Joint Committee (to be known as the Berkshire Prosperity Board) from May 2024 to deliver a Berkshire-wide vision for inclusive green and sustainable economic prosperity.
2. the proposed constitution for the Joint Committee as set out in Appendix A - Functions and Procedure Rules for a Joint Committee, Appendix B - Responsibilities of the accountable body and Appendix C - Governance structure is approved subject to review by each member Council within 6 months.

3. that the Chief Executive be delegated to reach a legally binding Agreement between the member Authorities setting out the supporting arrangements and responsibilities between the Authorities, particularly that between the Lead Authority, known as the Accountable Body and the other member Authorities and go through the relevant democratic process if required. Such Agreement also to be approved by the s151 Officer.
4. That Wokingham Borough Council act as the Accountable Body for the Prosperity Board

EXECUTIVE SUMMARY

Establishing a Joint Committee and sharing common goals across a functional economic area will provide Berkshire Authorities new opportunities for collaboration on economic development issues that will benefit all of our residents. Providing more flexibility and influence than a single council would have on its own. Helping local authorities speak with one voice to secure more funding from Government and sources to help get key projects and initiatives off the ground.

In particular, Berkshire Authorities, through collaboration, will benefit from:

- Working to a shared vision of inclusive, green and sustainable economic prosperity to address challenges and meet opportunities whilst retaining the sovereignty of each local authority.
- Presenting a strengthened case to Government and private investors for greater investment into strategic projects, service delivery and initiatives across Berkshire.
- Acting as a vehicle to commission the Thames Valley Berkshire Local Enterprise Partnership (LEP) and others to deliver core functions in response to the Government's review of Local Economic Partnerships.
- Having a stronger, collective voice in lobbying Government and other agencies. Taking a collaborative mindset in targeting external bodies effectively for the benefit of Berkshire
- Advantageously position Berkshire in readiness for potential devolution proposals to benefit from additional responsibilities and funding opportunities. Setting up a Berkshire that is better able to efficiently, seize future opportunities and adapt to challenges.

The first official board would take place in May following the collective decision for each Berkshire Authority to establish the Berkshire Prosperity Board. The Board would meet four times a year and each Council will lead on one of the six themes,

BACKGROUND

Collectively Berkshire Leaders and Chief Executives have been meeting to consider the challenges and opportunities faced by the Berkshire economy and the implication for residents. Leaders recognised that although, the Berkshire Economy is comparatively strong it faces a number of threats and has been experiencing declining productivity for several years. In order to respond to these challenges work has been undertaken by Place Directors to explore options to create a vehicle to drive and deliver economic prosperity within Berkshire for the benefit of residents.

Initial discussions explored the option of a devolution deal with Government and how Berkshire might benefit from the financial and decision-making powers a deal might bring. Early on in the process it was recognised that Berkshire's chance of securing a significant devolution deal was limited. Berkshire is disadvantaged by both the Government's Levelling Up agenda and because of priority being given to Local Authority areas with a Combined Authority and/or a directly elected mayor. The Berkshire Leaders have agreed not to pursue a directly elected mayor.

At the same time that this conversation began, the Government announced that it would be ending Local Enterprise Partnership (LEP) funding from the end of March 2024, and transferring local economic leadership and budgets back to local authorities. Hence, discussions have been ongoing as to the future of Thames Valley Berkshire LEP

As discussions progressed leaders recognised that the structure of six unitary authorities, which has provided so much benefit to the Berkshire area, could be better harnessed to promote Berkshire collectively and overcome the disadvantage Berkshire has in comparison with other larger counties and metropolitan areas, that speak with a single voice. It is acknowledged that by working in partnership, Berkshire Authorities can benefit from greater scale, and with that, have increased influence and a greater ability to develop solutions through collaboration.

Operating collaboratively will give Berkshire more bargaining power when negotiating for funds so that more investment is secured for key projects such as housing, transport, and skills. Collective lobbying will carry more weight and so help Berkshire secure better decisions from Government around. Shared problem solving will produce more efficient and effective outcomes than if authorities tackle problems individually.

The six Berkshire Leaders have stated their intention to develop a Joint Committee to help deliver this economic ambition.

Collectively the Leaders have identified a programme that will focus on six thematic workstreams deemed key to the future prosperity of our local economy and residents. Including, health and inequalities, education and skills, affordable housing, sector development, strategic infrastructure and net zero.

Berkshire's Economy

To date Berkshire is an economic success story – no other region in the UK has played a bigger role in driving the UK economy in recent decades. And as the UK's Silicon Valley, nowhere has the potential to add more value to UK plc. We have three diverse sub-regional economies and strengths in growth sectors of the future, innovative and

international businesses, a highly skilled workforce, and are well connected to London and other highly productive markets.

The Covid-19 pandemic, Brexit, the impacts of the war in Ukraine and the Israel-Hamas war have hit our economy hard and we are facing economic headwinds linked to changing trading relationships with Europe, labour market shortages and high inflation. Furthermore, as a region, we are disadvantaged when competing for the Government's Levelling - Up Investment programme. We therefore cannot be complacent – our economy is mature, but growth is lower than in the past, and we are moving into a period of further economic uncertainty.

It is also important to recognise that some of our communities have not been able to contribute to and benefit from Berkshire's economic success. Wage growth has not kept up with economic growth and any of our residents are facing increasing living costs, high levels of deprivation and poor health outcomes. Economic inactivity remains above our positive pre-Covid trajectory, exacerbating labour market pressures. Housing is a particular issue, with median house prices costing almost 11 times more than median earnings, acting as a constraint to recruiting and retaining graduate talent and people with the skills our economy needs. Both now and in the future

The Berkshire economy is mature, but the strains of growth are showing. Many of the companies headquartered in Berkshire face re-investment decisions post Covid-19 and Brexit. We know that some of them are not as committed to a future in the UK as we would want.

There are many opportunities with growing industries such as the film industry in and around Reading University and Bray, but the need to act to secure Berkshire's long-term future is clearly evident. The development of the Joint Committee will allow Berkshire Authorities to share and effect an economic vision to collectively address challenges and seize opportunities working collaboratively with other key parties. Thereby providing a greater voice, than each Council would have individually, helping to lobby Government and secure more finance from both public and private investors, and to be an attractive location for inward investment.

Responding to Changes to the Thames Valley Local Economic Partnership

Government will cease funding Local Economic Partnerships (LEPS) from April 2024. The Government requires that the core functions currently carried out by LEPS to be transferred to Local Authorities in a bid to empower local leaders and communities. Local Authorities will receive the funding for and core responsibilities for delivering these functions from April 2024. The core functions are as follows:

- Economic Strategy and Planning - This function is needed in the future to continue to provide evidence bases, data, and a Berkshire-wide economic strategy so that collective action can be prioritised and needs-led.
- Business Voice - This is a core function required by Government going forward in each functional economic area. This function is needed in the future to embed a strong, independent, and diverse local business voice into local decision-making on economic development issues. New guidance on setting up a Business Board (which would form part of a joint committee's governance arrangements is due to be released by Government.

- Government Programme Delivery - This function is needed in the future to continue to monitor the final stages of government programmes at the Berkshire level and ensure compliance with programme guidelines.

Local Authorities will also be expected to take responsibility for commissioning the Growth Hubs and Skills Hubs.

Berkshire Leaders and the LEP have agreed that they want to continue working in partnership to support the Berkshire economy. The LEP will remain an independent company. Berkshire Leaders have agreed that funding received from Government for the core functions will be used to commission specialist organisations (such as TVB LEP) to deliver outcomes.

The development of a Berkshire Joint Committee with a nominated accountable body will allow Berkshire to accept funds from Government and commission the core functions to address collective priorities.

Devolution

The Government's 2022 Levelling Up White Paper set out plans for encouraging local areas to apply for a devolution deal – called 'County Deals'. These agreements devolve funding, additional responsibilities and decision making with a view to stimulating local economic growth.

Prior to local Elections in May 2023 Berkshire Leaders submitted to Government an expression of interest in becoming a devolved Deal area, setting out the opportunities that Berkshire offers the national economy given the right support and investment.

Having a fully constituted Joint Committee will strengthen Berkshire's chances of being offered a Deal if Government decides to accelerate the devolution process in advance of the General Election. With the prospect of a general election in 2024, Government is likely to change its approach, therefore at this stage devolution is not the driver to move forward with a Joint Prosperity Board.

Benefits of Developing a Joint Committee – The Berkshire Prosperity Board

Establishing a Joint Committee and sharing common goals across a functional economic area will provide Berkshire Authorities with exciting new opportunities for collaboration on economic development. Provide more flexibility and influence than a single council would have on its own and enable local authorities to speak with one voice to Government and other agencies/organisations to secure funding to help get key projects and initiatives off the ground.

In particular, Berkshire Authorities, through collaboration, will benefit from:

- Working together to a shared vision of inclusive and sustainable economic prosperity through working together to address challenges and meet opportunities whilst retaining the sovereignty of each Local authority.
- Having a strengthened case to Government and private investors for funding and greater investment for strategic projects across Berkshire.

- Acting as a vehicle to commission the Thames Valley Berkshire Local Enterprise Partnership (LEP) and others in response to the Government's review of Local Economic Partnerships.
- Having a stronger, collective voice in lobbying Government and other agencies. Taking a collaborative mindset in targeting external bodies effectively for the benefit of Berkshire
- Advantageously positioning Berkshire in readiness for potential devolution proposals to benefit from additional responsibilities and funding opportunities. Setting up a Berkshire that is better able to efficiently, seize future opportunities and adapt to challenges.
- Working on six shared themes: health and inequalities, education and skills, affordable housing, sector development, strategic infrastructure and net zero.
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Constitution and Secretariat

The Joint Committee's role and purpose on behalf of the Partner Local Authorities relates to ensuring that appropriate, effective and formal governance is in place for the purposes of delivering a Berkshire wide vision for economic growth and advancing partner Local Authorities aspirations for greater economic prosperity.

Core members of the Committee will include Bracknell Forest Council, Reading Borough Council, Slough Borough Council, The Royal Borough of Windsor and Maidenhead, West Berkshire Council and Wokingham Borough Council.

It is proposed that each local authority will decide whether a decision made at the Prosperity Board is a key decision and treat it according to the criteria within its own constitution. Voting on all decisions will be on a unanimous 100% basis.

The structure and constitution of the Joint Committee will need decisions to be approved through each of the participating Local Authority's democratic decision-making groups. Details of the draft Constitution and structure of the Joint Committee is contained in: Functions and Procedure Rules for a Joint Committee (Appendix A), Responsibilities of the accountable body (Appendix B) along with the governance structure (Appendix C).

Accountable Body

The Prosperity Board and the new arrangements for Thames Valley Berkshire LEP will need the facility of an Accountable Body. It is proposed that Wokingham Borough Council will undertake this function. This will involve acting as a body to receive and manage any funds received from Government (or other sources) on behalf of all six Berkshire Authorities.

The cost of running this function will be approximately £40,000 per annum and will be shared across the six Berkshire Authorities. In the first year the costs will be contained within existing budgets and using an element of grant funding such as the UK Shared Prosperity Fund. The possibility of leveraging in additional Government revenue and capital funding through the Prosperity Board will be explored. The intention is to continue to absorb costs within existing budgets and through grant funding beyond the first year of operation.

The following principles will be applied to all financial matters relating to the Prosperity Board including the Accountable Body:

- Open book- transparently accounting for all costs including in-kind.
- All costs will be shared equally by all participating unitary authorities and billed quarterly on estimate with final settlement on actuals after year end.
- That all participating authorities have a suitable liability or indemnity arrangement to ensure risks is shared.

For completeness the full responsibilities of the Accountable Body are set out in Appendix B.

Prior to the operation of the Joint Committee, key legal elements that underpin the arrangement of the Joint Committee, such as indemnities, dispute resolution and financial responsibilities will be agreed by the members authorities in a joint legal agreement.

BUSINESS CASE

Need

Since 2008, our economy has experienced a financial crisis, the Covid-19 pandemic and the impacts of the war in Ukraine and the Israel-Hamas war. We are facing economic headwinds linked to changing trading relationships with Europe, labour market shortages and high inflation. Furthermore, as a region, we are disadvantaged when competing for Government's Levelling -Up Investment programme. We therefore cannot be complacent – our economy is mature, but growth is lower than in the past, and we are moving into a period of further economic uncertainty. The development of the Joint Committee will allow Berkshire Authorities to share and effect an economic vision to collectively address challenges and seize opportunities. Providing a greater voice, than each Council would have individually, helping to lobby Government and secure more finance from both public and private investors, and to be an attractive location for inward investment.

Other options considered.

The main alternative approach is to continue to work on economic development in each unitary area as exists at the moment. This no change approach does not resolve matters relating to the functions passing to Local Authorities with the end of Government LEP funding which takes place in April 2024. It also does not build a stronger voice for Berkshire and does not enable streamlined collective decision making.

The other main alternative option considered was to develop a Combined Authority/Mayoral Combined Authority and seek a formal Devolution Deal. The Berkshire Leaders have agreed not to pursue a directly elected mayor.

Risks associated with this decision relate to common risks associated with setting up successful partnerships. This includes legal issues and operational disruptions which has been mitigated through involving legal officers across Berkshire.

The decision will have passed through the democratic process in each local authority by the end of March 2024. The first meeting of the Berkshire Prosperity Board will be in May 2024

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See other financial implications	YES	R/C
Next Financial Year (Year 2)	See other financial implications	YES	R/C
Following Financial Year (Year 3)	See other financial implications	YES	R/C

Other Financial Information

Collectively the six Berkshire Authorities will receive £240k from Government to deliver the key functions of, Economic Strategy and Planning, Business Voice, and Government Programme Delivery. MHCLG have directly and expressly advised us that the 240k can only be spent on these 3 functions.

It is envisaged that the total cost of the running the Prosperity Board in the first year will be in the region of £60K (including the £40K for administering the accountable body). In the first year the costs of managing the Berkshire Prosperity Board will be contained within existing budgets as well as using an element of grant funding such as the UK Shared Prosperity Fund. The following principles will be applied to the Accountable Body of the Prosperity Board:

- Open book- transparently accounting for all costs including in-kind.
- All costs will be shared equally by all participating unitary authorities and billed quarterly on estimate with final settlement on actuals after year end.
- That all participating authorities have a suitable liability or indemnity arrangement to ensure risks is shared.

The possibility of leveraging in additional Government revenue and capital funding through the Prosperity Board will be explored. The intention is to continue to absorb costs within existing budgets and through grant funding beyond the first year of operation.

Legal Implications arising from the Recommendation(s)

Local Authorities are empowered to set up Joint Committees by sections 101 and 102 of the Local Government Act 1972 to discharge functions.

Section 9E of the Local Government Act 2000 allows Executive Functions to be discharged by a joint committee and it is envisaged that those Councils which are Executive lead will only delegate Executive Functions

Key legal elements that underpin the arrangement of the Joint Committee, such as indemnities, dispute resolution and financial responsibilities will be agreed in a joint legal agreement. How the arrangement will work in terms of finances, dispute resolution and indemnities between the council and agreed by the members authorities.

Stakeholder Considerations and Consultation

Public Sector Equality Duty

The Board proposes to look at inequalities as one of its themes, however the setting up of a joint Committee is not considered to require an impact assessment at this time.

Climate Emergency – *This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030*

The recommendations above are expected to reduce emissions of CO₂ across Berkshire considering opportunities to respond to Climate Change at a strategic level, creating impact by working at scale

Reasons for considering the report in Closed Session

List of Background Papers

1. Appendix A- DRAFT Functions and Procedure Rules for a Joint Committee
2. Appendix B- DRAFT Responsibilities of the Accountable Body
3. Appendix C- DRAFT Governance Structure

Contact Rhian Hayes	Service Economy and Housing
Telephone Tel: 0118 974 6090	Email rhian.hayes@wokingham.gov.uk

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