

Cabinet – 24 April 2019

## The Appointment of Walsall Council as the Black Country Local Enterprise Partnerships Single Accountable Body.

Portfolio: Councillor Mike Bird, Leader of the Council and Portfolio Holder for Finance.

Related portfolios: Councillor Adrian Andrew, Deputy Leader of the Council and Portfolio Holder for Regeneration and Development.

Service: Economy & Environment

Wards: All

Key decision: Yes

Forward plan: Yes

### 1. Summary

- 1.1 The Ministry of Housing, Communities and Local Government released its National Local Growth Assurance Framework (NLGAF) in January 2019. Attached as appendix 1, with elements included in the body of this report, this document includes the key roles and responsibilities expected from Local Enterprise Partnerships (LEPs) and Local Authorities. Included is the requirement and the focus of this report in that; 'All LEPs must have a single Accountable Body in place by the 28 February 2020.'
- 1.2 Adding that; 'The LEP Board, and its supporting governance structure (where there are appropriate schemes of delegation), is the strategic body responsible for taking decisions on LEP business and LEP programme activity. The Accountable Body, however, is responsible for overseeing the proper administration of financial affairs within the LEP when these affairs relate to public funds.'
- 1.3 In response to this requirement, the Black Country Local Enterprise Partnership (22 October 2018) and the Black Country Joint Committee (23 January 2019) both confirmed acceptance of Walsall Council as the 'single Accountable Body for all funds secured by the Local Enterprise Partnership'.
- 1.4 This report sets out in section 3 (Report Detail) the levels of funding concerned together with the key roles and responsibilities associated with becoming and discharging the single Accountable Body (AB) role on behalf of the Black Country Local Enterprise Partnership (BCLEP). Requesting that Cabinet considers and approves the appointment of Walsall Council as the Black Country Local Enterprise Partnership's single Accountable Body (AB) for all funding received.

- 1.5 The acceptance of this role will not result in expenditure being incurred by Walsall Council as all costs will be covered by the Local Enterprise Partnership. However it will involve the administration of significant levels of funding as set out within section 1.6, together with the outcomes as set out in section 1.8 impacting (positively) on two or more wards across the borough. It is therefore considered to be a key decision.
- 1.6 The benefits to both the Black Country and Walsall borough resulting from the administration of these funds is significant. Table 1.6.1 below summarises the larger programmes (above £10million) totalling £659million of income, together with the outcomes anticipated from these key programmes across the Black Country throughout each programmes lifecycle. You will note that the outcomes from the £97million of Land and Property Investment Fund (LPIF) funding yet to be allocated by the West Midlands Combined Authority (WMCA) are yet to be agreed and included.
- 1.6.1 Summary of Income and Outcomes for the Current LEP Programmes:

| Major Programme                                      | Value<br>£Millions<br>(All years) | Time Period | Outputs Forecasts / Commitments (includes Direct and Indirect Outputs) |                               |                 |                     |                     |                    |   |
|--|-----------------------------------|-------------|--|-------------------------------|-----------------|---------------------|---------------------|--------------------|---|
|  |                                   |             | Land<br>Remediated<br>(ha)   | Housing<br>Units<br>Completed | Jobs<br>Created | Floorspace<br>(sqm) | Business<br>Assists | Learner<br>Assists | Business<br>Rates by<br>End Date<br>£millions |
| Local Growth Fund (LGF)                              | £211                              | 2015 - 2021 | 76   | 2896                          | 6384            | 101038              | 3200                | 8984               |   |
| Land and Property Investment Fund (LPIF) - Phase 1   | £53                               | 2018 - 2021 | 46   | 1600                          | 2986            | 126000              | 280                 |                    |   |
| Land and Property Investment Fund (LPIF) - Phase 2   | £97                               | tbc         | tbc  | tbc                           | tbc             | tbc                 | tbc                 |                    |   |
| Black Country Enterprise Zones - Brierley Hill / DY5 | £165                              | 2017 - 2042 | 44   |                               | 7000            | 219000              |                     |                    | £165  |
| Black Country Enterprise Zones - Wolverhampton / i54 | £89                               | 2012 - 2037 | 76   |                               | 6356            | 315178              |                     |                    | £89   |
| Black Country Enterprise Zones - Walsall / Darlaston | £45                               | 2012 - 2037 | 41   |                               | 2274            | 122626              |                     |                    | £45   |
| <b>Totals</b>  | <b>£659</b>                       |             | <b>283</b>   | <b>4496</b>                   | <b>25000</b>    | <b>883842</b>       | <b>3480</b>         | <b>8984</b>        | <b>£298</b>                                   |

Note: Table includes larger programmes above £10million in value, smaller programmes, e.g. Growing Places Fund are in scope and will form part of the single Accountable Body role.

- 1.7 The financial investment benefits to Walsall Borough are also significant, with £57,309,531 of Local Growth Funding approved so far to deliver a range of housing, job creation and transport initiatives. Within the Land and Property Investment Fund (LPIF), £36,260,938 has been approved to support the delivery of land remediation, job creation and housing projects across Walsall. Combined this represents an approved investment between 2015 and 2021 of £94,161,469.
- 1.8 The outcomes that this will achieve for the people and businesses of Walsall Borough between 2015 and 2021 include:
- 933 new homes across the borough;
  - 57.85ha of land remediated and bought back into use;
  - 65,509sqm of new commercial floor space constructed;
  - 1299 jobs created/safeguarded;
  - 6562 learners assisted or apprenticeships created.

- 1.9 In addition to these direct benefits to both the Black Country and Walsall borough, additional reasons to take on the role of Accountable Body for the BCLEP include;
- the utilisation of the existing strong and well-structured programme management function that exists within the Economy and Environment Directorate, complemented by effective support arrangements and functions delivered through Finance and Legal services
  - the economies of scale and value for money that can be achieved by putting these funds into one place in relation to staff, administration and specialist support costs
  - the effective co-ordination and maximisation of outcomes and spend against commitments achieved against all funds held
  - the potential to further enhance the reputation of Walsall Council and indeed the Black Country through the continued good practice in delivery.

## 2. Recommendations

- 2.1 That Cabinet approve the appointment of Walsall Council as the Black Country Local Enterprise Partnership's single Accountable Body, responsible for all funds secured by the LEP. To be in place no later than the 28 February 2020, in accordance with the requirements of the government's National Local Growth Assurance Framework.
- 1.2 That Cabinet delegates authority to the Chief Executive in consultation with the Leader of the Council to take part in any negotiations that form part of the evolution and development of the single Accountable Body and subsequent joint working arrangements with; the Black Country Local Enterprise Partnership, the three Black Country Councils of Dudley, Sandwell and Wolverhampton and the West Midlands Combined Authority (WMCA).
- 1.3 That cabinet approve the continuation of the current internal scrutiny arrangements with the Black Country Local Enterprise Partnership, by extending an open offer for the BCLEP to attend Walsall Council Scrutiny Committees.
- 1.4 That Cabinet delegates authority to the Councils Section 151 Officer in consultation with the Leader of the Council to negotiate, agree and implement the appropriate scrutiny and audit arrangements to meet the requirements of the National Local Growth Assurance Framework.
- 2.5 That Cabinet approve the use of funding held or administered by Walsall Council on behalf BCLEP, including any interest earned, to cover all costs approved by the BCLEP Board that are associated with the discharge of the single Accountable Body roles and responsibilities.

### **3. Report detail**

#### **Current Accountable Body Roles and Responsibilities**

- 3.1 Local Enterprise Partnerships (LEPs) are unable to act in the role of recipient and Accountable Body for public funds, to enable this role to be delivered LEPs are required to appoint a Local Authority from within their area to act as Accountable Body. Walsall council has been appointed to, and as a result now holds a successful track record in the delivery of Accountable Body functions on behalf of the Black Country Local Enterprise Partnership as follows:
  - 3.1.1 In January 2013 Cabinet approved Walsall Council as the LEPs Accountable Body to administer its core funding at around £250,000 per year, which is still in place.
  - 3.1.2 In July 2013, Cabinet approved Walsall Council as the LEPs Accountable Body to administer its Structural and Investment Fund Strategy, including its capacity fund at around £250,000 per year, which is still in place.
  - 3.1.3 In October 2014 Cabinet approved Walsall Council as the LEPs Accountable Body to administer its Growth Deal and City Deal programmes, together estimated at around £210million up to the end of the 2020/21 financial year.
- 3.2 These responsibilities are currently being delivered through a small team of nine officers who work with colleagues from Legal, Audit and Finance service areas to ensure that the required skills and expertise are available and applied. Complemented through external expertise as and when required. This has resulted in the development and application of effective governance, contracting, administration and performance management arrangements that have attracted very positive recognition from government.
- 3.3 Should cabinet approve the appointment of Walsall Council as the LEPs single Accountable Body (AB) for all funding it receives, the existing structures and arrangements will be reviewed against the NLFAG criteria, with all necessary changes, improvements and additional staff requirements implemented once the budget for this has been approved by the LEP Board. All functions are delivered at no cost to Walsall Council, as they have and will continue to be funded through a mix of top-slicing grants received and interest earned from BC LEP funding held within Accountable Body accounts.
- 3.4 The Black Country Local Enterprise Partnership (BCLEP) has over past years appointed a number of Accountable Bodies to account for and administer funds on its behalf, including:
  - a. Walsall Council for the Local Growth Fund – Local Growth Fund (LGF); 2015 – 2021, lifetime value £211million.
  - b. Wolverhampton City Council for the Land and Property Investment Fund (LPIF); 2017 onwards, lifetime value £150million.
  - c. Wolverhampton City Council for the Enterprise Zone Funding; 2013 – 2037, lifetime value (subject to rate reviews and inflation) £299million.

- d. Sandwell Council for the Growing Places Fund (GPF) 2014 – 2022 onwards, lifetime value £14.78million (note this is a rolling loan / grant fund).

**Appointment of a single Accountable Body (AB)**

- 3.5 The Ministry of Housing, Communities and Local Government released its National Local Growth Assurance Framework (NLGAF) in January 2019. Attached as appendix 1, with elements included in the body of this report, this document includes the key roles and responsibilities expected from Local Enterprise Partnerships (LEPs) and Local Authorities. Included is the requirement and the focus of this report in that; 'All LEPs must have a single Accountable Body in place by the 28 February 2020.'
- 3.6 At its meeting on the 22 October 2018 the BCLEP approved the; 'acceptance of Walsall MBC as the single Accountable Body for all funds secured by the LEP.' This role was subsequently considered by the Black Country Joint Committee (BCJC) on the 23 January 2019 who granted 'approval to appoint Walsall Council as the single Accountable Body that is responsible for all Black Country LEP funding.'
- 3.8 This report sets out the full implications of Walsall Council acting in this wider role as the BCLEP's Accountable Body (AB) and asks Cabinet to consider and approve Walsall Council to accept these responsibilities as previously approved by both the BCLEP and the BCJC.

**National Local Growth Assurance Framework**

- 3.9 The National Local Growth Assurance Framework (NLGAF) attached as appendix 1, is a comprehensive documents that covers a wide range of responsibilities to be discharged by the BCLEP, the single Accountable Body (AB) and its Section 151 Officer. This report focusses on the key roles and responsibilities Walsall Council would be required to discharge, if appointed as the Accountable Body (AB) as set out within pages 31- 46.
- 3.10 'The LEP Board, and its supporting governance structure (where there are appropriate schemes of delegation), is the strategic body responsible for taking decisions on LEP business and LEP programme activity. The single Accountable Body (AB) is responsible for overseeing the proper administration of financial affairs within the LEP when these affairs relate to public funds.' (page 35 par 138).
- 3.11 'Government will, therefore, pay funds on behalf of a LEP to the AB, which must be within the LEP area and may be a Mayoral Combined Authority, Combined Authority or Local Authority. The AB should be chosen by the LEP and a formal written statement should be agreed and published, ensuring that there are clearly defined roles and relationships. LEPs and their accountable body should collaborate to ensure that the terms of this agreement are met. All LEPs must have a single Accountable Body (AB) in place by 28 February 2020.' (page 35 par 139).
- 3.12 Footnote 28 referencing the above paragraph (139) within the NLGAF (p. 35) states that: 'Pre-existing programmes such as Enterprise Zones can continue with multiple Accountable Bodies for the duration of their funding period. It is not necessary to alter existing arrangements for these programmes unless agreed at

- the local level.’ The BCLEP has considered this and wishes to move towards having only one single Accountable Body for all of its funding.
- 3.13 ‘Although the exact relationship is for the LEP and the Accountable Body to decide, the Accountable Body should ensure that the Local Authority checks and balances apply to the awards of public funding directed by the LEP Board. Accountable Bodies cannot use funding for their own purposes, or without any clear mandate from the LEP. As such the government expects the agreement (as set out in 3.11 above) to outline the single Accountable Body (SAB) as carrying out the functions below:’ (pages 35-36 par 140)
- a. A finance function: involving holding public funds paid by Central Government on behalf of the LEP;
  - b. An oversight function: ensuring public funds are handled in line with the relevant procedures and grant conditions and that funds are used with propriety, regularity and deliver value for money. This includes an oversight function of processes such as LEP governance and transparency arrangements, compliance with the National Local Growth Assurance Framework and agreements for security arrangements, to ensure that the checks and reporting requirements of the Section 151 Officer are met; this includes retaining appropriate documentation on decisions around funding. The AB is also responsible for escalating concerns around non-delivery and/or mismanagement, if this cannot be resolved at the local level the AB should report concerns to the Cities and Local Growth Unit;
  - c. A support function (if agreed with the LEP): providing technical advice on the relevant law, discussing risks associated with pursuing a particular course of action for the LEP Board to consider, drafting funding agreements and contracts if the LEP Board chooses to proceed. The AB may have a role in managing risks on behalf of the LEP, for example ensuring that LEPs deal with Freedom of Information requests in line with relevant legislation.
- 3.14 ‘The local Assurance Framework should outline the agreement between the AB and the LEP, setting out agreed timescales and operating practices. It should detail the checks and balances that exist between the LEP, as the decision maker, and the AB, as the organisation which provides the advice outlined above. The LEP and the AB should agree appropriate compensation and resourcing for this function.’ (page 36 par 141).

### **Section 151 Officer Role and the Chartered Institute of Public Finance & Accountancy Principles**

- 3.15 When a Local Authority acts as the AB for a LEP, the role of the Section 151 Officer in overseeing the proper administration of financial affairs is extended to include those of the LEP. MHCLG has worked with the Chartered Institute of Public Finance and Accounting (CIPFA) to develop guidance on the role of the Section 151 Officer. This guidance, included as Appendix 2 sets out how LEPs and AB should ensure that they address the five key principles outlined in this guidance by:
- a. Enshrining a corporate position for the Section 151 Officer in LEP assurance;

- b. Creating a formal/structured mandate for the Section 151 Officer;
  - c. Embedding good governance into decision making;
  - d. Ensuring effective review of governance; and
  - e. Ensuring appropriate skills and resourcing.
- 3.16 Section 151 Officers are also required to exercise their duties in line with the CIPFA guidance and framework, with LEPs ensuring that they are given sufficient access to information to carry out their role. All LEP Board documents should be provided to the Section 151 Officer and where decisions are being made having the opportunity to comment.
- 3.17 Section 151 Officers should ensure that their oversight of the proper administration of financial affairs within LEP continues throughout the year. In addition to providing an assurance statement as part of the Annual Performance Review by the 28<sup>th</sup> February each year, culminating in the submission of a letter to the relevant Central Government department accounting officer that includes:
- a. Details of the checks that the Section 151 (or deputies) have taken to assure the proper administration of financial affairs in the LEP;
  - b. A statement outlining an opinion that the financial affairs of the LEP once considering the relevant information have been conducted in accordance with this framework and the LEP's Local Assurance Framework; and
  - c. If not, information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the LEP to be properly administered.

### **Scrutiny Arrangements**

- 3.18 'LEPs should agree with their AB the appropriate scrutiny arrangements to ensure that decisions have the necessary independent and external scrutiny in place.' (page 39 par 152).
- 3.19 It is proposed that the Section 151 Officer sets into place the appropriate scrutiny arrangements in consultation with the BCLEP to meet the requirements of the NLGAF, and agrees these in consultation with the Leader of the Council.
- 3.20 'In addition to any internal scrutiny arrangements within the LEP, the LEP should participate in relevant Local Authority scrutiny arrangements to guarantee the effective and appropriate democratic scrutiny of their investment decisions.' LEPs were provided with a number of options to meet this requirement (page 39 par 153).
- 3.21 It is proposed that the current arrangements are continued, being the extension of an open offer to attend the Walsall Council Scrutiny Committees at either parties request. This will be complemented by similar offers being progressed for the remaining Black Country councils.
- 3.22 Arrangements agreed will be clearly set out within the BCLEPs Assurance Framework and on the BCLEP website. An update on these arrangements will be included within the annual performance review statement from the BCLEP Chief Executive and Chair.

## **Audit Arrangements**

- 3.23 The LEP and the AB should agree an internal audit plan for the year. This should include a risk-based audit plan of LEP activity that will provide assurance to the Section 151 Officer and the LEP Board at the appropriate points throughout the year. LEPs should ensure that there are arrangements for funding audit activity. As part of this, the LEP and their AB should agree appropriate audit committee arrangements which fit their model of incorporation. LEPs should ensure that they have the proper processes in place to manage risk, maintain an effective control environment, and report on financial and non-financial performance. The LEP can achieve this by either:
- a. Establishing their own audit committee; or
  - b. Utilising their Accountable Body audit committee (the option proposed).
- 3.24 The internal auditors of the Accountable Body (AB) may also provide assurances to both the LEP Board and the Section 151 Officer. Standards on internal audit sets out the assurances to be provided and the reporting relationships to maintain audit independence. Following a completed audit, where there are recommendations that relate to the LEP, these should be reported back to the Board by internal audit.
- 3.25 Public funds managed by the Accountable Body (AB) will go through their external audit procedures, these will be risk-based which means that they may not receive an external audit every year. If LEP's have additional funds running through their own accounts they should ensure appropriate external audit arrangements in line with their incorporation model are in place.
- 3.26 'LEPs should ensure that there are arrangements for funding audit activity.' (page 40 par 157).
- 3.27 It is proposed that the Section 151 Officer sets into place the appropriate audit arrangements in consultation with the BCLEP to meet the requirements of the NLGAF, and agrees these in consultation with the Leader of the Council.

## **Appropriate Skills and Resourcing**

- 3.28 Principle 5 (page 7 of appendix 2) of the Chartered Institute of Public Finance and Accounting (CIPFA) states that;
- The Section 151 Officer shall be given the appropriate resources to carry out its functions in respect of the LEP, including audit facilities where appropriate. LEPs and SABs should frequently review resource needs, and consider if they are being appropriately met.
  - Underpinning good governance in the LEP model is an expectation of mutual support between the LEP and its Accountable Body.



- There should be a culture of working that respects the section 151 Officer role of ensuring appropriate procedures are in place for scrutiny and financial rigor.

### **Ensuring Effective Delivery Arrangements are in place**

- 3.29 Paragraph 1.5 and table 1.5.1 sets out the current range of funding known or planned between 2014 and 2037 available to and being utilised by the BCLEP, which totals some £659million. In addition to this, there will be new opportunities planned / announced, including the Shared Prosperity Fund (SPF), the Stronger Towns Fund and the Transforming Cities and Highstreets Funds. It is currently unclear as to what the values associated with these proposed schemes are and how or through which routes these will be paid, however, we will need to be ready to accept them and administer them effectively in addition to the existing funds.
- 3.30 Walsall Council accepted the role as Accountable Body (AB) for the Local Growth Fund (LGF) programme in 2014, and has successfully administered the LEP's funds for the last four financial years, achieving a rating of 'Significant Assurance' when audited internally. This has been achieved through a small team of nine Council staff, supported and assisted by colleagues from the Council's finance and legal services teams and external expertise as required. This has been funded by the BCLEP through a mix of top-sliced LGF programme resources and the interest received against upfront annual LGF allocations from Central Government and held by Walsall Council.
- 3.31 Walsall Council staff have also worked collaboratively with staff appointed by the BCLEP to deliver its internal Programme Management Office (PMO) functions, who are responsible for all activities prior contracting by the AB and jointly with them, including all monitoring of outcomes and the achievement of spending.
- 3.32 If Cabinet approve the appointment of Walsall Council as the BCLEP's single AB, an initial review of the current team's capacity to take on the additional duties, workload and co-ordination associated with the acceptance of all LEP funding streams (as set out in sections 1.6 and 3.4) will be conducted. Any identified shortfall in staff capacity or expertise will be quantified and the resources sought from the BCLEP to 'plug' these gaps, to include the appointment of additional staff or expertise as required.
- 3.33 To ensure that the BCLEP and its accountable bodies conduct its business and administer all funds in the appropriate way, these organisations worked together to draft and set into place the BCLEP's Assurance Framework, updated as required to ensure that it is fully compliant and in step with the NGLAF. The programme is also audited annually to confirm that "the grant conditions have been met in all significant respects" in order to allow the Chief Executive and the Chief Internal Auditor to sign our annual declaration to government, which we consider as good practice, prior to the release of the next years LGF grant allocations.
- 3.34 The BCLEP and its AB (Walsall Council for the LGF programme) representatives attend 'Annual Conversations' with officials from the government to discuss and assess how they are performing on the discharging of key functions, the execution of effective governance, and overall performance. Consistently the overall

assessment from these reviews has and continues to be good, with elements of exceptional performance for governance noted in 2017/18.

- 3.35 If Cabinet approve the acceptance of Walsall Council as the BCLEP's Accountable Body, the BCLEP's Assurance Framework will be updated to include all additional operating arrangements and procedures, including the enhanced and wider role of the Council's Section 151 Officer as detailed previously.

### **Implementation Timetable**

- 3.36 Central Government has now instructed all LEPs that they are required to have a single Accountable Body (AB) in place by the 28 February 2020.
- 3.37 Should Cabinet approve Walsall Council to be AB for the Black Country, the next stages in this process will include:
- a. Working with other Black Country Councils to fully understand the range scope and current complexity of each funding strand, as set out within sections 1.6 and 3.4 of this report;
  - b. Completion of a capacity review to define any additional staffing and expertise required, running alongside the above process;
  - c. Updating of the BCLEP's Assurance Framework to include the single Accountable Body roles for Walsall Council and subsequent additional responsibilities to the role of the Section 151 Officer;
  - d. Securing approval from the BCLEP for any / all additional financial resources as required to fulfil these requirements, and subject to this approval;
  - e. The appointment of the required staffing and expertise or / and TUPE of staff if appropriate;
  - f. Agreement to staged handover dates for each of these funding streams with the existing accountable bodies, commencing with the LPIF programme;
  - g. Implementing the handover of accountable body functions;
  - h. On-going reviews and input by legal, finance and audit specialists to ensure compliance and the design and implementation of appropriate systems and procedures;
  - i. Completion of this work, and subsequent implementation of the AB role prior to the 28 February 2020.

## **4. Council Corporate Plan priorities**

- 4.1 The Corporate plan 2018 – 2021 seeks to reduce inequalities and maximise the potential for all, by delivering against the strategic priorities of:
- Economic Growth for all people, communities and businesses;
  - People having increased independence, improved health and can positively contribute to their communities;
  - Internal focus – ensuring that all council services are efficient and effective;
  - Children have the best start and are safe from harm, happy and learning well;

- Communities are prospering and resilient with housing needs met in safe and healthy places that build a strong sense of belonging and cohesion.
- 4.2 By completing the role of AB for the BCLEP, Walsall borough will continue to benefit by accessing external funding in support of these strategic priorities. Some notable examples include: Phoenix 10 Land Reclamation programme and the major improvements to the M6 motorway junction 10.
- 4.3 The Marmot Review ('Fair Society, Healthy Lives') presented a national strategic review of health inequalities post 2010. It concluded that reducing inequalities will require action on six policy objectives, being:
  1. Give every child the best start in life;
  2. Enable all children, young people and adults to maximise their capabilities and have control over their lives;
  3. Create fair employment and good work for all;
  4. Ensure a healthy standard of living for all;
  5. Create and develop healthy and sustainable communities;
  6. Strengthen the role and impact of ill-health prevention.

## **5. Risk management**

- 5.1 It is clear that the adoption of Walsall Council as the LEPs single Accountable Body (AB) will come with additional roles and responsibilities, as set out within the National Local Growth Assurance Framework (NLGAF) guidance (appendix 1) and the Chartered Institute of Public Finance and Accounting (CIPFA) Principles for Section 151 Officers in ABs (appendix 2). This will require the appointment of additional staff together with the introduction of new systems and procedures.
- 5.2 The first risk associated with the adoption of this role is a lack of financial resources to support the required structures and procedures. This is mitigated by the above two guidance documents, which clearly state that the section 151 Officer shall be given appropriate resources to carry out these functions by the LEP.
- 5.3 To further mitigate this risk, proposals for the revised team structures, costs and processes will be prepared in consultation with the Programme Management Organisation (PMO) at the BCLEP. Followed by a report submitted to the BCLEP for their consideration and approval, and, if agreed, onto the Black Country Joint Committee for final agreement. This approach will set into place the budget required to support staff, process changes and audit and scrutiny requirements moving forward.
- 5.4 Risks associated with the management of funds received will be mitigated by building on and adapting the existing and successful accountable body arrangements established within Walsall Council as part of the Programme Management Service Area within the Economy & Environment Directorate; who have been awarded 'Significant Assurance' through their last internal audit.
- 5.5 Tools to support this include the BCLEP's Assurance Framework and the NLGAF, both of which clearly set out how the funds are to be administered and the roles of

officers in doing so; including the responsibilities of the Section 151 Officer and the LEP.

- 5.6 All contracts and grants offered by Walsall Council in its role as the LEP's single Accountable Body (AB) that are above £150,000 will require all applicants to underwrite the full amount. Acceptable forms of security include: a charge over property, a performance bond or bonded bank account in the Council's favour.
- 5.7 Black Country Local Authorities entered into a Collaboration Agreement on 7 May 2014 that clearly sets out how they will work together in the delivery of the Growth Deal, City Deal and West Midlands Combined Authority (WMCA) activity. This includes an undertaking by each Local Authority to underwrite their own bids or projects as appropriate. These details are collected and formally reported by each council as their contingent liabilities, which are formally reported in accordance with their individual council financial procedures.

## **6. Financial implications**

- 6.1 All costs associated with the delivery of the single AB functions will be covered by the BCLEP, through design and application processes outlined in section 5.
- 6.2 The single AB role is delivered through a team approach which includes officers with the necessary financial and accounting skills, together with specialist colleagues from finance service teams.
- 6.3 Specialist advisers are appointed to advise on State Aid and take part in the due diligence process that all grant applicants have to undertake, again with all costs covered by BC LEP funding.

## **7. Legal implications**

- 7.1 The single AB role will involve the negotiation of and subsequent drafting of all grant agreements and contracts as appropriate in line with the external funders requirements and recommendations from legal advisors, which includes internal and externally appointed experts.
- 7.2 Due to the scale and complexity of the Local Growth Deal (LGF) programme currently being undertaken by Walsall Council on behalf of the BCLEP, external legal advisors (Freeths) have been appointed through the EM Law share framework. The services provided by these appointed legal advisors includes: supporting the due diligence checks and processes associated with applications together with specialist state aid advice and support. These services will be extended and applied across all single AB roles and responsibilities as appropriate.
- 7.3 As part of all LGF projects initial and on-going business case evaluation and assessment against LEP criteria including value for money, strategic fit and deliverability, etc. Specialist advisors have been appointed by Walsall Council, again their services will be applied across all single AB roles and responsibilities as appropriate.

- 7.4 Any further specialist functions or advice required moving forward that cannot be supplied internally by Walsall Council or its existing appointed advisors will be secured through appropriate tendering in accordance with council's processes and procedures, and supported by the appropriate council procurement specialists.

## **8. Procurement implications/Social Value**

- 8.1 As mentioned in section 7.4, all services required to support the delivery of the single Accountable Body role will be secured through appropriate tendering in accordance with council's processes and procedures, supported by the appropriate council procurement specialists as and when required.
- 8.2 Funding to support all procurement processes and subsequent costs will be provided in full by the BCLEP.

## **9. Property implications**

- 9.1 There were no property implications associated with this report at the time of drafting.

## **10. Health and wellbeing implications**

- 10.1 There were no health and wellbeing implications associated with this report at the time of drafting.

## **11. Staffing implications**

- 11.1 The appropriate existing staff contracts will be extended / altered as appropriate to deliver the AB functions, HR colleagues will advise and support this process. Where new staff are recruited, these will be appointed on the appropriate fixed term or temporary contracts as required.
- 11.2 At the time of drafting this report, there were no indications of any staff within other Local Authorities across the Black Country that would be affected by this report and therefore be subject to Transfer of Undertakings (Protection of Employment) regulations (TUPE). This situation will be monitored and if this situation changes the appropriate regulations and processes will be applied, again with costs covered by the Black Country LEP.

## **12. Reducing inequalities**

- 12.1 No EQIA is required for this report, as its concerned with the administration of finances by Walsall Council on behalf of the Black Country Local Enterprise Partnership.

### 13. Consultation

- 13.1 Walsall Council has consulted with key partners, including the neighbouring Black Country councils of Dudley, Sandwell and Wolverhampton City Council, together with the Black Country Consortium and the BCLEP. This has resulted in their support for Walsall Council to take on the Single Accountable Body role and the subsequent approvals being granted by the Black Country Joint Committee and the Local Enterprise Partnership.
- 13.2 If approved, staff involved will continue to work with partners to effect a smooth transfer of all existing Accountable Body functions across to Walsall Council.

### Background papers

None.

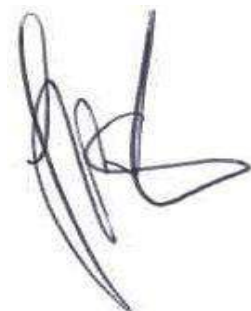
### Attachments

Appendix 1 – Ministry of Housing Communities & Local Government National Local Growth Assurance Framework (January 2019).

Appendix 2 – The Chartered Institute of Public Finance and Accountancy principles for the Section 151 Officers in Accountable Bodies.

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5 April 2019



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12 April 2019



Ministry of Housing,  
Communities &  
Local Government

# National Local Growth Assurance Framework

The Framework for Mayoral Combined Authorities with a  
Single Pot funding arrangement and Local Enterprise  
Partnerships

Version 3



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# Executive Summary

The National Local Growth Assurance Framework ('the Framework') sets out HM Government's guidance for places that are required to develop their own Local Assurance Framework. This applies to Mayoral Combined Authorities (MCAs) with a Single Pot and Local Enterprise Partnerships (LEPs).<sup>1</sup> This Framework replaces the previous *LEP National Assurance Framework* (November 2016) and *Single Pot Assurance Framework* (April 2016) and seeks to provide a common framework of understanding of the assurance required for local growth funding. It recognises the close working in places and seeks to streamline processes whilst providing a framework to govern the appropriate use of public money.

This Framework reflects the feedback that Government has received from MCAs and LEPs. It also builds on our previous work to strengthen our assurance of LEPs and addresses the recommendations of the *Non-Executive Director Review into Local Enterprise Partnership Governance and Transparency* (October 2017) and the *National Review into LEPs, Strengthened Local Enterprise Partnerships* (July 2018).<sup>2</sup> This National Local Growth Assurance Framework should ensure that places are equipped to develop their own Local Assurance Frameworks to meet their local growth priorities.

This document provides guidance around what MCAs and LEPs should build into their own Local Assurance Frameworks. It explains how places should appraise, monitor and evaluate schemes to achieve value for money. This Framework provides the Department, Government, stakeholders and the public the necessary assurances that MCAs and LEPs have the policies and processes in place to ensure the robust stewardship of public funds.

For MCAs, this document is guidance. For LEPs this document contains mandatory governance, accountability and transparency requirements and non-mandatory best practice.

For MCAs this document does not replace requirements set out in the relevant legislation governing Mayoral Combined Authorities and Combined Authorities and their statutory responsibilities. Where a LEP is incorporated as a company, it must have due regard for the relevant legislation governing companies, and should seek to reflect the Framework through their corporate governance.

**All LEPs and MCAs should update their Local Assurance Framework(s) to reflect the requirements set out in the Framework. LEPs should have new Local Assurance Frameworks in place by 31 March 2019. In MCA areas and where the LEP and MCA are combining their Local Assurance Frameworks, the Department will engage and work with**

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<sup>1</sup> Note that this guidance relates to MCAs with a Single Pot and their role overseeing this fund rather than any wider MCA remit. Where this document refers to MCAs in their role as the Accountable Body for LEPs, the document will make specific reference to this role.

<sup>2</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/655188/Review\\_of\\_Local\\_enterprise\\_partnership\\_governance\\_and\\_transparency.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/655188/Review_of_Local_enterprise_partnership_governance_and_transparency.pdf);  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/728058/Strengthened\\_Local\\_Enterprise\\_Partnerships.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728058/Strengthened_Local_Enterprise_Partnerships.pdf)

**these places to agree timescales to have a new Framework in place. Unless otherwise specified or agreed with the Department by exception, these arrangements must be in place by the beginning of the 2019-20 financial year.**

# Introduction

1. The National Local Growth Assurance Framework sets out Government's guidance for places that are required to develop their own Local Assurance Framework. This applies to Mayoral Combined Authorities (MCAs) with a Single Pot and Local Enterprise Partnerships (LEPs).<sup>3</sup>

## The Seven Principles of Public Life

2. The Seven Principles of Public Life (the Nolan Principles) underpin this Framework. All MCAs and LEPs should comply with the spirit of these principles. The key test for MCAs and LEPs is that they, their public and private members and their staff are upholding the highest standards of conduct and operating according to these principles and are ensuring robust stewardship of the resources they have at their disposal. The detailed requirements and guidance that follows in this Framework seek to provide MCAs and LEPs with the tools to establish a culture in line with the principles below:
  - **Selflessness:** Holders of public office should act solely in terms of the public interest;
  - **Integrity:** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships;
  - **Objectivity:** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias;
  - **Accountability:** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this;
  - **Openness:** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing;
  - **Honesty:** Holders of public office should be truthful; and
  - **Leadership:** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

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<sup>3</sup> Note that this guidance relates to MCAs with a Single Pot and their role overseeing this fund rather than any wider MCA remit. Where this document refers to MCAs in their role as the Accountable Body for LEPs, the document will make specific reference to this role.

3. LEPs are responsible for a significant amount of public funding to increase prosperity and improve productivity. As such, LEPs are required to fulfil their role as business led public-private partnerships whilst ensuring robust stewardship of public resources. Many LEPs are already, or are in the process of, adopting a corporate model. The principles outlined above should align with any corporate governance arrangements that LEPs may have in place. LEPs adopting a corporate model must have due regard for the relevant legislation governing companies when implementing this Framework, and should seek to reflect the Framework through their corporate governance.

## Background to the National Local Growth Assurance Framework

4. MCAs are corporate bodies formed of two or more local government areas, established with an elected mayor. In a number of MCAs these authorities have a Single Pot Fund from Government to drive forward local growth and regeneration. A requirement of receiving a Single Pot Fund from Government is that the MCA is required to develop a Local Assurance Framework based on Government guidance. Formally this guidance was provided through the Single Pot Assurance Framework.
5. LEPs are business led public-private partnerships entrusted with public funds and responsibilities to drive growth across England. As legal entities they are required to follow relevant legislation and governance arrangements which align to the model they adopt. The type of legal entity which LEPs can adopt varies. For example, LEPs may be part of an MCA or CA, a company limited by guarantee or a community interest partnership. LEPs are responsible for a significant amount of public funding to drive inclusive growth, increase prosperity and improve productivity. As such, in addition to any private sector corporate governance, LEPs are required to develop their own Local Assurance Framework based on Government requirements and guidance. Formally this guidance was provided through the LEP National Assurance Framework.
6. Through a review of the guidance provided to MCAs it was clear that further revisions to the framework were required to reflect new funding streams added to the Single Pot. Following the publication in July 2018 of the National Review *Strengthened Local Enterprise Partnerships* we also committed to publish a revised LEP National Assurance Framework.
7. The Framework combines the *Single Pot Assurance Framework* and the *LEP National Assurance Framework*. It recognises the need to streamline and clarify the existing assurance frameworks for MCAs and LEPs and emphasises the importance of joint working to deliver local growth objectives.
8. Combining the assurance frameworks recognises that both MCAs and LEPs are seeking to drive growth at a strategic economic geography, through place-based and locally-controlled policies and funds. It is essential that MCAs and LEPs work together, along with local and national partners, to respond to future opportunities and challenges.

9. This Framework recognises the differences between MCAs and LEPs and the differing levels of assurance that Government requires from them. Government, however, requires all MCAs and all LEPs to produce and publish a Local Assurance Framework that sets out the arrangements they have put in place to ensure that public money is being managed effectively. Local Assurance Frameworks should explain how the MCA and/or LEP will identify, appraise, monitor and evaluate schemes to achieve value for money. In addition, LEPs are also required to meet specific requirements on governance, accountability and transparency arrangements.
10. For LEPs, the Ministry of Housing, Communities and Local Government (the Department) continues to develop its assurance process to provide the necessary assurances to Ministers and the Accounting Officer. The Framework implements the recommendations of the *Non-Executive Director Review into LEP Governance and Transparency* (the Mary Ney Review) including those addressed by the *LEP Governance and Transparency Best Practice Guidance* (published in January 2018) and the recommendations from *Strengthened Local Enterprise Partnerships* following the Ministerial review into LEPs. It takes on board the recommendations of the Public Accounts Committee *Report into the governance of the Greater Cambridge Greater Peterborough Local Enterprise Partnership* which followed the National Audit Office investigation.<sup>4</sup>
11. The Department will review annually the Framework and how it is operating in practice.<sup>5</sup> The Department will update the Framework as necessary and communicate these changes to places. All MCAs and LEPs should agree their own Local Assurance Framework(s) in line with the Framework, ensuring that it meets the standards set out in this guidance.
12. **MCAs and LEPs should note that this document supersedes the *Single Pot Assurance Framework (2016)*, *LEP National Assurance Framework (2016)* and *LEP Governance and Transparency Best Practice Guidance (2018)*.**

## How the National Local Growth Assurance Framework should be used

13. The document is divided into:

- **Introduction:** all MCAs and LEPs should refer to this chapter. It sets out the context and purpose of the Framework and corresponding Local Assurance Framework. It provides detail of how MCAs and LEPs should implement their Local Assurance Frameworks.

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<sup>4</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/679430/LEP\\_Governance\\_and\\_Transparency\\_Best\\_Practice\\_Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/679430/LEP_Governance_and_Transparency_Best_Practice_Guidance.pdf)  
<https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2017/Cambridge-peterborough-lep-17-19/>  
<https://www.nao.org.uk/report/investigation-into-the-governance-of-greater-cambridge-greater-peterborough-Local-enterprise-partnership/>

<sup>5</sup>There may be occasions where the Department reviews the Framework more frequently if required.

- **Part A:** applies to all MCAs with a Single Pot.
- **Part B:** applies to all LEPs. Accountable Bodies of LEPs should also ensure their practices and working arrangements with LEPs align with this section.
- **Part C:** provides detail on ensuring value for money based on HM Treasury Green Book guidance. This applies to both MCAs and LEPs.
- **Annexes:** specific annexes are referred to throughout each section of the Framework. MCAs and LEPs should refer to these for further information, guidance and best practice.

14. For MCAs, this guidance should be in line with their Combined Authority rules and procedures which are already established.

15. For LEPs, the requirements outlined in this document are mandatory unless they are specified as non-mandatory best practice. Non-mandatory best practice is indicated in text boxes throughout the document. Where the LEP considers that there are exceptional circumstances, this should be discussed with the Department.

## Alignment with the Accounting Officer Systems Statement

16. *MHCLG Accounting Officer System Statement* outlines the accountability relationships between the Department, MCAs and LEPs.<sup>6</sup>

17. MCAs operate according to the Local Government Accountability System.<sup>7</sup> Alongside this system, LEPs should operate according to the Local Growth Fund Accountability System. Both of these systems are outlined in the Accounting Officer Systems Statement. These systems provide assurance to the Departmental Accounting Officer, Government and the public on how wider funding routed through local government and LEPs is allocated. It ensures that there are robust local systems in place so that resources are spent with regularity, propriety, and value for money.

18. This document does not replace any of the checks and balances prescribed by the existing accountability system and Local Authorities' statutory responsibilities. The purpose of this document is to guide places that are drafting Local Assurance Frameworks and provide additional clarity on Government's expectations of MCAs and LEPs.

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<sup>6</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/728081/Accounting\\_Officer\\_System\\_Statement\\_2018\\_-\\_Final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728081/Accounting_Officer_System_Statement_2018_-_Final.pdf)

<sup>7</sup> Note that the Local Government System Statement cross-references system statements for other departments that fund Local Authority spending, which also apply to decision-making authorities.



19. A Local Assurance Framework should set out in one document all the policies, rules and processes needed to provide the Department, Government and the public with the necessary assurances around the use of public money.<sup>8</sup> MCAs and LEPs should outline the following in their Local Assurance Framework:

- a. A clear description of roles and responsibilities;
- b. Arrangements for taking and accounting for all decisions and ways of working – ensuring effective public engagement, with key documents, decisions etc. made public in line with the requirements placed on Local Authorities, and an agreed means to manage conflicts of interest;
- c. Responsibilities of the Accountable Body – MCAs are their own Accountable Body and therefore should provide detail of how they are ensuring proper financial oversight of their projects, programmes and portfolios, including clarity on the role of the Section 73 Officer. The LEP must provide clarity on the role of the Section 151 Officer (or equivalent) and Accountable Body with regards to governance and financial oversight<sup>9</sup>; and
- d. Arrangements to ensure value for money (Part C) – MCAs and LEPs should provide a clear and transparent basis against which projects, programmes and portfolios are identified, appraised and prioritised. It should include appropriate methodology to assess value for money with business cases developed in line with government guidance.

20. All MCAs and LEPs must:

- a. Publish their Local Assurance Framework on their website;
- b. Update their Local Assurance Framework in line with any changes to the Framework guidance;
- c. As a minimum, review their Local Assurance Framework annually; and
- d. Notify the Department if any they are considering any significant changes to their Local Assurance Frameworks.

21. The rest of this document provides additional information of what MCAs and LEPs should address in their Local Assurance Framework(s).

## How the National Local Growth Assurance Framework Applies to Different Areas

22. Wherever possible, MCAs and LEPs should agree and adopt one single Local Assurance Framework which explains the process and policies each institution has in place to ensure value for money and the appropriate use of public funding. All LEPs and MCAs should ensure that they agree and publish a statement in their Local Assurance Framework(s)

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<sup>8</sup> Whether within the text or by referencing policies on the website through working hyperlinks.

<sup>9</sup> Throughout this framework the Section 151 Officer also refers to the Section 73 Officer and Section 127 Officer where relevant.

which sets out their respective roles and responsibilities in a way that recognises the variation between places, whilst providing sufficient clarity on accountability for public funding. Guidance on what should be included in these statements is outlined in the chapter referring to Mayoral Combined Authorities in *Strengthened Local Enterprise Partnerships*.

23. Across England, MCAs and the LEPs within their geographies have a variety of relationships. Government expects MCAs and LEPs to collaborate and, wherever possible, have a combined Local Assurance Framework agreed between the LEP and the MCA. Government expects MCAs and LEPs to have joint Local Assurance Frameworks where:

- the LEP and MCA have the same geographical boundaries; or
- the Local Growth Fund is part of the Single Pot; or
- the Accountable Body of the LEP is the MCA.

24. If places decide to maintain individual Local Assurance Frameworks they must still agree and publish a statement within each Local Assurance Framework which sets out their respective roles and responsibilities in a way that recognises the variation between places, while providing sufficient clarity on accountability for public funding.

25. Some LEPs are undergoing changes to their geographies. In places where this is the case any Local Assurance Framework should be updated to reflect any changes to working arrangements once these have been implemented. All new geographies must have a revised Local Assurance Framework in place to reflect their situation.

## **MCA and LEP Working Arrangements**

26. *Strengthened Local Enterprise Partnerships* stipulated that all LEPs should adopt a legal entity by April 2019. LEPs in a MCA or CA area may adopt the legal personality of the MCA or CA. This framework is applicable to all MCAs, CAs and LEPs regardless of what model they adopt and each institution should have regard to legislation or codes which are applicable to their legal entity.

27. LEPs in MCA areas may require bespoke working arrangements. These exceptions have been highlighted throughout the framework and where indicated should be reflected in Local Assurance Frameworks.

## **London**

28. As agreed with Government, the London LEP is chaired by the Mayor of London and operates through the Greater London Authority (GLA) which acts as its Accountable Body for funding provided by Government. As such, the London LEP is not required to have a separate legal personality. All decisions must comply with the GLA's corporate governance, financial, legal and procurement frameworks and processes and be in line with the Greater London Authority Act (1999).

29. Wherever possible, this will be aligned with the Framework. Within the Local Assurance Framework, the London LEP and GLA should publish an agreement that sets out the working level arrangements between the London LEP and GLA, ensuring that there is a robust process for accountability and transparency.
30. In line with Mayoral terms, the London LEP's Chair will have a defined term of 4 years with the possibility of re-election. There will be a private sector Co-Deputy Chair whose chair terms will also follow the terms of the Mayor. The appointment of further Co-Deputy Chairs is at the discretion of the Mayor.
31. In line with GLA processes, the London LEP will perform an advisory function to the Mayor. The Mayor cannot delegate decision making powers to business members of the London LEP. Once a decision has been made, however, officers can sign off funding up to pre-agreed levels in line with the GLA decision making framework, the Mayor cannot delegate decision making powers to the London LEP Board or any individual Members that are not officers of the GLA. The Mayor is the London LEP's ultimate decision-making authority; the London LEP Board advises the Mayor and does not make decisions.
32. The London LEP Senior Responsible Owner (SRO) is employed by the Accountable Body and does not report exclusively to the London LEP Board. The LEP Secretariat should be separate from the wider GLA delivery functions. Within the Local Assurance Framework the London LEP should set out the working arrangements for LEP Officers.
33. Scrutiny of the London LEP should be undertaken in line with the GLA's existing procedures. Assembly Members' active role in scrutinising the Mayor's work should also extend to that of the LEP. Within the Local Assurance Framework, the London LEP should set out how the London LEP Board Members are accountable to the GLA.

# Part A: Mayoral Combined Authorities with a Single Pot

## Single Pot Arrangements

34. Devolution deals signed between places and Government provide places with greater local control, flexibility and responsibility over funding streams and their outcomes. The deals are the beginning of a process whereby local partners will have increasing control over budget lines, as well as further responsibility for delivery and outcomes.
35. A significant fiscal agreement in devolution deals is a 'Single Pot' approach to funding, which consolidates funding lines and reduces ring-fences.<sup>10</sup> Where a Single Pot has been agreed in devolution deals, it could include: allocations of the Local Growth Fund (if agreed with the LEP); consolidated, multi-year transport settlements; Transforming Cities Fund; additional allocations of grant-based investment funds (sometimes called "Earn Back" and "Gain Share") and the Adult Education Budget.
36. Where Local Growth Fund spending is within this arrangement, the MCA and LEP must agree and set out their decision making process for this funding. LEP arrangements should align to MCA ways of working. The LEP and MCA should consider the guidance outlined in Part B of the Framework and wherever possible meet the requirements set out for LEPs.<sup>11</sup>
37. MCAs have a democratic mandate to invest in their local areas. Directly elected Mayors provide a single point of accountability for residents and are held responsible for their decisions through the local elections as well as through the established combined authorities' oversight and scrutiny committees.
38. The full commencement of the Single Pot is contingent on the ratification of the devolution deal in all relevant constituent authorities, the establishment of the agreed governance structures, and agreement with Whitehall to both a baseline implementation plan and a Local Assurance Framework. MCAs must then submit their Local Assurance Framework to the Department.

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<sup>10</sup> The 'Single Pot' is an Government term. We recognise that terminology to describe the process may be different locally, and we encourage places to reflect this in their Local Assurance Frameworks.

<sup>11</sup> For MCAs who are in the process of agreeing a Single Pot arrangement, existing assurance frameworks will continue to apply for Local Growth Fund spending in the transition period until the new Local Assurance Framework is signed off by the Department.

39. Due to the anticipated lifetime, value and significance of certain elements within devolution deal agreements, Local Assurance Frameworks for a Single Pot arrangement will need to be formally signed off by the Department before a place's first allocation of investment funding is paid. The Local Assurance Frameworks must demonstrate robust assurance, project appraisal and value for money processes before they are signed off by the Department. Once approved, resources are paid where possible via a Section 31 Grant Determination to the MCA.
40. The Single Pot policy may evolve over time. Should further funding be incorporated, or if wider changes affect Local Authority responsibilities, the Framework will be updated. In such instances, Local Assurance Frameworks will need to be updated accordingly.
41. Where MCAs make changes that result in significant divergence from approved Local Assurance Frameworks, places should inform officials in the Cities and Local Growth Unit who will provide further advice. Adjustments may need to be agreed by the Accounting Officer for the Department, in consultation with relevant Accounting Officers across Government. Recognising the fluidity and lifetime of the programme of investments, we expect Local Assurance Frameworks to be live documents, reviewed and refreshed annually (or more frequently if required) by the place.
42. In addition, for areas in receipt of Investment Funds, an independent panel will also assess investments' impact on economic growth at five-yearly Gateway Reviews. This additional evaluation provides a further incentive to encourage appropriate project appraisal, assurance and value for money processes. This Evaluation Panel is not the focus of this guidance.<sup>12</sup>
43. For the Adult Education Budget, accountable decision-making authorities are expected to pay due regard to the Department for Education's AEB Assurance Guidelines (Annex C), which detail how decision-making authorities can administer, monitor and evaluate AEB, in line with the Framework. MCAs should also refer to Annex B which provides a description of specific issues and guidance that should be considered for transport, skills, housing, and business support.
44. The Local Assurance Framework for Single Pot funding will be one of a suite of key devolution deal implementation documents that should be viewed together. Ahead of Single Pot funding being released, MCAs should have and/or agreed:
- a. **Devolution agreement documents** – which set out the terms and commitments between Government and Localities;

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<sup>12</sup> Guidance on the evaluation of the funds is agreed between places undergoing the evaluation by the Independent Panel, based on the Government's Service Specification for Investment Funds.

- b. **Baseline implementation plans** – which set out clear plans to deliver commitments in devolution deals. These are led by places and developed with support from relevant Whitehall departments; and
- c. **Single Pot settlement letters** – which outline the principles and content of the Single Pot.

## Accountability and Transparent Decision Making

45. This section sets out the accountability and decision making process for all MCAs.

Government's expectation is that MCAs will build upon these requirements through their own Local Assurance Framework. It is important that, within their Local Assurance Framework, MCAs outline their decision making processes and demonstrate their commitment to transparent and accountable decision making.

To demonstrate this commitment, we expect all Local Assurance Frameworks to:

- a. Confirm Accountable Body arrangements for funding received from Government through devolution deals;
- b. Confirm that the use of resources is subject to the usual Local Authority checks and balances – including the financial duties and rules which require councils to act prudently in spending, which are overseen and checked by the responsible Chief Finance Officer (the Section 73 Officer) and to ensure that annual accounts are published. This should include reference to the MCA's overview and scrutiny and audit committee functions;
- c. Confirm, where applicable, investment decisions using public funds will be made with reference to statutory requirements, conditions of the funding, local objectives (e.g. transport objectives) and through formal LEP involvement; and
- d. Describe the arrangements for enabling effective and meaningful engagement of local partners and the public to inform key decisions and future strategy development.

46. The Local Assurance Framework should set out the key roles and responsibilities in decision making. In particular it should set out which body (or bodies) has the authority to set strategy, budgets and individual investment decisions, including any delegated authority. It should set out, for example, the distinct responsibilities of the Mayor and Combined Authority members.

47. MCAs must agree and publish a joint statement with their LEP(s) in their Local Assurance Framework(s) which sets out their respective roles and responsibilities in a way that recognises the variation between places, while providing sufficient clarity on accountability for public funding. Guidance on what should be included in these statements is outlined in

the chapter relating to Mayoral Combined Authorities in *Strengthened Local Enterprise Partnerships*.

48. In line with existing Local Authority rules and regulations we expect the MCA to ensure appropriate arrangements are in place to ensure that decision making and recording is transparent, and that requests for information, conflicts and complaints are dealt with appropriately. We would also expect to see arrangements in place to enable effective engagement with local partners and the public. Examples of best practice governance arrangements can be found in annex F.
49. In instances where the establishment of a MCA is agreed as part of a devolution deal, Local Assurance Frameworks should set out the means by which elected Mayors will be involved in funding allocation and decision-making. No spending commitments beyond the initial five-year allocation should be made until elected Mayors are in place and have agreed to the investment strategy.<sup>13</sup> This is consistent with the ambition and agreement to hold a single democratically elected figurehead accountable, and for their democratically invested power to influence the allocation of funding.
50. Decisions relating to the Single Pot Fund should be considered as part of the MCA's established scrutiny and audit arrangements. Where the Local Growth Fund is placed in the Single Pot, the LEP and the MCA should agree procedures for decision making relating to this funding.

## Government and MCA Engagement

51. Government asks all MCAs to participate in an Annual Conversation. Although this is a conversation about Devolution Deals in the round, part of the conversation will focus on the Single Pot arrangement.
52. All LEPs participate in an Annual Performance Review to discuss their governance, delivery and strategy arrangements. Where the Local Growth Fund is included in the Single Pot, Government expects a relevant MCA representative to be present at the LEP Annual Performance Review in addition to their own Annual Conversation.

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<sup>13</sup> The Local Assurance Frameworks should also include a mechanism by which the associated combined authority must review decisions that have been taken before the appointment of the Mayor, if the Mayor requests this once they are in post.

# Part B: Local Enterprise Partnerships

## Local Enterprise Partnership Arrangements

53. The Government has entrusted LEPs with significant public funds and responsibilities to achieve their objectives. The intention is that LEPs will play an increasingly active role in delivering an economy that makes the most of the opportunities available. The purpose of this framework is to ensure that LEPs demonstrate the standards of governance, accountability and transparency consistent with this role.

54. Whilst LEPs will determine their own specific priorities, in *Strengthened Local Enterprise Partnerships* the Government set out that LEPs should focus on the following four activities to support the development and delivery of their Local Industrial Strategy:

- **Strategy:** Developing an evidence-based Local Industrial Strategy that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across their area;
- **Allocation of funds:** Identifying and developing investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to improve productivity across the local economy;
- **Co-ordination:** Using their convening power, for example to co-ordinate responses to economic shocks; and bringing together partners from the private, public and third sectors; and
- **Advocacy:** Collaborating with a wide-range of local partners to act as an informed and independent voice for their area.

55. LEPs should have regard to the standards and best practice associated with their corporation model. For those LEPs which are companies, they should ensure that they meet the relevant legislation governing companies, as well as consider corporate governance best practice. Whilst Government recognise that LEPs are business led public-private partnerships, they are also entrusted with significant public funds and as such are required to have the necessary systems and processes in place to provide assurance that they are operating transparently, with accountability and providing value for money. The Accountable Body role is an essential part of this system.



56. It is therefore imperative that LEPs demonstrate the highest standards of conduct when carrying out their responsibilities. As part of this LEP Board Members and Officers, in carrying out their duties should have regard to the principles below.<sup>14</sup> They should:

- a. Act solely in the public interest in line with the Nolan principles; make decisions purely on merit, in accordance with agreed LEP processes and act with regularity and propriety when managing public money<sup>15</sup>;
- b. Keep records which demonstrate they meet all their legal obligations and all other compliance requirements placed upon them ensuring these are accessible if requested;
- c. Actively cooperate with stakeholders and other regeneration organisations. This involves engaging deliberately and constructively with the private sector and public sector including national and local partners such as: Government Departments, subnational bodies, Local Authorities, third sector representatives, community interest groups, universities and research institutions, MCAs and other LEPs in order to collect information which can be factored into decisions;
- d. Ensure partnership working and engagement on projects or decisions which are likely to have an effect across MCA or LEP borders or significantly affect the plans of another MCA or LEP; and
- e. Champion successes within their communities, including bringing to the attention of Government local growth projects which should be recognised as innovative or examples of best practice and ensuring that stakeholders are able to make informed decisions on local growth matters.

57. LEPs should commit to meeting these principles through their Local Assurance Framework.

## LEP Governance

58. In line with corporate governance, LEPs are expected to have clear systems, rules, practice and processes in place to ensure that decisions are made on a transparent basis, by the appropriate persons or groups and on merit. Members of the LEP Board, other LEP Sub-Boards, Advisory Groups and LEP Officers must work within these agreed governance structures and should at all times demonstrate the highest standards of conduct. The LEP should ensure that third parties who provide services to the LEP are aware that their conduct should be consistent with the standards exhibited by the LEP.

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<sup>14</sup> Note that the use of 'Board Member' in this document refers to both Board and Sub-Board members in the LEP. All Sub-Board Members are required to adhere to the same standards as members of the main LEP Board. Where Sub-Boards have delegated authority; they should apply the standards set out in this Framework.

<sup>15</sup> Meeting the highest standards of public conduct, including robust governance and the relevant expectations, especially transparency; compliant with all relevant legislation in force at the time, requirements set out by Government (whether in the Framework, directions or funding conditions) and the systems and processes in place for the handling of public money in the LEP.

59. LEPs should set out their arrangements to ensure transparency in LEP operations and decisions. This includes transparency for: recruiting Board members, decision making, projects which receive LEP funding, registering and declaring interests, complaints procedures, whistleblowing procedures and publishing financial information.
60. Transparent decision making is supported by the publication of information and LEPs should ensure that information published on their websites and in their Local Assurance Framework is updated frequently.<sup>16</sup> LEPs should ensure that they review their Local Assurance Framework annually and in line with Government updates.
61. The requirements in this section incorporate and develop further the *LEP Governance and Transparency Best Practice Guidance* provided by the Cities and Local Growth Unit in January 2018. Where specific requirements exist for each of these policies, processes and statements they are outlined below. Examples of best practice are included in Annex F of this document.

### **Corporate Structure for LEPs**

62. As set out in *Strengthened Local Enterprise Partnerships* Government requires that every LEP has a legal personality. LEPs must abide by the laws and regulations that apply to the legal entity that they adopt.
63. To ensure that all businesses in an area have equal access to their LEP, it must not be operated on a paid-membership basis.
64. LEPs in a MCA or CA area may adopt the legal personality of the MCA or CA.

### **Local Assurance Framework and Websites**

65. A LEP's Local Assurance Framework is intended to provide a single document that explains to the Department, Government and the public how the LEP builds upon and has 'operationalised' the Framework. Each LEP Local Assurance Framework must:
- a. Set out the LEP's structure, and decision-making processes (see Accountability and Decision Making);
  - b. Provide information on how the LEP manages its programmes, funding streams and any associated contracts, including the Local Growth Fund, City Deals and Enterprise Zones (where applicable);
  - c. Provide information on the LEP's arrangements for ensuring value for money (see Business cases and Value for money);
  - d. Set out the LEP's approach to risk. This should include a description of the nature of the risks undertaken by the LEP, its arrangements for active risk management, and

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<sup>16</sup> The Local Assurance Framework should be updated within one calendar month or following the next Board meeting if the changes require Board sign-off.

the name of the individual responsible for risk management (see Ensuring Value for Money section), a process for the LEP Board to oversee risk and details of the processes for the escalation of risk analysis and risk management requirements within the LEP;

- e. Set out how calls for bids or projects are advertised openly and that selection criteria and selection processes are transparent;
- f. Set out how the LEP will conduct ongoing local engagement (see Local Engagement);
- g. Ensure the transparent publication of financial information (see Publication of Accounts and Financial Information);
- h. Set out how the LEP ensures open recruitment processes (see Appointments Process for Chair and Board Members);
- i. Ensure appropriate succession planning and arrangements for the resignation of Board Members;
- j. Implement an induction process for new members of the LEP Board and LEP Officers;
- k. Set out how the LEP manages conflicts of interest (see Conflicts of Interest);
- l. Set out the LEP's commitment to diversity (see Diversity Statement);
- m. Set out the processes the LEP has put place for handling data (see Data);
- n. Set out the LEP's overarching approach to dealing with complaints and whistleblowing, including linking to the relevant policies (see Conflicts of Interest, Complaints for Third Parties and Whistleblowing); and
- o. Provide information on LEP scrutiny arrangements (see Scrutiny Arrangements).

66. For a detailed breakdown of the individual requirements, process and policies required in the Local Assurance Framework please see Annex E.

## Websites

67. LEP websites are a key product to ensure that LEPs are providing the public and stakeholders with key information and they help the LEP to achieve transparency. As such, they must be easy to navigate and be updated regularly.

68. LEPs should ensure that they have and maintain a dedicated website through which local partners and the public can check progress on the delivery of Growth Deals, other funding streams and access key documents, ensuring that this information can be found easily and is accessible.

69. Government expects LEP websites to be:

- Prominent, accessible and easy to navigate;
- Updated regularly to ensure that information remains current;
- Repositories of information on LEP Board meetings (including agendas, papers and minutes), LEP policies, processes, projects, funding calls and decisions; and

- An interface that caters to the public, interested parties in LEP projects and funds and Government.

70. As a minimum, the LEP should publish on the website:

- The Local Assurance Framework;
- An annual financial statement;
- The LEP annual report and delivery plan;
- A statement on the publication of meeting papers, minutes and agenda items;
- Copies of LEP Board meeting agendas, papers and minutes;
- The Annual Assurance statement from the leadership of the LEP;
- The LEP's Code of Conduct and Conflict of Interest policy;
- Board Members' registers of interest and the register of the Chief Executive Officer;
- The LEP hospitality and expenses register;
- Complaints policy;
- Whistleblowing policy;
- A rolling schedule of projects, outlining a brief description of the project, names of key recipients of funds/contracts and amounts of funds designated by year. This should be updated every quarter or more frequently if relevant (e.g. when new projects are signed-off); and
- Key LEP documentation e.g. the Strategic Economic Plan and Local Industrial Strategy (where applicable).

71. In addition, the LEP should ensure that it uses the correct Government branding on any relevant website page.

### **Best Practice**

Best practice suggests that the LEP should have a designated governance and transparency page which includes the LEP's Local Assurance Framework, policies and processes in one place.

## **Local Engagement**

72. In order to effectively undertake the responsibilities assigned to them, LEPs should ensure that there is ongoing local engagement with public and private sector stakeholders. This should include engaging stakeholders to inform key decisions and ensuring that there is local engagement with feedback to the general public about future LEP strategy development and progress.

73. The LEP should set out their engagement plans in their Local Assurance Framework, including how they will evidence effective engagement.

74. As part of their openness to the communities they serve, each LEP should openly advertise and hold an Annual General Meeting that is open to the public.<sup>17</sup>

### **Appointment Process for Board Members and Chairs**

75. The LEP should outline, or refer to, its appointment process for Board Members (public and private sector), Chairs and Deputy Chairs within the Local Assurance Framework. As part of this they should ensure that they advertise opportunities for private sector leaders to become a LEP Chair or private sector Board Member when vacancies emerge. They should advertise openly, on a variety of platforms to ensure that people across the business community have an opportunity to apply and consider the diversity requirements outlined in this Framework.
76. Whilst LEP Chair appointments are not public appointments, Government offers to list vacancies on the Centre for Public Appointments website.<sup>18</sup>
77. Government expects that each LEP consults widely and transparently with the business community before appointing a new Chair. LEPs should openly advertise opportunities for private sector leaders to become a LEP Chair or Board Member when vacancies emerge and publish details of how the LEP ensures an open recruitment process. The LEP's appointment process should set out how this is done.

### **Diversity Statements**

78. The Local Assurance Framework must set out the LEPs commitment to diversity. The LEP should produce a diversity statement explaining how the LEP will ensure representation at Board and Sub-Board level which is reflective of their local business community (including geographies, gender and protected characteristics). The statement should also set out how the LEP will monitor diversity at board level and explain what steps the LEP is taking to ensure diversity in its engagement with local communities and businesses.

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<sup>17</sup> Including giving the public the opportunity to ask questions.

<sup>18</sup> LEPs should notify their Area Lead if they wish to advertise appointments on the website.

79. The diversity statement should include a commitment to ensure that by 2020 at least one third of members of LEP Boards are women with an expectation for equal representation by 2023.

#### **Best Practice**

1. It is best practice for a report to be made to the Board each year discussing progress in encouraging diversity and how improvements can be made.
2. In addition, it is best practice for each LEP to nominate a diversity champion from its Board. Their role will be to encourage diversity and ensure that the LEP is acting in line with its diversity statement.

### **Board Remuneration and LEP Officer Salaries**

80. Although LEPs are business led private-public sector partnerships they receive large amounts of public funding. LEPs should make the expenditure and/or remuneration policy for Chairs and Board Members clear on their websites.

#### **Best Practice**

To improve transparency in LEP expenditure, it is also considered best practice for LEPs to publish salaries of Officers and/or Board Members or Chairs in line with the Localism Act and [associated guidance](#).

### **Induction and Training**

81. LEPs should ensure that all Board Members and LEP Officers can access an induction and training programme. This will ensure that Board Members understand their role, are adequately supported to provide challenge and direction to their LEP and understand how best to work with Government.

82. Government will support the development of an induction and training offer to be made available to LEPs. Once an induction programme is in place, new members and officers of the LEP should undertake a full induction within the first quarter that they are in post.

### **Code of Conduct**

83. All LEP Board Members and LEP Officers should sign up to a code of conduct based on the Seven Principles of Public Life. The LEP should publish the Code(s) of Conduct on its website.

84. New Board Members and LEP Officers should have signed up to a code before commencing their post. An example code of conduct for Board Members is provided in Annex F. As a minimum the code(s) should state that all Board Members and/or staff proactively sign up to this code.
85. If LEP Officers are employed by an organisation other than the LEP (e.g. the Accountable Body or MCA), they may adopt their employer's code of conduct if it is based on the principles of public life.

## Conflict of Interests

86. LEPs must have a published conflict of interest policy which outlines the process for Board Members and LEP Officers to declare and report interests, ensuring impartiality and the avoidance of perceptions of bias. It should provide guidance on the pecuniary and non-pecuniary interests individuals must declare, outline the process that Board Members and the LEP follows for declaring interests and explain the process for requesting an exemption.<sup>19</sup> The conflict of interest policy must cover commercial, actual and potential conflicts of interest.
87. LEPs must state that this policy applies to any/all involvement with the work of the LEP. The policy must state that all Board Members, Sub-Board Members, co-opted members and Senior Officers **must** adopt the Department's bespoke proforma register of interests (Annex G). Individual registers of interest for all Board Members, Sub-Board Members, Co-opted Members and the Chief Executive (or equivalent) should be completed and signed within 28 days of taking up post and before advising or participating in any decision making. These registers should be published on the LEP website. The policy should state that Officers involved in decisions making should also complete the proforma register of interest. It is at the discretion of the LEP whether non-senior Officers interests are published or whether they remain on file.
88. The policy must include details of how scenarios of potential conflicts of interest of local councillors, private sector and other Board Members will be managed whilst ensuring input from their areas of expertise in developing strategies and decision making, without impacting on good governance. For further information on what constitutes a conflict of interest, LEPs can consult the National Audit Office's [report](#) into Conflicts of Interests.
89. All Board Members should take personal responsibility for declaring their interests before any decision is considered. Each Board Member must review their individual register of interests before each board meeting and decision-making committee meeting, submitting any necessary revisions to the LEP at the start of the meeting. This should be evidenced in

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<sup>19</sup> Exemptions can be requested if there is a 'sensitive interest'. A 'sensitive interest' is described in the [Localism Act 2011](#) as a member or co-opted member of an authority having an interest, and the nature of the interest being such that the member or co-opted member, and the authority's monitoring officer, consider that disclosure of the details of the interest could lead to the member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.

the meeting minutes and by producing and updating their register as soon as practically possible if new interests arise.

90. LEPs are responsible for ensuring that all relevant individuals have completed a register of interests and that it is published before the individual participates in LEP business. LEPs must record action taken in response to any declared interest.

91. The LEP Chief Executive (or their nominee) must confirm receipt of the LEP register of interests to confirm that they have received the necessary assurance that LEP Officers and Board Members have adopted the proforma. Signed copies should be kept by the LEP for their records, but signatures should be redacted before publication to ensure that the privacy of Board Members is upheld.

92. The LEP should also have an expenses and hospitality policy and associated register(s). This should set out the process for declaring expenses and hospitality received. This should enable individual Board Members and Officers to declare expenses and gifts received, in addition to a register for gifts and/or hospitality provide to the LEP and/or LEP Board as a whole.<sup>20</sup>

## **Complaints for Third Parties and the Public**

93. All LEPs must have a published complaints policy that includes effective arrangements to enable third parties and the public to confidentially report concerns about LEP processes and decisions. This is in addition to a whistleblowing policy.<sup>21</sup>

94. LEPs must include details of confidential reporting arrangements in their existing complaints policy so all potential complainants know how they can confidentially report concerns. These arrangements must be set out on the LEP's website and be clear and easily accessible. The arrangements must include:

- a. A confidential means for third parties or the public to contact the LEP;
- b. At least two contacts within (or nominated by) the LEP who are responsible for dealing with confidential complaints;
- c. An outline of how third parties and the public can raise confidential allegations and concerns and an outline of how the LEP will investigate and respond to confidential complaints, including reassurance that confidentiality will be maintained. Details of how the LEP will respond to anonymous allegations should be included. The LEP should also outline the information that complainants should provide when making a complaint;

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<sup>20</sup> If the contribution is above the monetary value of £50, this must be entered into the hospitality and gift register.

<sup>21</sup> A whistleblowing policy is needed for individuals who have concerns about a danger, risk, contravention of rules or illegality and wants to provide useful information to address this. In doing so they are acting in the wider public interest, usually because it threatens others or impacts on public funds. By contrast, a grievance or private complaint is a dispute about the individual's own position and has no or very limited public interest, for these complaints the LEP should follow its normal complaints and grievance procedures.



- d. An outline of each of the stages of the complaints process with indicative timescales for each. If a complainant is an employee or other worker involved with the LEP, they should be signposted to the whistleblowing policy or grievance procedures. Where other policies and processes are referred to, links to the relevant page on the website should be provided; and
- e. An escalation process for complainants to follow if they are not satisfied with the outcome of the complaint or how the complaints procedure has been followed. This should first be escalated to the Accountable Body, and failing adequate resolution at this stage, be referred to the Department.

95. LEPs must publish their confidential complaints procedure on an easily accessible part of their website, taking account of the guidance outlined above.

96. An example policy is included in Annex F.

## **Whistleblowing Policy**

97. All LEPs must have a whistleblowing policy which is published on an easily accessible part of their website. LEPs have a duty to make Board Members, Officers and contractors aware of this policy. LEPs should ensure that they follow this policy and are aware of the protections outlined in the [Public Interest Disclosure Act \(1998\)](#).

98. Each LEP's whistleblowing policy must include:

- a. A confidential means for disclosers to contact the LEP;
- b. A minimum of two contacts within (or nominated by) the LEP who are responsible for dealing with whistleblowing, including a named responsible officer;
- c. An outline of the LEP's process for raising a whistleblowing concern and the information that disclosers should provide when raising a concern;
- d. An outline of each of the stages of the complaints process with indicative timescales for each; and
- e. Signposting to other relevant complaints and employment grievance procedures. Where other policies and processes are referred to, links to the relevant page on the website should be provided.

99. There is information and signposting available for LEPs on the whistleblowing pages of [www.gov.uk](http://www.gov.uk). LEPs should also refer to the National Audit Office Report into [Government Whistleblowing Policies](#). These documents provide background information and suggest other organisations that LEPs may wish to speak to if further guidance is required.

100. LEPs must also ensure that their Responsible Officer informs the Cities and Local Growth Unit of any concerns raised under their whistleblowing procedure by emailing: [localgrowthassurance@communities.gov.uk](mailto:localgrowthassurance@communities.gov.uk) or by writing to: LEP Compliance Deputy Director, Cities and Local Growth Unit, Fry Block, 2 Marsham Street, London, SW1P 4DF.

101. An example policy is included in Annex F.

## **Data**

102. The LEP must put in place appropriate data protection arrangements in line with the [Data Protection Act 1998](#), the General Data Protection Regulations (GDPR) and the [Data Protection Act 2018](#). LEPs are the data controller for Board Member's data and any other data they collect including data around projects and programmes. LEPs should therefore ensure that they follow the appropriate procedures. More information about GDPR can be accessed on the Information Commissioner's Office [website](#). LEPs should ensure that their internal processes are compliant with this legislation. No data should be sold by a LEP for commercial purposes.

## **Publication of Meeting and Agenda Items**

103. Each LEP must explain on an easily accessible part of their website the documentation they will routinely publish. As a minimum each LEP will include a commitment to publish minutes and papers for full board meetings and any sub-board which involve decisions or recommendations about public money. Where the LEP Board is not the ultimate decision making authority (e.g. in MCAs), the LEP should ensure that it publishes or links to the papers of the final decision making body. On the website the LEP must include a commitment to meet the timelines set out below, these are based on the Best Practice Guidance in accordance with the Local Government Act 1972:

- meeting agendas and papers to be published 5 clear working days before the meeting takes place; and
- minutes of board meetings to be published within 10 clear working days of the meeting taking place. This may be in draft if internal LEP processes require clearance before the minutes are finalised. The final minutes of board meetings must be published within 10 clear working days of being approved.

104. Any declaration of interest made at a board meeting must be included in the minutes. A new declaration of interest should be updated on the relevant member's register of interest. Additional guidance on registers of interest is included in the 'conflict of interest' section of this document.

## **Handling Confidential and Exempt Information**

105. LEPs must also provide clarification of their process to handle information which is not to be placed in the public domain. For instance where the LEP is aware that it holds "confidential information" under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (where applicable). This includes:

- a. Information provided by a government department on terms which forbid the disclosure of the information to the public;
- b. Where disclosure to the public is prohibited by a court; or

- c. Where the LEP holds “exempt information” under Schedule 12A of the Local Government Act 1972. This includes information relating to an individual, relating to the financial or business affairs of a particular person, negotiations, labour relations, legal professional privilege and in connection to the investigation or prosecution of a crime.

106. The LEP’s process to handle information should include a standardised approach to marking documents which are not for publication, but considered at meetings. The LEP Board should agree these processes in line with existing decision making processes set out in the Local Assurance Framework and their corporate governance arrangements e.g. in their Articles of Association (where applicable). The details of this process must be published on the LEP website alongside the information regarding the publication of meeting papers and agendas.

## **Publication of Accounts and Financial Information**

107. All LEPs should ensure that their accounts are published and financial information is transparent and there are clear links to any financial information on their website. Accountable Bodies are also required to publish their accounts which will include the funding they receive from government on behalf of LEPs.

108. In order to allow the public to access information regarding public funds overseen by the LEP, each LEP, in addition to any requirements linked to their model of incorporation e.g. the publication of company accounts, must publish a financial statement each year within their annual report, including:

- a. The total amount of funds within the LEP’s direction or control at the start and end of the financial year<sup>22</sup>;
- b. The total amounts committed by the LEP to external organisations through grants and risk finance (loans, equity, guarantees and quasi-equity);
- c. The total amounts committed to suppliers to purchase goods, works or services; and
- d. The total amounts incurred in running the LEP (for example salary costs, lease payments and expenses).

109. The LEP should provide a link to the Accountable Body accounts on their website. For LEPs limited by guarantee, a link to the accounts of the LEP for the financial year on the Companies House website should also be included in the financial statement and published on the website.<sup>23</sup>

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<sup>22</sup> This shall include money committed to the LEP but paid into the Accountable Body’s bank account to be invested at the LEP’s direction, any commercial funds which it has generated and legacy funds generated from investments, but not including the value of any assets which it holds. It shall also not include funds which the LEP has a role in allocating but does not currently commit such as European Structural and Investment Funds.

<sup>23</sup> Where no accounts are required by company law, for example in respect of those unincorporated LEPs at the end of the 2018-2019 financial year, a balance sheet and profit and loss shall be included in the report.

## **Transparent Use of Public Funding**

110. The LEP should ensure that public resources are managed appropriately.
111. Given that LEPs receive significant public funds, LEPs are expected to follow the principles that apply to Government and Local Authorities preventing public expenditure being incurred in retaining the services of lobbyists to influence public officials, Members of Parliament, political parties or the Government to take a particular view on any issue. No LEP funds should be spent on such costs. If LEPs have specific concerns or points to put across to Government then they should talk directly to officials or coordinate a sector response through the LEP Network. This will be more effective and ensure appropriate use of public funds.
112. LEPs should provide Cities and Local Growth Area Leads with Board Papers of meetings and there should be an open invite for them to attend in capacity of an observer to ensure that Government is sighted on LEP processes and progress and is kept up to date with LEP decisions.
113. LEPs involved in funding programmes must seek to encourage applications across the local community. The website must contain information on the process to apply, this should include a link to the application form and an explanation of the process used to select projects for funding. This must be in line with HM Treasury Green Book guidance (see Ensuring Value for Money Section for more information).

## **Management of Contracts**

114. LEPs should state how it, or its nominated party, will manage contracts related to the delivery of its programmes and how the LEP Board will be kept informed of progress of contracts. Where the contract negotiation process results in material changes to the proposal considered by the LEP Board, the LEP's process should include a mechanism for the decision to be sent back to the LEP Board for consideration. The LEP should ensure that the Board receives regular updates on all LEP funded projects so they are sighted on their performance, issues, risks and relevant mitigations in place.

## **Government Branding**

115. The LEP should commit to meet Government branding guidelines for projects in its Local Assurance Framework. This includes the branding guidance issued to LEPs for the Local Growth Fund. The LEP should ensure that correct branding and wording is used for websites, signage, social media, press notices and other marketing materials.

## LEP accountability and transparent decision making

116. This section sets out the accountability and decision-making process for LEPs.

Government's expectation is that LEPs will build upon these requirements through their own Local Assurance Framework. It is important that, within their Local Assurance Framework or website, LEPs outline their decision-making processes and demonstrate their commitment to transparent and accountable decision making.

To demonstrate this commitment, we expect all Local Assurance Frameworks to:

- a. Confirm Accountable Body arrangements for funding received from Government;
- b. Confirm that public resources are managed appropriately. As part of this they should be, overseen and checked by the Section 151 Officer or equivalent to ensure that they follow the following the necessary financial duties and rules to ensure prudent spending;
- c. Confirm, where applicable, investment decisions using public funds will be made with reference to statutory requirements, conditions of the funding, local objectives (e.g. transport objectives) and through formal MCA or CA involvement where required; and
- d. Describe the arrangements for enabling effective and meaningful engagement of local partners and the public to inform key decisions and future strategy development.

117. The Local Assurance Framework should set out decision making processes of the LEP, with sufficient clarity so that local people and stakeholders can check that decisions have been made in line with the appropriate processes and by the correct person or group.

118. To achieve this, in the Local Assurance Framework each LEP should publish the respective roles and responsibilities of:

- the Chair;
- the LEP Board;
- any Sub-Boards;
- the Accountable Body; and
- the Section 151 Officer.

119. The Local Assurance Framework should also explain the membership requirements of the Board and Sub-Boards. This should clearly explain who is responsible for each type of decision. LEPs should publish a clear scheme of delegation. It must also specify which body or person is responsible for the final sign-off of funding decisions. In all cases there must be clear reporting lines back to the LEP Board.

120. LEPs in MCA areas must agree and publish a joint statement in their Local Assurance Framework(s) which sets out their respective roles and responsibilities in a way that recognises the variation between places, while providing sufficient clarity on accountability for public funding.

121. The LEP is responsible for checking that decisions are being made in accordance with the process that has been set out in their Local Assurance Framework. The Local Assurance Framework should specify that a decision which is made in contravention of the process will be invalid on the basis of non-compliance unless the Board has given prior approval for variation in the decision making process.
122. The LEP must ensure that Board Members and staff have the capacity and capability to deliver their respective roles. Both organisations should ensure that they support people to develop their expertise and update it to take account of developments. When the LEP identifies training needs that it thinks would be beneficial to the LEP Network as a whole, it should raise these with the LEP Network who will work with the Cities and Local Growth Unit to set up events with trainers and organisations that have expertise and experience in the relevant area. Government, alongside the LEP Network will support this through a training and induction process for Board Members in addition to encouraging peer support and the sharing of best practice across the Network.
123. The LEP should ensure that it delivers and implements projects effectively. Where the LEP awards Government funding in its Local Assurance Framework the LEP should set out how it will: openly advertise the funding opportunity, assess applications, make the award through a formal agreement, monitor progress for the lifetime of the project, and maintain a robust audit trail to demonstrate compliance. Where the LEP receives Government funding to deliver a project it shall use all reasonable endeavours to fulfil its contractual obligations and maintain a robust audit trail to demonstrate compliance. Further information of how LEPs should appraise, deliver and evaluate projects is included in the chapter on Value for Money.

## **The LEP Board**

124. In the majority of LEPs, the LEP Board is the LEP's ultimate decision making authority. Where this is not the case the LEP should make the role of the LEP Board clear in their Local Assurance Framework.<sup>24</sup> It is comprised of public and private sector members who work collaboratively to ensure that decisions are made in the interests of promoting inclusive growth, prosperity and improved productivity in the local area and beyond. As the ultimate decision making authority, even when the LEP Board puts in place a scheme of delegation, the LEP Board remains responsible and accountable for the delegated decisions.
125. The LEP Board must contain representatives from different parts of the community. In addition, at least two-thirds of the Board must be representatives from the private sector as defined by the National Accounts Sector Classification.<sup>25</sup>

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<sup>24</sup> Within MCA and CA areas, dependent on the LEP and MCA working arrangements; the final decision may be taken by the Mayor or the Cabinet and the MCA would therefore be the ultimate decision making authority.

<sup>25</sup> A private sector member must be or have been employed by an organisation not included as central government, local government or a public corporation as defined for the UK National Accounts. Those from Higher Education or Further Education Institutions are not classified as public

126. LEPs should ensure that they are compliant with this requirement by 28 February 2020. The LEP should ensure that there are Local Authority representatives on the LEP Board to ensure democratic accountability and provide local intelligence. In places where not all Local Authorities are represented directly on the LEP Board it is important that their representatives have been given a mandate through arrangements which enable collective engagement with all Local Authority leaders.
127. At least one member of the main LEP Board must be designated as a Small and Medium Enterprise (SME) Champion for the LEP. They should be clearly named on the LEP website. Their role is to champion SME businesses and their interests within the LEP and local community.

### **Best Practice**

It is best practice for LEPs to ensure a diverse Board that draws on the representation of sectors and all parts of their geography, with representation from entrepreneurial and growing start-ups and from the voluntary and community sector bodies who will often work with and deliver services on behalf of the most vulnerable in society. Government encourages LEPs to consider how to reflect different sectors of the local community through their Boards and Sub-Boards.

128. LEPs should have a Board which is a maximum of 20 people, with the option to co-opt an additional five Board members with specialist knowledge on a one year basis, unless there are exceptional circumstances. LEPs should ensure that they are compliant with this requirement by 28 February 2020.
129. Co-opted members should adhere to the standards that all permanent LEP Board Members are required to adopt, for example, they should act in line with the Nolan Principles and declare any conflicts of interests.
130. All LEP Boards and their Members should ensure that they meet the governance and transparency requirements outlined in this Framework. Further information is provided in the Governance Chapter.

### **Chair and Deputy Chair of the LEP Board**

131. The leadership that Chairs provide is central to the success of a LEP. As such, LEPs should recruit Chairs who are influential local leaders, who act as champions for their area's economic success. They should have sufficient standing to be able to convene the local

business community and public sector stakeholders, whilst having the insight to oversee the development of an economic strategy and the relationship skills to work effectively with Government.

132. The Chair must come from the private sector. Given their role involves overseeing public funds and responsibilities; they are expected to display the highest levels of integrity and honesty.

133. To support the Chair in their role, all LEPs should appoint a Deputy Chair. The LEP should have a defined term limit of three years for the Chair and Deputy Chair, with an optional extension of three years. There is an option to extend for a further three years in exceptional circumstances if approved by the Board. These term limits should become business as usual once the existing Chair's term has expired.<sup>26</sup>

#### **Best Practice**

It is best practice for the LEP Deputy Chair to be from the Private Sector. This helps to support succession planning and ensures that the LEP remains business-led at all times.

### **LEP Staff and Independent Secretariat**

134. To ensure that all Board Members, whether from a public, private or third sector organisation, can access impartial advice and support from the LEP as a collective enterprise, the LEP requires an independent secretariat.<sup>27</sup> The LEP should be able to draw on impartial advice for all Board Members; regardless of their organisational background. This means that the Chief Executive, as a minimum, should report exclusively to the LEP and be under the direction of the LEP Board. This could mean that LEP Chief Executives can either be employed by:

- the LEP itself as a company;
- seconded to the LEP, where the Chief Executive is seconded from a Local Authority they must have a clear contract which states that they act independently of the Local Authority in the interests of the LEP; or
- employed by a Local Authority, but with a clear Service Level Agreement or contract which specifies that the staff member reports exclusively to the LEP.

135. Within the Local Assurance Framework, the LEP should outline how its independent secretariat will function. The job description of the Chief Executive should reflect their role as an independent and impartial advisor working under the direction of the LEP Board.

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<sup>26</sup> If the existing Chair has already met the term limits defined in this Framework, the Board should appoint a new Chair once their current term expires.

<sup>27</sup> Note that MCAs may have alternative arrangements in place than those outlined in the 'independent secretariat' section.



## **LEP Network: Cooperation, Collaboration and Partnership with other LEPs**

136. The LEP Network is a membership organisation for LEPs whose purpose is to enable LEPs to discuss issues of shared importance as a sector, engage with Government, and share knowledge and good practice. The Local Assurance Framework should contain a commitment to working within the LEP Network. The role of the LEP Network is to share best practice, convene training for LEP Board Members and LEP Officers and represent LEPs' interests to Government and promote their role to businesses.
137. To ensure that LEPs develop strategies which maximise the impact of investment across local geographies, LEPs should consider establishing cross-LEP working groups across neighbouring geographies and the wider network of LEPs to ensure that strategies and investments align and best practice is shared. LEPs should outline dependencies or relationships with other LEPs as appropriate in their Local Assurance Framework.

## **The Accountable Body and Section 151 Officer**

138. The LEP Board, and its supporting governance structure (where there are appropriate schemes of delegation), is the strategic body responsible for taking decisions on LEP business and LEP programme activity. The Accountable Body, however, is responsible for overseeing the proper administration of financial affairs within the LEP when these affairs relate to public funds.
139. Government will, therefore, pay funds on behalf of the LEP to a single Accountable Body. The Accountable Body must be within the LEP area and may be a MCA, CA or Local Authority.<sup>28</sup> The Accountable Body should be chosen by the LEP and a formal written statement should be agreed and published, ensuring that there are clearly defined roles and relationships. LEPs and their Accountable Body should collaborate to ensure that the terms of this agreement are met. All LEPs must have a single Accountable Body in place by 28 February 2020.
140. Although the exact relationship is for the LEP and Accountable Body to decide, the Accountable Body should ensure that the usual Local Authority checks and balances apply to the awards of public funding directed by the LEP Board. Accountable Bodies cannot use funding for their own purposes, or without any clear mandate from the LEP. As such, the Government expects the agreement to outline the Accountable Body as carrying out the functions below:
- a. A finance function: involving holding public funds paid by Government on behalf of the LEP;

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<sup>28</sup> Pre-existing programmes such as Enterprise Zones can continue with multiple Accountable Bodies for the duration of their funding period. It is not necessary to alter existing arrangements for these programmes unless agreed at the local level.

- b. An oversight function: ensuring public funds are handled in line with the relevant procedures and grant conditions and that funds are used with propriety, regularity and deliver value for money. This includes an oversight function of processes such as LEP governance and transparency arrangements, compliance with the Framework and agreement on scrutiny arrangements, to ensure that the checks and reporting requirements of the Section 151 Officer are met; this includes retaining appropriate documentation on decisions around funding. The Accountable Body is also responsible for escalating concerns around non-delivery and/or mis-management, if this cannot be resolved at the local level the Accountable Body should report any concerns to the Cities and Local Growth Unit through: [localgrowthassurance@communities.gov.uk](mailto:localgrowthassurance@communities.gov.uk) ; and
- c. A support function (if agreed with the LEP): providing technical advice on the relevant law discussing risks associated with pursuing a particular course of action for the LEP Board to consider, drafting funding agreements and contracts) if the LEP Board chooses to proceed. The Accountable Body may have a role in managing risks on behalf of the LEP.<sup>29</sup>

141. The Local Assurance Framework should outline the agreement between the Accountable Body and the LEP, setting out agreed timescales and operating practices. It should detail the checks and balances that exist between the LEP, as the decision maker, and the Accountable Body, as the organisation which provides the advice outlined above. LEPs and the Accountable Body should agree appropriate compensation and resourcing for this function.

## Section 151 Officer Role

142. When a Local Authority, CA or MCA acts as the Accountable Body for a LEP, the role of the relevant Section 151 Officer<sup>30</sup> in overseeing the proper administration of financial affairs is extended to include those of the LEP. Following the *Non-Executive Director Review into LEP Governance and Transparency*, the Department has worked with the Chartered Institute of Public Finance and Accountancy (CIPFA) to develop guidance on the role of the Section 151 Officer. This guidance is available on CIPFA's website.<sup>31</sup> When devising an Accountable Body arrangement, LEPs and Accountable Bodies must refer to this guidance. Note that the Government will incorporate the CIPFA guidance into its assurance process, therefore all LEPs and Accountable Bodies should ensure they meet the standards set out in this guidance. LEPs and Accountable Bodies should ensure that they address the five principles outlined in this guidance by:

- a. Enshrining a corporate position for the Section 151 Officer in LEP assurance;
- b. Creating a formal/structured mandate for the Section 151 Officer;

<sup>29</sup> For example, the Accountable Body should ensure that LEPs deal with Freedom of Information and Environmental Regulation requests in line with relevant legislation.

<sup>30</sup> Any reference to the Section 151 Officer also refers to any equivalent i.e. Section 73 Officer or Section 127 Officer.

<sup>31</sup> The guidance can be accessed on the CIPFA website: <https://www.cipfa.org/policy-and-guidance/reports/principles-for-section-151-officers-working-with-leps>

- c. Embedding good governance into decision making;
- d. Ensuring effective review of governance; and
- e. Ensuring appropriate skills and resourcing.

143. The Section 151 Officer should exercise their duties in line with the CIPFA guidance and this Framework.

144. LEPs should ensure that the Section 151 Officer is given sufficient access to information in order to carry out their role. All LEP Board documents should be provided to the Section 151 Officer and where decisions are being made the Section 151 Officer should have the opportunity to comment. Within the LEP and Accountable Body agreement, the process for resolving conflicts between LEP Board decisions and Section 151 Officer advice should be outlined, based on the standards set out in CIPFA's guidance.

145. The Section 151 Officer should ensure that their oversight of the proper administration of financial affairs within the LEP continues throughout the year. In addition to providing an assurance statement as part of the Annual Performance Review (see Chapter on Assurance), by 28 February each year, the Section 151 Officer is required to submit a letter to the Department's Accounting Officer.<sup>32</sup> This should include:

- a. Details of the checks that the S151 Officer (or deputies) has taken to assure themselves that the LEP has in place the processes that ensure proper administration of financial affairs in the LEP;
- b. A statement outlining whether, having considered all the relevant information, the Section 151 Officer is of the opinion that the financial affairs of the LEP are being properly administered (including consistently with this Framework and the LEP's Local Assurance Framework); and
- c. If not, information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the LEP to be properly administered.

## **Decisions Relating to Awards of Public Funds**

146. LEPs are responsible for identifying and developing investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to improve productivity across the local economy. When making decisions relating to public funding or endorsing projects for public funding it is particularly important to be able to demonstrate that decisions have been reached in line with clear and transparent processes and made on merit. Open funding calls for projects or bids should be used to ensure any local business or organisation can apply. As part of this, LEPs should consider how its investment can maximise social value and how partners and beneficiaries can play an active role in the programme.

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<sup>32</sup> A template will be provided to the S151 Officer each year, detailing the assurances required.

147. In order to demonstrate public funding decisions have been made on merit, the Local Assurance Framework should include a section explaining the decision making process relating to decisions involving public funding and the governance mechanisms in place. This should include:

- a. A commitment from all LEP Board Members to make decisions on merit having taken account of all relevant information available at the time<sup>33</sup>;
- b. Clear lines of accountability to the LEP Board and, where applicable, the Accountable Body. CA or MCA;
- c. A clear process for recording decisions reached and promptly communicating these to the Accountable Body (and applicant or public where applicable);
- d. Information on the LEP's decision making procedures, including their arrangements for ensuring that decisions are taken at meetings which are quorate. This should include information on the number of Board Members and the breakdown of those Members (private or public sector Board Members) that are required to be present at meetings to ensure that a meeting is quorate;
- e. A link to all current schemes of delegation relating to funding decisions;
- f. The person (or name of the position) responsible for providing the final sign off for funding decisions. This may be a different person for different decisions (for instance Enterprise Zone and City Deal activities);
- g. The process by which the Accountable Body confirms receipt of the information and can report back when the direction is completed;
- h. A process allowing decisions, by exception, to be made by the LEP Board in the absence of a formal meeting (such as those made by written procedure);
- i. A system for promptly considering complaints about the decision making process; and
- j. A system showing how all investment decisions must be subject to a proportionate business case and evaluation and how all decisions must be subject to scrutiny arrangements in line with LEP processes. The LEP should specify its proportional business case approach by outlining the funding thresholds for business cases.

148. For project and investment funding the Local Assurance Framework should also include a statement setting out the documents which will be made available to the LEP Board in advance of making a decision to allow them to make an informed assessment of the issues, including (either in full or summary where appropriate):

- a. The application made for funding;
- b. An appraisal of the application;
- c. A view by a legal expert, if required, on legal considerations including, where applicable, the percentage risk of challenge and non-compliance with the proposed course of action and any mitigating factors which may be taken to address this.

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<sup>33</sup> For LEPs in MCA areas, it is recognised that the LEP may not be the final decision maker. The LEP should explain its role and identify where the MCA or CA fulfils one of the functions outlined in 'Decisions relating to awards of public funds' or where they perform one of the requirements jointly.

- d. A recommendation as to whether to fund the proposal; and
- e. A recommendation about conditions which should be attached to the proposal.

149. In addition to making decisions on funding, LEPs should also play a role in recovering funding where there has been non-compliance, mis-representation or under-performance.<sup>34</sup> In such circumstances, the LEP Board or delegated Sub-Board should receive reports providing information on projects which have received funding, including:

- a. A description of projects where concerns have been identified;
- b. Relevant details including the amount of funding awarded and the sum at risk due to the concerns; and
- c. Where recovery of funds is considered, a legal opinion which sets out the legal basis for recovery and likelihood of success.

150. The LEP is expected to have in place appropriate arrangements to recover non-compliant funding. Where the LEP decides not to pursue recovery where it has identified non-compliance and has legal grounds to do so it must provide a compelling justification for its decision.

151. Where the LEP is entrusted with public money (either to carry out activities directly or where it directs the funding to others) it must fulfil its contractual obligations and maintain a robust audit trail to demonstrate compliance. Further information on the process for the selection, implementation, delivery and evaluation of projects can be found in the Ensuring Value for Money section.

## **Scrutiny Arrangements**

152. LEPs should agree with their Accountable Body the appropriate scrutiny arrangements to ensure that decisions have the necessary independent and external scrutiny in place.

153. In addition to any agreed internal scrutiny arrangements within the LEP, the LEP should participate in relevant Local Authority scrutiny arrangements to guarantee the effective and appropriate democratic scrutiny of their investment decisions. LEPs should ensure this engagement by either:

- making an open offer to attend Local Authority Scrutiny Committees in their area and attending when requested; this will enable democratic scrutiny to take place when required and enable LEP decision makers to be held to account;
- creating a joint Local Authority Scrutiny Committee, comprised of all Local Authorities from the LEP area, who meet to scrutinise and examine LEP decisions; or

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<sup>34</sup> The LEP may ask the Accountable Body to perform this function. Where it does not do so, it should consider that some situations will require urgent intervention, for instance if the recipient of funds is likely to be wound up. LEPs should delegate responsibility for recovery in these situations.

- creating a joint Scrutiny Committee which comprises of all Local Authorities from the LEP area and relevant representatives that can provide scrutiny from a business perspective, who meet to scrutinise and examine LEP decisions.

154. These arrangements should be clearly set out in the LEP Assurance Framework and on the LEP website. An update on these arrangements should be included in the annual performance review statement from the LEP Chief Executive and Chair.

155. LEPs should record publicly their attendance at Local Authority scrutiny committees and ensure that they provide details of the outcome on the LEP website e.g. by publishing or linking to any publicly available reports or minutes resulting from the committee. LEPs should respond positively to requests to share information to ensure that the Committee is in possession of the necessary information to provide robust scrutiny and advice.

156. For further advice on Local Authority Scrutiny arrangements, LEPs should refer to the Department's guidance on Overview and Scrutiny in Local Authorities and Combined Authorities (forthcoming).<sup>35</sup>

## **Audit Arrangements**

157. The LEP and Accountable Body should agree an internal audit plan for the year. This should include a risk-based audit plan of LEP activity that will provide assurance to the Section 151 Officer and the LEP Board at appropriate points through the year. LEPs should ensure that there are arrangements for funding audit activity. As part of this, the LEP and Accountable Body should agree appropriate audit committee arrangements which fit their model of incorporation. LEPs should ensure that they have the proper processes in place to manage risk, maintain an effective control environment, and report on financial and non-financial performance. The LEP can achieve this by either:

- Establishing their own audit committee; or
- Utilising their Accountable Body audit committee.

158. The internal auditors of the Accountable Body may provide assurances to both the LEP Board and the Section 151 Officer. Standards on internal audit sets out the assurances to be provided and the reporting relationships to maintain audit independence. Following a completed audit where there are recommendations that relate to the LEP these should be reported back to the Board by internal audit.

159. Public funds managed by the Accountable Body will go through their external audit procedures, these will be risk-based which means that they may not receive an external audit every year. If LEPs have additional funds running through their own accounts they should ensure appropriate external audit arrangements in line with their incorporation

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<sup>35</sup> To be updated once the guidance is published.

model are in place. For example, LEPs limited by guarantee should follow the Companies Act (2006) and consider relevant corporate governance best practice.

# LEP assurance, performance, monitoring and Government intervention

## Compliance with the National Local Growth Assurance Framework

160. LEPs must be compliant with the requirements set out in this Framework. It is recognised that some requirements will take time to implement; therefore compliance with the requirements set out in this Framework will be monitored from April 2019 onwards. Until that date, LEPs will be monitored against the compliance requirements within the previous version of the Framework and those set out in last year's assurance process and Best Practice Guidance.
161. LEPs must put in place appropriate record keeping processes. As a minimum these should show that decisions have been reached taking account of relevant information, all legal requirements and are in line with this Framework, Local Assurance Framework and any specific conditions attached to the funding or responsibility. LEPs should also ensure that appropriate people are available to promptly answer any questions arising during the monitoring process.
162. Where Government identifies non-compliance, or the information to establish compliance is not available to the Officers carrying out monitoring, the Government will inform the LEP. The LEP and Government will work together to further investigate and address the issues, recognising that the Government may exercise its discretion to withhold or withdraw some or all of the public funds and responsibilities where it has concerns about significant or systemic non-compliance.
163. As part of the assurance monitoring process, each LEP is required to publish an annual report and delivery plan. The delivery plan and annual report should set out a well-developed understanding of the local economic evidence base to identify opportunities and obstacles to inclusive growth, prosperity and improved productivity. Government will work with LEPs to develop measures to report against in the plan and report. These will be considered as part of the annual assurance process. Delivery plans and annual reports should be published at the beginning of each financial year.<sup>36</sup>

## The Assurance System

164. The Department's assurance system has a number of elements:
- **regular reporting against agreed financial output metrics:** including the annual reports and delivery plans and programme specific data;

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<sup>36</sup>Note that the first Delivery plan is expected at the beginning of the 2019-20 financial year, with the first annual report to be published at the beginning of the 2020-21 financial year.



- **oversight by the Accountable Body Section 151 Officer:** Each LEP has an Accountable Body and S151 Officer (or equivalent) who is responsible for the proper financial administration of the LEP throughout the year. The Section 151 Officer will write to the MHCLG Accounting Officer by the 28 February each year confirming compliance with the Framework and escalate any compliance concerns that cannot be resolved locally; and
- **the annual assurance process:** this being a series of checks into the systems and processes of the LEP carried out by Government each year. This includes compliance checks, deep dives, and Annual Performance Reviews. The Annual Performance Reviews are a key part of the wider assurance process.

165. The annual assurance process consists of a series of Annual Performance Reviews, compliance checks and deep dives. Together, this process provides the Government oversight of each LEP and assurance that LEPs have in place the necessary systems and processes to manage devolved funding from central Government budgets effectively. The three stages of the annual assurance process consists of:

- **Annual Performance Reviews:** each LEP takes part in an Annual Performance Review where officials formally meet with LEP personnel and review the LEP's performance in key areas of strategy, delivery and governance. As part of this process LEPs must provide a brief formal assurance statement on an annual basis from the leadership of the LEP (i.e. the Chair and CEO), on the status of governance and transparency within their organisation. As part of this, LEPs must report on their current scrutiny procedures. The statement is required to be published on the LEP website. The Section 151 Officer is also required to provide a report at the Annual Performance Review on their work for the LEP and their opinion with a specific requirement to identify any issues of concern on governance and transparency. Each year, the Government will provide LEPs and Section 151 Officers with supporting documentation to assist them in the review process;
- **compliance checks:** these are checks on each LEP's website and publicly available documentation to ensure compliance with the Framework; and
- **deep dives:** deep dives provide an in-depth review of LEP accountability and transparency arrangements. Interviews with a variety of Board Members and Officers as well as project sampling are conducted to assess implementation of the Local Assurance Framework.

166. Feedback is provided to LEPs after each stage of the assurance process, highlighting areas for improvement. Where necessary individual action plans for LEPs are developed and monitored by officials. The outcomes of the assurance process form the evidence basis for funding recommendations.

## Self-Regulation and Peer Review

167. LEPs have an essential role in self-regulation and peer review to drive improvement across the sector. The Government encourages LEPs to share and support best practice. The Government and the LEP Network will be looking to establish visits and partnerships between LEPs so that LEPs can build up their capacity to be a self-regulating sector. The Government, the LEP Network and LEPs will develop a sector-led approach to assessing and improving performance through regular peer review.

168. In the majority of cases, Government intervention will be minimal as the sector matures and self-regulates to effectively address underperformance at the local level and through the network of Local Enterprise Partnerships. As outlined in the Framework, we expect LEPs to self-regulate and seek challenge to improve their working arrangements. How LEP's self-regulation will feed into our assurance system is outlined below:

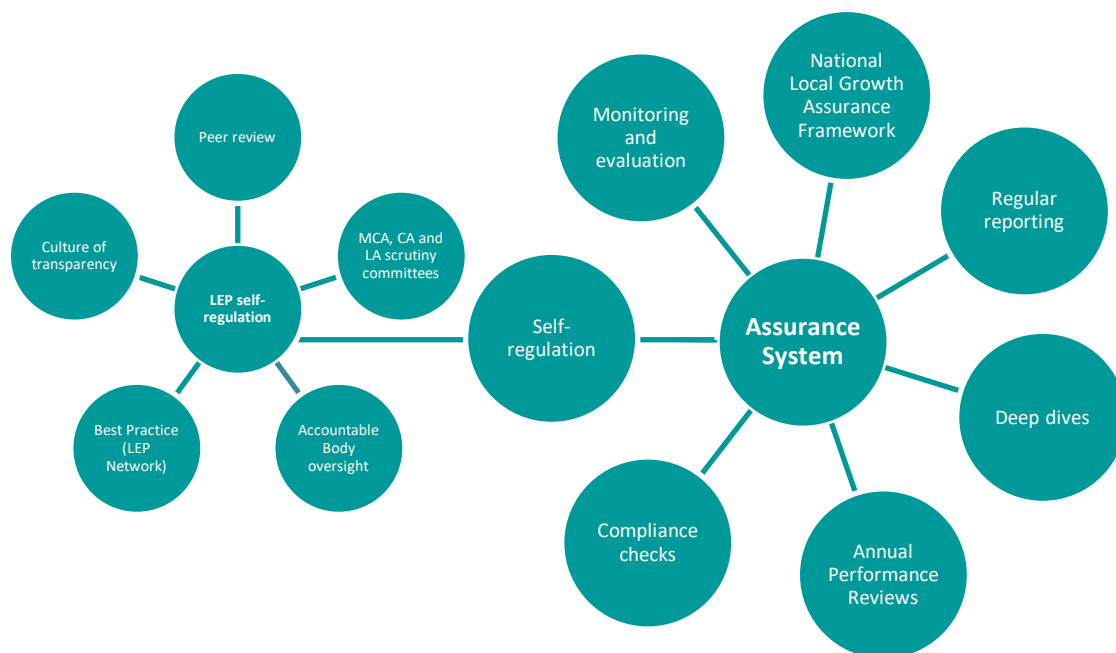


Figure 1

169. Ways in which we expect LEPs and the LEP Network to achieve this is by:

- individual LEPs seeking challenge through participation in Local Authority Scrutiny Committees;
- sharing of best practice and lessons learnt through the LEP Network;
- peer review;
- culture of transparency; and
- Accountable Body and Section 151 Officer oversight.

170. We expect LEPs and the LEP Network to work together to develop these functions.

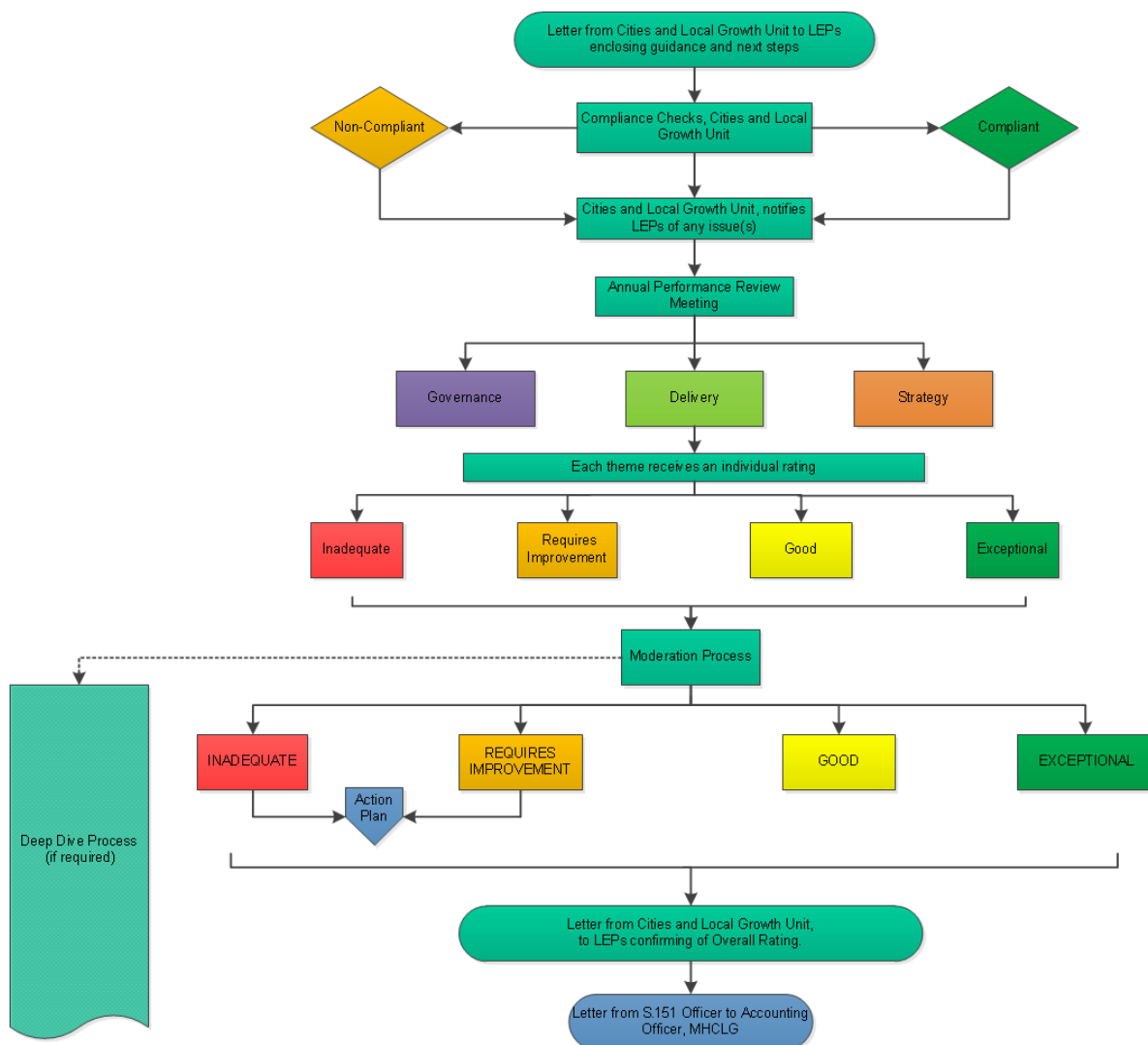
## Statement on Intervention

171. The Government's intervention approach for LEPs sits alongside the overall LEP assurance system which has been developed to ensure that LEPs have the necessary systems and processes in place to manage Government money effectively. Within the Cities and Local Growth Unit, officials monitor LEPs through the assurance system and through frequent local engagement. Where the Government has concerns, it will proceed to use a spectrum of intervention options. The interventions used will depend on the specific circumstances related to the non-compliance or under-performance identified. In all cases, timely communication with the LEP will be key to ensure all parties are aware of the action taken and the steps required. Government expects LEPs to work with officials to ensure that any improvements are made. The spectrum of intervention options include, but are not limited to:

- **Central Government (official) engagement:** the Department may intervene directly with LEPs to improve performance. The possible interventions that the Government may take include Senior Civil Service Officials observing LEP Board meetings, and observing recruitment or procurement processes.
- **Agreement of a formal action plan:** the Cities and Local Growth Unit will request the LEP to design and implement a formal action plan to address any concerns. These will be agreed by the Cities and Local Growth Unit; they will contain milestones which will be monitored to ensure that the LEP is making adequate progress in addressing any outstanding concerns. All LEPs that receive a rating of 'requires improvement' or 'inadequate' in areas of governance, delivery or strategy in the Annual Performance Review will be required to develop an action plan to be approved by the Cities and Local Growth Unit.
- **Improvement partners:** the Cities and Local Growth Unit may ask a high performing LEP and/or the LEP Network to provide advice and support to LEPs with performance issues (e.g. if there are capability and capacity issues).
- **Risk-based deep dive:** in addition to the National Oversight and Compliance Team's rolling schedule of deep dives, concerns about compliance or underperformance may trigger a risk-based deep dive. Members of the National Oversight and Compliance Team will visit the LEP and will undertake an in-depth review of LEP accountability and transparency arrangements, allowing the team an opportunity to observe the culture and leadership arrangements within the LEP. On conclusion of the deep dive, a report will be produced which provides the LEP with a performance rating and action plan. If a LEP is rated as having 'inadequate' governance through the Annual Performance Review, the National Oversight and Compliance Team will conduct a deep dive.

- **Withholding and/or withdrawing funding:** to ensure probity of public funds, funding may be partially or fully withheld until improvements in LEPs are made. The specific amount and type of funding withheld will depend on the circumstances of the LEP and the specific concerns which need to be addressed. As part of this process, consideration will be given to the impact that withholding funding may have on the delivery of LEP projects and operations. The Cities and Local Growth Unit will consider withholding money from LEPs on a case by case basis.
- **Expression of loss of confidence:** where the Government has lost confidence in the ability of the LEP to deliver its objectives, Ministers will write to the LEP to express a loss of confidence in its leadership.

The annual assurance process:



# Part C: Ensuring Value for Money

## Introduction

172. It is important that all MCAs and LEPs have robust arrangements in place to ensure projects are delivered effectively and provide good value for money.
173. The section below addresses what MCAs and LEPs will need to consider in deciding how to allocate their funding to projects and prioritise between proposals. Given the considerable variation in types and sizes of projects which MCAs and LEPs may want to support, our intention is not to establish any rigid rules, but rather to establish a set of principles based on existing best practice and published guidance.
174. We would expect decisions relating to which projects to fund to be supported by the development of a business case proportionate to the level of funding which would be scrutinised by the MCA or LEP where applicable.
175. Proposals should include a clear rationale for intervention, with a clear presentation of strategic and viable objectives, while delivering good value for money compared to potential alternatives.
176. Funding decisions should be set out in a Local Assurance Framework that includes impartial advice and robust processes. Appropriate checks and balances should be considered so that all competing business cases are presented fairly and accurately.
177. MCAs and LEPs must also ensure that the Local Assurance Framework sets out the arrangements for the active management of risk relating to all matters for which the MCA or LEP is responsible, including but not limited to propriety and value for money issues. This must include having a named individual of appropriate seniority who is responsible for the identification and management of risk.
178. Project delivery practices should comply with government standards, which highlight the importance of MCAs and LEPs having a common framework underpinning policy delivery. This framework should include clearly defined roles of responsibility to ensure timely decision making, quality assurance and good governance, while accounting for the associated risks of the project. Throughout the project, milestones should be monitored in accordance with the effective delivery of output. This should be escalated as appropriate to ensure that issues are addressed and lessons learnt are captured.
179. For bodies with Crown Copyright the Cabinet Office's Best Management Practice offers a suitable benchmark to adopt for defining and managing projects, programmes and

portfolios.<sup>37</sup> For bodies without Crown Copyright, a Government Functional Standard for project, programme and portfolio management is under development and will be uploaded to the [www.gov.uk](http://www.gov.uk) website when published.

## Business Cases and Value for Money

180. MCAs and LEPs must have a clear and transparent basis (published on their website) against which projects and programmes are initially identified, prioritised and appraised relative to a set of credible options, assessed for value for money, commissioned and then delivered.

181. MCAs and LEPs must ensure Business Cases include:

- a. The evidential basis on which the need for intervention builds, and how the MCA or LEP will ensure that it identifies the need and/or opportunity for intervention using rigorous analysis of quality data and regarding the application of best practice; and
- b. The methodology used to assess value for money and the degree of detail to which business cases are developed in support of projects or programmes. Attention should be given to how different types of projects will be compared and assessed. Typically, this would include the following considerations at a level proportionate to the scale of funding required for the proposal:
  - a clear economic rationale that justifies the use of public funds in addition to how a proposed project is expected to contribute to strategic objectives;
  - clearly defined inputs, activities, outputs and anticipated outcomes, ensuring that factors such as displacement and deadweight have been considered;
  - benefits that exceed the costs of intervention using appropriate value for money metrics; and
  - appropriate consideration of deliverability and risk along with appropriate mitigating action (the costs of which must be clearly understood).

182. A variety of measures can be used to summarise value for money. Estimates of Net Present Social Value (NPSV) and Benefit Cost Ratios (BCR) are commonly used:

- **NPSV** is defined as the present value of benefits less the present value of costs. It provides a measure of the overall impact of an option.
- **BCR** is defined as the ratio of the present value of benefits to the present value of costs. It provides a measure of the benefits relative to costs.

183. The methodology should be proportionate to the funding allocated and in line with established Government guidance including the most recent HM Treasury Green Book.

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<sup>37</sup> <https://www.gov.uk/government/publications/best-management-practice-portfolio>

Typically, we would expect business cases to address, in a proportionate manner, the five cases set out in the Supplementary Guidance to the Green Book.

184. In addition to the Green Book, other appraisal guidance should be followed for specific thematic interventions where available. Annex A provides a description of specific issues and guidance that should be considered for transport, skills, housing, and business support.
185. MCAs and LEPs must ensure that the commercial, financial and management arrangements are appropriate for effective delivery. Where applicable, appropriate resources should be consulted for situation specific project appraisals. To assist with this, *Infrastructure UK* (now part of the Infrastructure and Projects Authority) has produced a Project Initiation Routemap Handbook and associated modules which provide a framework to support public and private sector infrastructure providers improve the delivery of their projects and programmes. MCAs and LEPs may find this helpful when reviewing these aspects of business cases.
186. Places must have robust processes in place that ensure all funding decisions are based on impartial advice. There must be clear distinction between those acting as scheme promoters and those appraising programmes and projects and advising decision makers, so that the LEP is acting on impartial advice on the merits of (potentially competing) business cases. Named individuals responsible for ensuring value for money as well as scrutiny and recommendations for business cases (not necessarily the same person) should ideally be independent of the promoting organisation or where this is impractical, should sit outside the management unit responsible for developing and promoting the business case.
187. Further best practice on business cases is provided in Annex D.

## Monitoring and Evaluation

188. MCAs with a Single Pot and LEPs will need to ensure that there is appropriate input, output and outcome monitoring and evaluation of projects taken forward.
189. The Local Assurance Framework must set out the arrangements for input, output and outcome monitoring of projects. This enables an assessment of the performance of projects. An evaluation aims to understand the impacts of the projects using the performance monitoring data, alongside additional sources of data. In the Local Assurance Framework, LEPs and MCA's should make reference to specific documentation which sets out their approach, such as Growth Deal Evaluation plans. When considering monitoring and evaluation arrangements, reference should be made to Annex D and [HMT's Magenta Book](#) on designing monitoring and evaluation where appropriate.

190. Evaluating projects can deliver the following objectives:

- a. Provide accountability for the investment;
- b. Justify future spending allocations;
- c. Enhance the operational effectiveness of existing projects or future project extensions;
- d. Improve future initiatives (as well as future VFM appraisal) based on learning;
- e. MCAs with a Single Pot and LEPs must ensure a proportionate approach to monitoring and evaluation. Evaluation objectives should relate back to the business case and build on the assumptions used in the appraisal process. A good starting point for both the business case and monitoring and evaluation is the creation of a logic model (see Annex D); and
- f. The specific inputs, outputs and outcomes that will be monitored and measured will differ depending on the type of intervention. Monitoring and evaluation should therefore focus on those inputs and outcomes that are most relevant to the impact of the project's objectives.

191. Further best practice on monitoring and evaluation is provided in Annex D.



# Annex A: Additional guidance from Government Departments

1. This overarching Framework covers all Government funding which MCAs, LEPs and their Accountable Bodies are responsible for. It is supported by advice from relevant departments and Non-Departmental Public Bodies (NDPBs) set out below. This additional advice is wholly consistent with the principles and practices set out in this document and should be read together. Links to these related documents are set out below.

## Transport Schemes

2. Transport projects will be subject to the minimum requirements on value for money assessment, assurance and evaluation of transport projects set out at Annex B. The basis of transport appraisal is the Department for Transport's (DfT's) appraisal guidance known as WebTAG.<sup>38</sup>
3. WebTAG is not a standard 'one size fits all' process. It promotes the use of proportionate appraisal and gives some significant discretion in the level of detail that is appropriate depending on the nature of the transport scheme concerned.
4. For these purposes a 'transport scheme' is defined as any scheme that significantly changes the transport network infrastructure, whatever its objectives. For example, improving journey times may not be the objective of a scheme but the impact on journey times, if expected to be significant, would still need to be considered as part of the overall value for money consideration of a scheme.

## Skills capital schemes

5. From April 2015 the Government has transferred the skills capital budget, previously managed by the Skills Funding Agency (now Education and Skills Funding Agency) Capital team, to LEPs via the Local Growth Fund paid to the Accountable Body.<sup>39</sup> Where the Local Growth Fund is within the MCA Single Pot, this guidance also refers to MCAs.
6. How LEPs choose to incorporate the management of skills capital funds within their LEPs governance is a matter for local discretion. Education and Skills Funding Agency support to assist with decisions about skills capital schemes is no longer available. It is, however, expected that LEPs will base their local processes on Education and Skills Funding Agency good practice, advice and guidance, tailored to local circumstances, or put in place equivalent robust local arrangements to ensure value for money and effective delivery of

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<sup>38</sup> <https://www.gov.uk/guidance/transport-analysis-guidance-webtag>

<sup>39</sup> The Education and Skills Funding Agency sits within the Department for Education

skills capital schemes, through strong project development, project and options appraisal, prioritisation, and business case development – as set out in Part C above.

## Housing and Commercial Interventions

7. LEPs will be expected to base their local arrangements on Homes England good practice, advice and guidance tailored to local circumstances, or put in place equivalent robust local arrangements to ensure value for money and effective delivery of housing, regeneration and related infrastructure schemes. The Department's Appraisal Guide provides guidance on how the Department appraises residential and non-residential development which LEPs may wish to follow.<sup>40</sup>
8. A mix of interventions occurring at the local level (across transport, skills capital scheme and housing/commercial) can be appraised using the relevant departmental guidance and integrating them in one value for money statement.

## Business Support

9. Where Government provides core funding for Growth Hubs, it requires all LEPs and their Growth Hubs to comply with the 'principles of funding' which includes using robust monitoring and evaluation systems to exercise continuous service improvement; ensure excellence in quality delivery and deliver greater levels of impact on business.

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<sup>40</sup> <https://www.gov.uk/government/publications/department-for-communities-and-local-government-appraisal-guide>

# Annex B: Transport Schemes

## Value for Money

1. Mayoral Combined Authorities (MCAs) and Local Enterprise Partnerships (LEPs) will need to be satisfied that the proposed schemes will achieve value for money.
2. MCAs and LEPs will need to demonstrate that they have established processes to ensure that their modelling and appraisal is sufficiently robust and fit for purpose for the scheme under consideration. This should describe how they will ensure that the modelling and appraisal of schemes meets the guidance set out in WebTAG.
3. WebTAG should be used for all schemes but the Department appreciates that for schemes with low costs (for example below £5m) it is expected that a more proportionate approach to be taken. The use of WebTAG, which is mandatory for all schemes, does not preclude additional assessments or methodologies (e.g. wider economic benefits) being employed to prioritise and assess the overall business case for a scheme.
4. Neither does it dictate the weighting or importance that decision-makers should attach to any aspect of the WebTAG assessment or any additional assessment. In particular, the Benefit to Cost Ratio is only one component of the value for money assessment and should not be the sole driver of decision-making.
5. The overriding principle is that the full range of the material costs and benefits of a scheme, both quantified and unquantified, should be available to decision-makers.

|                      |  |
|----------------------|--|
| Minimum requirements | <p>The modelling and appraisal of schemes contained in business cases must be developed in accordance with the guidance published in WebTAG at the time the business case is submitted to MCAs and LEPs for approval.</p> <p>Central case assessments must be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). This requirement doesn't stop MCAs and LEPs considering alternative planning assumptions as sensitivity tests and considering the results of these in coming to a decision about whether to approve a scheme.</p> <p>The appraisal and modelling will be scrutinised by MCAs and LEPs to ensure it has been developed in accordance with the WebTAG. This will be undertaken independent of the management unit or authority promoting the scheme. The Local Assurance Framework will set out how this will be done.</p> |
|----------------------|--|

|             |   |
|-------------|---|
|             | The Local Assurance Framework must set out how the assessment and scrutiny of business cases will be quality assured.   |
| Recommended | Set out mechanisms for providing early advice to scheme promoters on whether the study approach is fit-for-purpose, particularly in relation to modelling and Social & Distributional Impacts (which both can have significant lead times)  |
| Optional    | <p>A description of how MCAs and LEPs will ensure that WebTAG will be applied by scheme promoters in a proportionate and robust way.</p> <p>A description of the circumstances under which external scrutiny or audit of the appraisal or modelling of schemes would be commissioned<br/>e.g. controversial or particularly costly schemes.</p> |

6. MCAs and LEPs will need to put in place a process for producing a Value for Money (VfM) statement for all schemes put forward for approval summarising their overall assessment of the economic case. This VfM statement will need to be reviewed and updated at each approval stage.

|                      |  |
|----------------------|--|
| Minimum requirements | <p>A value for money statement for each scheme in line with published DfT WebTAG guidance and DfT advice on assessing VfM must be presented for consideration to MCAs and LEPs at each approval stage.<sup>41</sup></p> <p>The VfM assessment must be signed off as true and accurate by a named officer with responsibility for Value for Money assessments within MCAs and LEPs.</p> |
| Recommended          | Set out what processes will be put in place to ensure that all impacts of a scheme (monetised and non-monetised) will be assessed by officers on a consistent basis and are based on reasonable assumptions.   |

7. MCAs and LEPs will need to confirm that they agree to only approve schemes that meet a minimum VfM threshold and put in place the appropriate checks and balances to ensure compliance with this requirement.
8. The overwhelming majority of local major schemes funded in recent years were assessed by the Department as offering at least “high” value for money.

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<sup>41</sup> <https://www.gov.uk/government/publications/dft-value-for-money-framework>

9. We would like to ensure that the value for money of major transport investment is maintained and therefore would expect that MCAs and LEPs would only in exceptional circumstances agree to fund schemes with lower than “high” value for money.
10. If MCAs and LEPs wish to retain the flexibility to fund schemes assessed at less than “high” value for money, the assurance framework should clearly set out the circumstances under which funding for such schemes would be considered, and outline any additional scrutiny or conditions that would apply.

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|----------------------|--|
| Minimum requirements | <p>MCAs and LEPs must either: only approve schemes that offer at least “high” value for money, as assessed using DfT guidance, or; set out the limited circumstances under which schemes offering lower than “high” value for money would be considered.</p> <p>Schemes must be assessed against the relevant thresholds at each approval stage.</p> |
|----------------------|--|

11. MCAs and LEPs are required to demonstrate separately (in other sections of the assurance framework) that they are transparent and open when reporting the results of modelling and appraisal, and that they have plans in place to obtain the necessary resources to fulfil the requirement to secure Value for Money.

## External Views on Business Cases

12. This section should outline what arrangements exist for MCAs and LEPs to invite and consider any external comment and/or scrutiny of business cases prior to approval. In previous DfT guidance, bidding Local Authorities were required to place their business case on their own websites when bids were submitted for funding and that practice should continue.

|                      |   |
|----------------------|---|
| Minimum requirements | <p>Business cases must be published (and publicised) before a decision to approve funding is made so that external comment is possible.</p> <p>Opinions expressed by the public and stakeholders must be available to relevant members or boards of MCAs and LEPs when decisions are being taken.</p> |
| Recommended          | <p>The above period should be at least 3 months.</p> <p>MCAs and LEPs should make public how they have taken external comments into account</p>   |

## Evaluation and Monitoring

13. The following requirements on the evaluation and monitoring of outcomes apply to all transport schemes.

|                      |   |
|----------------------|---|
| Minimum requirements | <p>MCAs and LEPs must put in place mechanisms to ensure that schemes are monitored and evaluated in line with the latest DfT guidance on the evaluation of local major schemes.<sup>42</sup> In particular MCAs and LEPs should:</p> <ul style="list-style-type: none"> <li>• set out proportionate evaluation and monitoring (M&amp;E) plans that clarify: 1) requirements for individual schemes including funding of M&amp;E activities; 2) responsibility for undertaking M&amp;E, how minimum standards will be met and timescales for completion and decisions.</li> <li>• ensure that, for each scheme, there is clarity about how spend against delivery of outputs will be reported.</li> <li>• ensure that M&amp;E plans are in place for schemes by the time that funding is signed off or before any data collection is programmed.</li> <li>• put in place processes to ensure that the results of any evaluation and monitoring are published.</li> </ul> |
| Recommended          | <p>MCAs and LEPs should have the results of any evaluation and monitoring reviewed independently of the scheme promoter.</p> <p>MCAs and LEPs should prepare an evaluation ‘handover pack’ as part of the appraisal process that documents all key assumptions so that those responsible for scheme evaluation can fully understand how appraisal estimates were produced and can examine the potential drivers of any differences between forecasts and outturns.</p>  |
| Optional             | <p>Set out how MCAs and LEPs will share best practice obtained from evaluation and monitoring reports.</p>  |

14. MCAs, LEPs and scheme promoters should refer to published DfT frameworks for advice on monitoring outcomes (e.g. reducing congestion, improving journey reliability etc.) measures, data collection methods and potential data sources.

<sup>42</sup> <https://www.gov.uk/government/publications/monitoring-and-evaluation-framework-for-local-authority-major-schemes>

# Annex C: Adult Education Budget Guidelines for Mayoral Combined Authorities

## Introduction

1. This document provides guidelines on the information the Department for Education (DfE) would expect Mayoral Combined Authorities (MCAs) to have regard to when taking on responsibility for the Adult Education Budget (AEB) from the start of the 2019/20 academic year, commencing 1 August 2019. These guidelines clarify what assurances should be in place when administering the functions of the AEB, in addition to the Government guidelines set out in the Framework.
2. It is for MCAs to determine how best to address the guidelines when developing their Local Assurance Frameworks.

## Accountable and transparent decision making for the AEB

3. In addition to the accountable and transparent decision-making guidance outlined in the Framework, MCAs will need to confirm that investment decisions will be made for **AEB funding** with full consideration to the **statutory entitlements**, which are detailed in the orders that were laid to devolve the functions for administering the AEB to MCAs, which are:
  - a. English and maths, up to and including level 2, for individuals aged 19 and over, who have not previously attained a GCSE grade A\* to C or grade 4, or higher, and/or
  - b. First full qualification at Level 2 for individuals aged 19 to 23, and/or
  - c. First full qualification at level 3 for individuals aged 19 to 23.
4. MCAs will also need to consider how funding of the AEB will align to their Strategic Skills Plans and support the delivery of local economic objectives. This should include a description of the arrangements for enabling effective and meaningful engagement of local (and national) partners in proposed use and evaluation of the AEB, including but not limited to FE providers and their representative organisations employers, National Careers Service, DfE/Education and Skills Funding Agency (ESFA).

## Base level monitoring and evaluation recommendations

5. Following devolution of the AEB, MCAs will be asked to provide the Government with a report on the delivery of the functions, as part of the wider monitoring and evaluation

submissions that MCAs are required to submit as part of devolution agreements. MCAs will report on the previous academic year findings to date each January, referencing the most up to date publicly available data at that point in time. The submission should include, but not be limited to:

- a. **Their policies for adult education**
  - b. **Spend from the AEB**
  - c. **Analysis of their own on delivery in their areas.** This can draw on published data from DfE and use other data where necessary to present this analysis.<sup>43</sup>
  - d. **Local Impact** - MCAs should consider the impact AEB devolution has had upon skills in their localities, with regard to:
    - overall participation in AEB funded provision;
    - number of learners exercising their statutory entitlement to full funding for: i) english and maths up to Level 2; ii) first full level 2 (learners aged 19-23); and iii) first full level 3 (learners aged 19-23); and
    - completion and achievement rates.
6. In addition to the recommendations above, MCAs may also want to produce further monitoring and evaluation which goes beyond the data sets the DfE publishes annually. MCAs are encouraged to provide links and references to any relevant employer or learner surveys available, and report on plans to undertake further surveys, which may include previous academic years.
7. MCAs should develop their own robust monitoring and evaluation plans going forward, to help identify and measure the impact of AEB spending in their area. The Government's published Green Book contains useful information for developing these plans.<sup>44</sup>

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<sup>43</sup> This analysis could be released into the public by the government departments. For example, presenting AEB devolution impacts to parliament.

<sup>44</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/685903/The\\_Green\\_Book.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf)

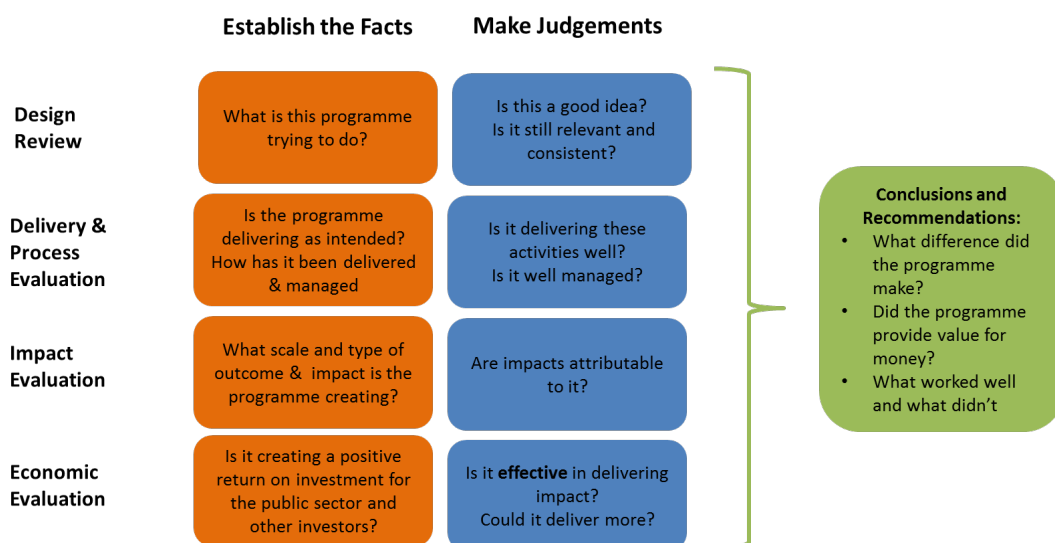


# Annex D: Value for Money Best Practice Guidance

## Monitoring and Evaluation Guidance

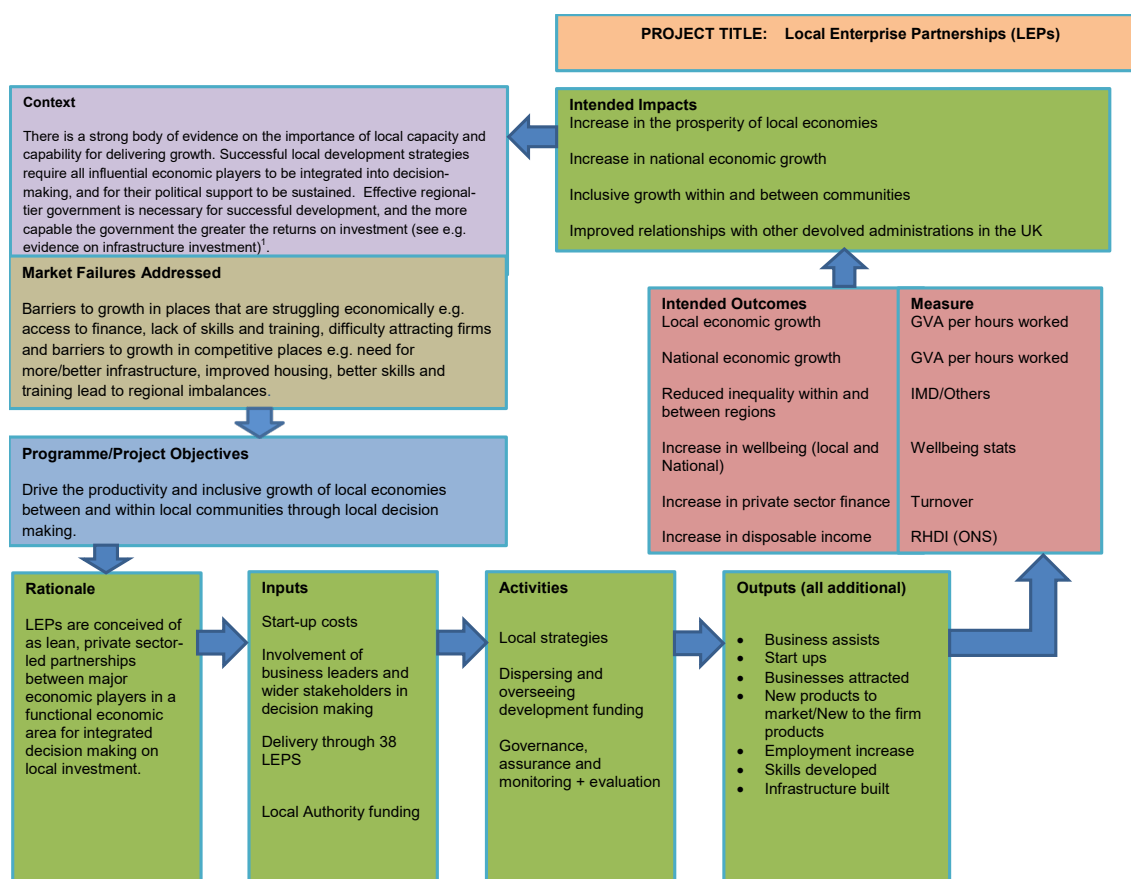
1. Plans should be developed to introduce robust measures in advance of implementation of any strategy, intervention or funding stream which will enable the designing-in of impact evaluation. This should include as a minimum, logic modelling of the individual policies in scope to clearly outline the objective for intervention and the metrics that will need to be measured through monitoring and therefore baselined. Metrics should be *specific, measurable, achievable, realistic and timely* (SMART).
2. Evaluation should be proportionate to spend and based on the art of what is possible. Comprehensive process and impact evaluation does not rely solely on econometrics. Whilst the aspiration should be for evaluation against a counterfactual (what would have happened to the outcomes in the absence of intervention), where this is truly not feasible nor value for money, lower thresholds of evaluation design can still be meaningful. A logic model and strong monitoring data will allow triangulation with other data towards a theory-based evaluation as a minimum. HMT guidance on undertaking robust impact evaluation of Government funding can be found in the [Magenta Book](#). [The What Works Centre for Local Economic Growth](#) has also developed a series of toolkits to assist with evaluation.
3. Common process and impact evaluation questions are set out below.

## Common Evaluation Questions



4. Evaluation is contingent on the availability of high quality data. Therefore performance management systems are usually best value for money and lower in administration burdens when designed with a view to the data needed for future evaluation. Logic models are a useful tool for doing this and the spine for theory-based evaluation. Data quality as part of any performance management/ assurance framework should be in accordance with HMT guidance in the [Aqua Book](#). An illustrative example is provided below.

### Example logic model for LEP delivery



5. Common metrics identified through mapping of local economic growth policies and interventions are identified below. The list below is not exhaustive and does not preclude collection of additional data for local/bespoke governance and accounting needs. These are common metrics that are indicative of those that MCAs and LEPs should consider. It is our expectation that places will build upon these during the development of Local Industrial Strategies and LEP Delivery Plans.

**Inputs**

- Funding streams
- Governance and accounting arrangements
- Strategy (e.g. LIS)

**Activities**

- Operational delivery through LEPs/MCAs

**Common outputs**

- Business/Enterprise assists
- Business/Enterprise start ups
- Businesses/Enterprises attracted
- New products to market/new to the firm products
- Employment increase
- Skills developed
- Infrastructure built (Business/housing/transport)

**Common outcomes**

- Increase in local economic growth
- Reduced inequality within and between places
- Increase in private sector financing
- Increases in wellbeing

**Ultimate impacts**

- Inclusive national economic growth

6. When trying to collect high quality data that is based on the above, it is important to have consistency in how metrics are being counted across different interventions and projects within the LEP. A common performance framework should allow for more reliable reporting of shared outcomes across local economic growth policy, strategy and delivery. This should reduce administrative burdens locally and ensure the quality of the performance management data that is being collated for robust monitoring and evaluation. Success will need to be monitored at various levels of granularity e.g. project level should build up to policy/intervention type evaluation, in turn feeding into national measures of both productivity and wellbeing etc. Webtag should also be referred to for transport metrics.

## Proportionate Business Cases

7. Institutions with responsibility for public funds provided by Government must observe HM Treasury guidance for assessing how to spend those resources. The Green Book and associated guidance is the main point of reference and advice on best practice.<sup>45</sup>
8. This annex does not replace or displace the official guidance. The Checklist offers a good one pager to judge any business case proportionally.<sup>46</sup> Proportionality here should not be to the exclusion of any of the 5 cases (strategic, economic, financial, commercial and management) but to adjust the scale of each case to the scale of the funding commitment.
9. A full business case is required to allocate government funds to a specified purpose (skills capital, regeneration). Once the funds are allocated to a specific purpose, following approval of a 5-case business case, it is the responsibility of the delivery body to spend these funds for the purpose they were given. The procurement policies of delivery bodies should be transparent and fair but need not require contractors to argue a 5-case business case, if such business case had already been submitted for the overall spend.
10. The 2018 refresh of the Green Book has new additional guidance on subnational appraisal that must be observed for delivering policy at subnational level. This is particularly relevant for the Economic Case because some measures of economic benefit, such as employment multipliers, are no longer accepted for national policies, but can be justified as benefits for calculating subnational Benefit-Cost Ratios, provided they are well evidenced and presented alongside UK-wide results for comparison.
11. Any proportionate business case must cover all elements of the 5-case model. For the purposes of complying it helps if each of these is presented separately, even if over a limited number of paragraphs. To help ensure consistency of approach, it is also useful for each delivery body to design a single template for all business cases that includes the five elements.
  - a. Strategic case – must show the rationale, background, policy context and strategic fit of the public expenditure or public intervention;
  - b. Economic case – with evidence of why a privately provided solution would fall short of what is optimal (market failure) and a list of options to achieve a better outcome. “Do nothing” should always be an option. There is no one size fits all for how many options or what makes a good economic case: some need distributional analysis, others evidence of unmet demand for a service. The case must build on robust verifiable evidence, consider additionality, and displacement of activity, and include a sensitivity analysis and a correction for optimism bias if risk is a factor for success. Value for

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<sup>45</sup> <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

<sup>46</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/190603/Green\\_Book\\_guidance\\_checklist\\_for\\_assessing\\_business\\_cases.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/190603/Green_Book_guidance_checklist_for_assessing_business_cases.pdf)

Money is ideally demonstrated in a credible Benefit Cost Ratio, but where some of the costs and/or benefits cannot be monetised at the present time, the economic case should proportionally capture these impacts and specify a partial Value for Money measure. Wider benefits/costs should be considered and specified where these are sizeable, compared with the direct impacts;

- c. Commercial case – demonstrate commercial viability or contractual structure for the project, including procurement where applicable;
- d. Financial case – standard appraisal of financial implications of the project, including where applicable budgets, cash flow, and contingencies;
- e. Management case – of how the project is going to be delivered referring to the Green Book to verify if there are mandatory methodologies applicable to the investment.

**Example A:**

- 12. An investment of £20 million of capital funding to build a new facility within an Enterprise Zone(EZ) to complement and expand productive activities already in the area.
- 13. The strategic case is shown to fit not only with the current activities, but to plans in the whole EZ and beyond to improve productivity more widely, not just in the new facility. The provision of this new space is shown to open new specialisms that were not previously present, and these specialisms are shown to be complementary to the current activities. This demonstrates partial additionality: some, but not all new activity would have eventually developed, but this would have taken longer and fall short of need. Independent evidence of a demand for this facility is included to justify need for intervention using public funds further.
- 14. The economic case refers to and follows Green Book guidance. A long list of 7 options is presented, including “Do Nothing”, and the advantages and disadvantages of each option are listed. For the preferred option, inputs and outputs are identified. Additionality, Leakage and Displacement are explicitly considered and the multiplier effect is explained. There is also evidence of discounting of costs and benefits over time, correction for optimism bias, and a NPV is shown. Some of the costs and benefits that cannot be monetised are identified and their impact assessed qualitatively.
- 15. The commercial, financial, and management cases all deemed as adequate by relevant professionals.
- 16. This is a sizeable investment for a specified purpose and follows the 5 cases proportionally, offering evidence of additionality in the strategic case, comparing a good number of options (5 would have been sufficient), calculating a rate of return, and covering succinctly commercial and financial plans, and specifying management responsibilities.

## Example B

17. An investment of £1.5 million to split into smaller projects to create or improve learning spaces and increase learner numbers in the locality
18. The strategic case is clearly aligned with strategic plans that identifies the need for more employer training, more level 4+ qualifications and more young people studying STEM. Evidence is provided on qualification requirements, skill gaps and the percentage of employers providing training. Major infrastructure projects are also referenced which are expected to create demand for particular skills. When individual projects bid for the funding they will also be expected to set out the strategic fit.
19. Economic Case: Skills interventions are typically justified on the basis of positive externalities and poaching which reduces the incentive for employers to invest in training. A number of options are considered including “Do nothing”, a larger scheme, or the smaller projects applying for funding individually. The business case for the whole pot provides some indicative estimates of output based on potential projects in the pipeline (e.g. 1,200 sq metres of floorspace and 1,250 learners) but does not go onto monetise impacts because at the time of bidding the specific projects that would be funded are unknown. Nevertheless, the business case includes some of the evaluation evidence relating to Skills Capital and the impact of FE on learners to illustrate the potential VFM of such investments.
20. The commercial, financial, and management cases all deemed as adequate by relevant professionals.
21. This is a portfolio fund that will be fractioned and allocated to different bidders. Only the overall pot requires a full business case, which was proportionately addressed as noted above. For each of the fractions of the total pot it is at the discretion of the delivery body to require (or not) a 5-case business case from each bidder.

# Annex E: Local Assurance Framework Checklist

|  | Requirement   | Further guidance can be found in section | Page  | Check |
|--|---|--|-------|-------|
| <b>Alignment with the Accounting Officer System Statement<br/>MCAs &amp; LEPs should outline in their Local Assurance Framework:</b> |   |  |       |       |
| 1  | A clear description of the roles and responsibilities.  | 19.a                                     | 11    |       |
| 2  | Arrangements for taking and accounting for all decisions and ways of working.   | 19.b                                     | 11    |       |
| 3  | Responsibilities of the Accountable Body.   | 19.c                                     | 11    |       |
| 4  | The arrangements to ensure value for money.   | 19.d                                     | 11    |       |
| 5  | Publish their Local Assurance Framework on their website.   | 20.a                                     | 11    |       |
| <b>London</b>  |   |  |       |       |
| 6  | Publish an agreement that sets out the working level arrangements between the London LEP & GLA.   | 29                                       | 12-13 |       |
| <b>PART A: Mayoral Combined Authorities with a Single Pot that includes Local Growth Fund</b>  |   |  |       |       |
| <b>The Local Assurance Framework should outline:</b>   |   |  |       |       |
| <b><i>Accountability and Transparent Decision Making</i></b>   |   |  |       |       |
| 7  | Confirm Accountable Body arrangements for funding received from Government through devolution deals.  | 45.a                                     | 16    |       |
| 8  | Confirm that the use of resources is subject to the usual Local Authority checks and balances.  | 45.b                                     | 16    |       |
| 9  | Confirm, where applicable, investment decisions using public funds will be made with reference to statutory requirements, conditions of the funding, local transport objectives and through formal LEP involvement. | 45.c                                     | 16    |       |

|   |   |                        |             |  |
|---|---|------------------------|-------------|--|
| 10  | Describe the arrangements for enabling effective and meaningful engagement of local partners and the public to inform key decisions and future strategy development.                      | 45.d                   | 16          |  |
| 11  | Set out the key roles and responsibilities in decision-making.  | 46                     | 16          |  |
| 12  | Agree and publish a joint statement with their LEP(s) which sets out their respective roles and responsibilities.   | 47                     | 16          |  |
| 13  | Set out the means by which elected Mayors will be involved in funding allocation and decision-making.   | 49                     | 17          |  |
| <b>Part B: Local Enterprise Partnerships</b>          |   |                        |             |  |
| <b><i>Corporate Structure for LEPs</i></b>            |   |                        |             |  |
| 14  | LEPs must have a legal personality.   | 62 - 64                | 20          |  |
| <b><i>Local Assurance Framework &amp; Website</i></b> |   |                        |             |  |
| <b><i>The Local Assurance Framework must:</i></b>     |   |                        |             |  |
| 15  | Provide information on how the LEP manages its programmes, funding streams and any associated contracts, including Local Growth Fund, City Deals and Enterprise Zones (where applicable). | 65.b                   | 20          |  |
| 16  | Provide information on the LEPs' arrangements for ensuring value for money.   | 65.c (also see Part C) | 20          |  |
| 17  | Set of the LEPs' approach to risk.  | 65.d<br>176            | 20<br>48    |  |
| 18  | Set out how calls for bids or projects are advertised openly and that selection criteria and selection processes are transparent.   | 65.e                   | 21          |  |
| 19  | Ensure the transparent publication of financial information.  | 65.g<br>107-109        | 21<br>29    |  |
| 20  | Ensure appropriate succession planning and arrangements for resignation of Board Members.   | 65.i                   | 21          |  |
| 21  | Implement an induction process.   | 65.j<br>81-82          | 21<br>24-25 |  |



|   |  |                  |                |  |
|---|--|------------------|----------------|--|
| 22  | Set out the processes the LEP has put in place in regard to the handling on data.                        | 65.m<br>102      | 21<br>28       |  |
| 23  | Provide information on LEP scrutiny arrangements.  | 65.o             | 21             |  |
| <b>Websites</b>   |  |                  |                |  |
| 24  | Have a dedicated website.  | 67 - 71          | 21-22          |  |
| <b>Local Engagement</b>                                 |  |                  |                |  |
| 25  | Set out how the LEP will conduct ongoing local engagement.   | 65.f             | 21             |  |
| 26  | Set out how the LEP will evidence effective engagement.  | 72-74            | 22-23          |  |
| <b>Appointment Process for Board Members and Chairs</b> |  |                  |                |  |
| 27  | Set out how the LEP ensures open recruitment processes.  | 65.h             | 21             |  |
| 28  | Set out the appointment process for Board members (Public and Private sector), Chairs and Deputy Chairs. | 75-77            | 23             |  |
| <b>Diversity Statements</b>                             |  |                  |                |  |
| 29  | Set out the LEPs commitment to diversity, including a diversity statement.                               | 65.l<br>78-79    | 21<br>23-24    |  |
| <b>Board remuneration and LEP Officer salaries</b>      |  |                  |                |  |
| 30  | Set out the expenditure and/or remuneration policy for Chairs and Board Members clear on their websites. | 80               | 24             |  |
| <b>Code of Conduct</b>                                  |  |                  |                |  |
| 31  | Have a code of conduct which all Board Members and LEP Officials sign up to.                             | 55-57<br>83 - 85 | 18-19<br>24-25 |  |
| <b>Conflicts of Interest</b>                            |  |                  |                |  |
| 32  | Set out how the LEP manages conflict of interest, including having a conflict of interest policy.        | 65.k<br>86 - 92  | 21<br>25-26    |  |
| <b>Complaints for Third Parties and the Public</b>      |  |                  |                |  |
| 35  | Set out the LEPs overarching approach to dealing with complaints and whistleblowing.                     | 65.n<br>97-101   | 21<br>26-28    |  |
| 36  | Have a Complaints Policy.  | 93-96            | 26-27          |  |
| 37  | Set out the confidential reporting arrangements.   | 94               | 26             |  |
| <b>Whistleblowing Policy</b>                            |  |                  |                |  |
| 38  | Have a Whistleblowing Policy.  | 97-101           | 27-28          |  |

|   |  |           |        |  |
|---|--|-----------|--------|--|
| <b>Publication of meeting and agenda items</b>      |  |           |        |  |
| 39  | Commit to the publication of meeting agendas, papers and minutes.  | 103-104   | 28     |  |
| <b>Handling confidential and exempt information</b> |  |           |        |  |
| 40  | Set out the process for handling information which is not to be placed in the public domain.   | 105-106   | 28-29  |  |
| <b>Management of Contracts</b>                      |  |           |        |  |
| 41  | Set out how the LEP or its nominated party, will manage contracts related to the delivery of its programmes and how the LEP Board will be kept informed of progress.   | 114       | 30     |  |
| <b>Government Branding</b>                          |  |           |        |  |
| 42  | The LEP should commit to meeting the Government branding guidelines for projects.  | 115       | 30     |  |
| <b>Accountability and decision making</b>           |  |           |        |  |
| 43  | Set out the LEP's structure, and decision making processes.  | 65.a, 117 | 20, 31 |  |
| 44  | Confirm the accountable body arrangements for funding received.  | 116.a.    | 31     |  |
| 45  | Confirm that public resources are managed appropriately.   | 116.b     | 31     |  |
| 46  | Confirm where applicable, investment decisions will be made for all funding with reference to statutory requirements, conditions of funding, local transport objectives and through formal MCA or CA involvement where required. | 116.c     | 31     |  |
| 47  | Describe the arrangements for enabling effective meaningful engagement of local partners and the public to inform key decision and future strategy development.  | 116.d     | 31     |  |
| 49  | Roles and responsibilities of the Chair, LEP Board, Sub-boards, Accountable Body and Section 151 Officer.  | 118       | 31     |  |
| 50  | Membership requirements of the Board and sub-boards.   | 119       | 31     |  |
| 51  | Clear scheme of delegation.  | 119       | 31     |  |

|   |   |         |    |  |
|---|---|---------|----|--|
| 52  | LEPs in MCA areas agree and publish a joint statement which sets out their respective roles and responsibilities.   | 120     | 31 |  |
| 53  | Specify that a decision which is made in contravention of the process will be invalid.  | 121     | 32 |  |
| 54  | Openly advertise funding opportunities, assess applications make the award through a formal agreement, monitor progress for the lifetime of the project, and maintain a robust audit trail to demonstrate compliance. | 123     | 32 |  |
| <b><i>The LEP Board</i></b>   |   |         |    |  |
| 55  | The LEP Board consists of at least two-thirds private sector.   | 125     | 32 |  |
| 56  | A LEP Board member designated as a Small and Medium Enterprise, which is published on the website.  | 127     | 33 |  |
| 57  | The LEP Board should have a maximum of 20 people, with the option to co-opt an additional five Board Members.   | 128     | 33 |  |
| <b><i>Chair and Deputy Chair</i></b>  |   |         |    |  |
| 58  | The LEP Chair must come from the private sector.  | 132     | 34 |  |
| 59  | The LEP must have a Deputy Chair.   | 133     | 34 |  |
| 60  | The LEP Chair and Deputy Chair have a defined term limit of three years with an optional extension of three years.  | 133     | 34 |  |
| <b><i>LEP Staff and Independent Secretariat</i></b>                                   |   |         |    |  |
| 61  | Outline how the independent secretariat will function.  | 134-135 | 34 |  |
| <b><i>LEP Network: cooperation, collaboration and partnership with other LEPs</i></b> |   |         |    |  |
| 62  | Commit to working with the LEP Network.   | 136     | 35 |  |
| 63  | The LEP should outline the dependencies or relationships with other LEPs as appropriate.  | 136-137 | 35 |  |
| <b><i>The Accountable Body and Section 151 Officer</i></b>                            |   |         |    |  |
| 64  | The LEP has a single Accountable Body.  | 139     | 35 |  |

|   |   |       |    |  |
|---|---|-------|----|--|
| 65  | Outline the agreement between the Accountable Body and the LEP.   | 141   | 36 |  |
| <b>Section 151 Officer Role</b>                         |   |       |    |  |
| 66  | The S151 officer should provide a letter by the 28 February each year.  | 145   | 37 |  |
| <b>Decisions relating to LEPs awarding public funds</b> |   |       |    |  |
| 67  | Describe the decision making process.   | 147   | 38 |  |
| 68  | A commitment from all LEP board and sub group members to making decisions on merit having taken into account all of the relevant information available at the time. | 147.a | 38 |  |
| 69  | Clear lines of accountability to the LEP Board and, where applicable, the Accountable Body.   | 147.b | 38 |  |
| 70  | Describe the process for recording decisions and communicating these to the Accountable Body, CA or MCA.  | 147.c | 38 |  |
| 71  | Information on the LEP's decision making procedures, including the arrangements for ensuring decisions are taken at meetings which are quorate.                     | 147.d | 38 |  |
| 72  | A link to the current schemes of delegation.  | 147.e | 38 |  |
| 73  | The person (or name of the position) responsible for providing the final sign off for funding decisions.  | 147.f | 38 |  |
| 74  | Describe the process by which the Accountable Body confirms receipt of the information and can report back when the direction is completed.                         | 147.g | 38 |  |
| 75  | The process allowing decisions, by exception, to be made by the LEP Board in the absence of a formal meeting.   | 147.h | 38 |  |
| 76  | A system for promptly considering complaints.   | 147.i | 38 |  |
| 77  | A system showing how investment decisions must be subject to a proportionate  | 147.j | 38 |  |

|  |   |     |       |  |
|--|---|-----|-------|--|
|  | business case and evaluation and how decisions must be subject to scrutiny arrangements in line with the LEP processes.   |     |       |  |
| 78                                     | <p>A statement setting out the documents which shall be made available to the LEP board in advance of making decisions which should include:</p> <ul style="list-style-type: none"> <li>• The application made for funding</li> <li>• An appraisal of the application</li> <li>• A view by a legal expert</li> <li>• A recommendation as to whether to fund the proposal</li> <li>• A recommendation about conditions which should be attached to the proposal.</li> </ul>  | 148 | 38-39 |  |
| 79                                     | <p>Set out the LEPs role in recovering funding where there has been non-compliance, misrepresentation or underperformance, this should include, the LEP Board or delegated sub-group receiving reports providing information on projects which have received funding, including:</p> <ul style="list-style-type: none"> <li>• A description of projects where concerns have been identified</li> <li>• Relevant details including the amount of funding awarded and the sum at risk due to the concerns</li> <li>• Where recovery of funds is considered, a legal opinion which sets out the legal basis for recovery and likelihood of success.</li> </ul> | 149 | 39    |  |
| 80                                     | Set out the arrangements to recover non-compliant funding.  | 150 | 39    |  |
| <b>Scrutiny and Audit arrangements</b> |   |     |       |  |
| 81                                     | Describe the agreed scrutiny and audit arrangements.  | 154 | 40    |  |

| <b>In addition to the information that must be contained in the Local Assurance Framework, the website must contain the following:</b> |   |                |             |              |
|--|---|----------------|-------------|--------------|
|  | <b>Requirement</b>  | <b>Section</b> | <b>Page</b> | <b>Check</b> |
| 1  | The National Assurance Framework  | 70.a           | 22          |              |
| 2  | An annual financial statement.  | 70.b           | 22          |              |
| 3  | The LEP annual report and delivery plan.  | 70.c           | 22          |              |
| 4  | A statement on the publication of meeting papers, minutes and agenda items.   | 70.d           | 22          |              |
| 5  | Copies of the LEP Board meeting agendas, papers and minutes.  | 70.e           | 22          |              |
| 6  | The Annual Assurance statement from the leadership of the LEP.  | 70.f           | 22          |              |
| 7  | The LEP's Code of Conduct.  | 70.g           | 22          |              |
| 8  | Board Member's registers of interest and the register of the Chief Executive Officer.   | 70.h           | 22          |              |
| 9  | The LEP hospitality and expenses register.  | 70.i           | 22          |              |
| 10   | Complaints Policy   | 70.j           | 22          |              |
| 11   | Whistleblowing Policy   | 70.k           | 22          |              |
| 12   | A rolling schedule of projects, outlining a brief description of the project, names of key recipients of funds/contracts and amounts of funds designated by year. | 70.l           | 22          |              |
| 13   | Key LEP documentation.  | 70.m           | 22          |              |
| 14   | Information on the process for applying for funding   | 113            | 30          |              |
| 15   | SME Champion  | 127            | 33          |              |
| 16   | The LEP should ensure that it uses the correct Government branding on any relevant website page. Additional guidance is provided to LEPs.                         |                |             |              |

# Annex F: Governance and Transparency

## Best Practice Guidance

Note that this Annex is Best Practice only and is not a compliance requirement for LEPs.

### Example: Complaints Policy (including confidential complaints)

1. The LEP is committed to creating a work environment with the highest possible standards of openness, probity and accountability. In view of this commitment we encourage employees and others with serious concerns about any aspect of the LEP's work to come forward and voice those concerns without fear of reprisal. For employees and those working closely with the LEP, please follow the whistleblowing policy on our website [*Insert hyperlink to whistleblowing procedure*]. For third parties and members of the public, please follow the complaints procedure outlined below.
2. If, however, a member of the public or third party believes that their complaint fits the description below; they can elect to report their concerns through the whistleblowing policy procedure [*Insert hyperlink to whistleblowing procedure*].
3. *Whistleblowing* - where an individual who has concerns about a danger, risk, contravention of rules or illegality provides useful information to address this. In doing so they are acting in the wider public interest, usually because it threatens others or impacts on public funds. By contrast, a grievance or private complaint is a dispute about the individual's own position and has no or very limited public interest.

#### **Confidentiality**

4. If a member of the public or a third party wants to make a confidential complaint or raise a concern, it will be treated in confidence and every effort will be made to protect the person's identity if they wish to remain anonymous. The LEP will consider all complaints or allegations.

#### **Anonymous allegations**

5. The LEP takes all complaints and concerns raised by members of the public and third parties seriously. We will investigate anonymous allegations. However we remind complainants that when people put their names to an allegation the ability to investigate and therefore reach firm conclusions is strengthened. Concerns expressed

anonymously will be considered at the discretion of the LEP. When exercising this discretion the factors to be taken into account would include:

- the seriousness of the issue raised;
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources.

6. The Ministry of Housing, Communities and Local Government may request information arising from this process if they have concerns regarding a LEP or have been approached with similar complaints. The expectation is that this information will be provided on an anonymous basis. However it may be necessary to provide personal details to progress a complaint.
7. Where details are gathered, the LEP will put in place appropriate data protection arrangements in line with the [Data Protection Act 1998](#) and [Data Protection Act 2018](#).

## **Contacts for Complaints**

8. If you have a complaint please submit your complaint in email or in writing to:

*Contact details for the LEP's general complaints email address and postal address.*

9. The LEP is aware that the organisation's ordinary complaints procedure may not be suitable if someone wants the complaint to remain confidential. If you would like to make a confidential complaint please submit your complaint to the designated officers below:

*Names and contact details of the LEP Chief Executive and one other LEP Executive Contact.*

State that you want the complaint to remain confidential.

10. Complainants should provide any information or evidence that may be relevant to the complaint, including names, dates or documentation in this correspondence.

## **Action taken by the LEP**

### **Stage one**

11. The designated complaints officer will raise your concern and investigate the complaint. You can expect the officer to:
  - Contact you within 10 clear working days to acknowledge the complaint and discuss the appropriate course of action.



- Write to you within 28 clear working days with findings of the investigation. If the investigation has not concluded within 28 clear working days, the officer will write to you to give reasons for the delay in resolving the complaint.
- Take the necessary steps to rectify the issue.

## **Stage two**

12. If you are unhappy with the outcome of the complaint or the complaint involves those responsible for the confidential complaints procedure you should escalate the complaint to the LEPs Accountable Body which is [name relevant Local Authority], and follow their complaints procedure [link to Accountable Body's complaints procedure]. The Accountable Body has a duty to ensure that the LEP has followed its complaints procedure correctly. These organisations will have their own confidentiality procedures.

## **Stage three**

13. If you are either unable to raise the matter with the LEP or you are dissatisfied with the action taken you can report it direct to the Cities and Local Growth Unit in the Ministry of Housing, Communities and Local Government and the Department for Business, Energy and Industrial Strategy, at the following email address: [localgrowthassurance@communities.gov.uk](mailto:localgrowthassurance@communities.gov.uk) or by writing to: LEP Compliance Deputy Director, Cities and Local Growth Unit, Fry Block, 2 Marsham Street, London, SW1P 4DF. You should clearly mark your email or letter as "Official - complaints".
14. If you would like help making a complaint, you can contact your local councillor or MP. You can also get help from a specialist advice agency or organisation which represents people, such as a Citizens Advice Bureau (CAB).

# Example: Whistleblowing Policy

## Introduction

1. A Discloser is the person who is the whistle-blower.
2. This procedure outlines the process to follow for a Discloser when reporting a perceived wrongdoing within the LEP, including something they believe goes against the core values of Standards in Public Life (the Nolan Principles) and the Code of Conduct (Chapter 4) for LEP Board Members and Officers. The Standards in Public Life include the principles of; integrity, objectivity, accountability, openness, honesty, leadership and impartiality.
3. In particular LEP Board Members, as the key decision makers of the LEP, have a right and a responsibility to speak up and report behaviour that contravenes these values.
4. It is important that this procedure is followed when raising any concerns, to ensure that the matter is dealt with correctly.

## Definitions

5. This document uses the following definitions:
  - *Whistleblowing* - where an individual who has concerns about a danger, risk, contravention of rules or illegality provides useful information to address this. In doing so they are acting in the wider public interest, usually because it threatens others or impacts on public funds. By contrast, a grievance or private complaint is a dispute about the individual's own position and has no or very limited public interest.
  - *The LEP* – [insert name of LEP here]
  - *Discloser* – this is the person who is the whistle-blower. They might be an employee, a LEP Board Member, a contractor, a third party or a member of the public.
  - *Responsible Officer* - this is the person, appointed by the LEP, with overall responsibility for maintaining and operating this whistleblowing policy. They will maintain a record of concerns raised and the outcomes (but will do so in a form that does not endanger confidentiality) and will report to senior decision makers as necessary. Their name is [insert] and their contact details are [insert email,

*phone and office address*]. If the concern relates to the Responsible Officer then the concern should be raised with *[Insert name and contact details]*.

- *Relevant Concern* – something the Discloser has been asked to do, or is aware of, which they consider to be wrong-doing and is in the public interest.

## Scope

6. The LEP is committed to creating a work environment with the highest possible standards of openness, probity and accountability. In view of this commitment, we encourage Disclosers with serious concerns about the work of the LEP to come forward and voice their concerns without fear of reprisal.
7. Disclosers should note that where the concern is one that might fall under the LEP's staff or work force policies on equality and diversity or harassment and bullying or other staff policies, they should consider using the reporting mechanisms for those other policies first *[insert relevant LEP website hyperlinks]*.
8. The LEP has a pre-existing complaints procedure that in many cases will be more appropriate for third parties or members of the public to follow. Third parties or members of the public should review the separate confidential complaints procedure outlined in the LEP's complaints policy *[insert relevant LEP website hyperlinks]* on the LEP's website first before going through the whistleblowing process.
9. However, if a member of the public or third party believes that their complaint fits the description of a 'relevant concern' outlined below, they may report their concerns through the whistleblowing policy procedure.

## Policy Statement

10. The LEP acknowledges that Disclosers may often be the first people to realise that there may be something seriously wrong within the organisation.
11. This policy aims to:
  - Encourage people to feel confident about raising serious concerns and to question and act upon their concerns without fear of victimisation or harassment;
  - Provide avenues for Disclosers to raise those concerns and receive feedback on any action taken;
  - Allow Disclosers to take the matter further if they are dissatisfied with the LEP's response; and
  - Reassure all Disclosers, employees in particular who may have specific concerns about their position and employment status in the LEP, that they will be protected

from possible reprisals or victimisation if they have a reasonable belief that they have made any disclosure in the public interest.

### **What is a Relevant Concern?**

12. If a Discloser is asked to do something, or is aware of the actions of another, which they consider to be wrongdoing, they can raise it using this procedure. The Discloser must have a reasonable belief that raising the concern is in the public interest.
13. A Discloser may decide to raise a concern under the whistleblowing policy if they are aware of a situation that they feel:
  - is against the LEP's procedures and protocols as set out in its code of conduct and individual LEP Assurance Framework;
  - falls below established standards of practice the LEP subscribes to;
  - amounts to improper conduct; or
  - is an abuse of power for personal gain.
14. The types of matters regarded as a relevant concern for the purpose of this procedure include, but are not limited to, the following:
  - Fraud or financial irregularity;
  - Corruption, bribery or blackmail;
  - Other Criminal offences;
  - Failure to comply with a legal or regulatory duty or obligation;
  - Miscarriage of justice;
  - Endangering the health or safety of any individual;
  - Endangering the environment;
  - Improper use of authority; and
  - Concealment of any of the above.
15. Disclosers should not raise malicious or vexatious concerns, nor should they raise knowingly untrue concerns. In addition, this procedure should not be used to raise concerns of a HR/personal nature, such as, complaints relating to a management decision or terms and conditions of employment. These matters should be dealt with using the relevant alternative procedure, for example, the LEP grievance procedure. Equally, this policy would not apply to matters of individual conscience where there is no suggestion of wrongdoing by the LEP but, for example, an employee or LEP Board Member is required to act in a way which conflicts with a deeply held personal belief.

### **Safeguards**

16. The [Public Interest Disclosure Act \(1998\)](#) gives legal protection to employees against being dismissed or penalised by their employers as a result of publicly disclosing

certain serious concerns. The LEP believes that no member of staff should be at a disadvantage because they raise a legitimate concern.

17. The LEP will not tolerate harassment or victimisation and will take action to protect Disclosers when they raise a concern in the public interest.

### **Raising a concern**

18. If a Discloser experiences something in the workplace which they consider a relevant concern, it is important that the concern is raised as early as possible. Proof is not required at this point – it is for the LEP to investigate. The Discloser must, however, have a reasonable belief that disclosing the information is in the public interest before raising a concern
19. All concerns will be treated in confidence and every effort will be made to protect the Discloser's identity if they wish to remain anonymous. However, at the appropriate time, it is possible that the Discloser will need to come forward as a witness for the matter to progress.
20. It is important to follow the correct procedure when raising a whistleblowing concern. The following steps should be adhered to:
- a. It is important that the concern is raised with the person best placed to deal with the matter, in most cases this will be the Responsible Officer. However, the Discloser may want to raise the concern with someone they know and trust, such as their line manager who can raise it with the Responsible Officer on their behalf.
  - b. If it is suspected that the concern may implicate the line manager in some way, then it could be raised with a more senior manager in the line management chain.
  - c. If the Discloser is unable to raise a relevant concern with a line manager or a senior manager or feel that it has not been adequately addressed, it should be raised directly with the Responsible Officer.
  - d. Ultimately, the Discloser can raise their concern with the LEP Chief Executive.

### **Information needed to raise a concern**

21. When raising a concern under the procedure the Discloser should try to provide the following information:

- The background and reason behind the concern;
- Whether they have already raised a concern with anyone and the response; and

- Any relevant dates when actions related to the concern took place.

22. This information should demonstrate that there are reasonable grounds for the concern to be acted upon. It is important that matters are not investigated by the Discloser themselves.

23. If applicable, personal interests must be declared from the outset.

### **How the concern will be handled**

24. All investigations will be conducted sensitively and as quickly as possible. While the LEP cannot guarantee that the outcome will be as the Discloser may wish, it will handle the matter fairly and in accordance with this procedure

25. Once a concern has been raised with either the line manager or Responsible Officer, Senior Manager or Chief Executive, a meeting may be arranged with them to determine how the concern should be taken forward.

26. The LEP may decide to take the matter forward by a number of methods, including:

- An internal inquiry or other formal investigation;
- An internal or external audit;
- Referring the matter to the police; or
- Referring the matter to another relevant authority for investigation.

27. Before a final decision is taken on how to proceed, or as part of the investigation, the Discloser may be asked to meet with those investigating their allegation.

28. If a meeting is arranged, the Discloser may wish to be accompanied by a trade union representative, colleague or friend. The person who accompanies the Discloser should not be involved or have a direct interest in the area of work to which the concern relates. The meeting can be conducted over the telephone rather than face to face.

29. Within 10 clear working days of a concern being raised, the LEP's Responsible Officer will write to the Discloser to:

- Acknowledge that the concern has been received;
- Indicate how they propose to deal with the matter;
- Give an estimate of how long it will take to provide a final response;
- Tell the Discloser whether any initial investigation or enquiry has been made;
- Tell the Discloser whether further investigation will be made, and if not, why not; and
- Tell the Discloser how frequently the LEP will keep them up to date on progress of the investigation.

30. The amount of contact between the LEP and the Discloser concerned will vary depending on the concern raised, any difficult issues and any further clarity required. If necessary, the LEP will seek further information from the Discloser.
31. The LEP will confirm when the matter is concluded and, if appropriate, the outcome of the investigation, maintaining security and confidentiality for all parties as far as possible.
32. Throughout any investigation, the Discloser will still be expected to continue their duties/role as normal unless deemed inappropriate.

### **Confidentiality and anonymity**

33. The LEP always encourages potential Disclosers to speak up about potential serious wrongdoing in a way that they feel comfortable. The best way to raise a concern is to do so openly, as this makes it easier for the LEP to investigate and provide feedback.
34. Any disclosures made under this procedure will be treated in a sensitive manner. However the LEP recognises that the Discloser may want to raise a concern in confidence, i.e. they may want to raise a concern on the basis that their name is not revealed without their consent.
35. The LEP will respect any request for confidentiality as far as possible, restricting it to a 'need to know' basis. However, if the situation arises where it is not possible to resolve the concern without revealing the Discloser (for example in matters of criminal law), the LEP will advise them before proceeding. The same considerations of confidentiality should be afforded to the recipient(s) at the centre of the concern, as far as appropriate.
36. Disclosers may choose to raise concerns anonymously, i.e. without providing their name at all. If this is the case, the investigation itself may serve to reveal the source of information. Disclosers are therefore encouraged, where possible to put their names to concerns raised. When anonymous concerns are raised, they will be treated as credible and investigated so far as possible.

### **Protection**

37. If a concern is raised in the reasonable belief that it is in the public interest and procedures have been followed correctly, the Discloser raising the concern will be protected by the terms of this policy and, where applicable, by whistleblowing legislation (see [www.gov.uk](http://www.gov.uk) for more information on who is covered by whistleblowing legislation). Where a Discloser has been victimised for raising a concern, the LEP concerned will take appropriate action against those responsible, in line with the LEP's disciplinary policy and procedures.

## **Changes to procedures or policy as a result of whistleblowing**

38. If changes are made to LEP policies and processes as result of whistleblowing investigations, the LEP will publicise the changes as appropriate, taking into consideration the importance of protecting the anonymity and confidentiality of individuals.

## **Untrue allegations**

39. If a Discloser makes an allegation but it is not confirmed by the investigation, no action will be taken against them. However, if a malicious or vexatious allegation is made without good reason to: cause trouble; for personal gain; or to discredit the LEP an investigation may take place. Where the Discloser is an employee or a LEP Board Member or a contractor this may result in disciplinary or other action if they have broken the terms of their employment, acted against the LEP Code of Conduct or broken a clause in a contract.

## **How this matter can be taken forward if you are not satisfied**

40. This procedure is intended to provide Disclosers with an avenue to raise legitimate concerns. If you are either unable to raise the matter with the LEP or you are dissatisfied with the action taken you can report it directly to the Cities and Local Growth Unit in the Ministry of Housing, Communities and Local Government and the Department for Business Energy and Industrial Strategy, at the following email address: [localgrowthassurance@communities.gov.uk](mailto:localgrowthassurance@communities.gov.uk) or by writing to: LEP Compliance Deputy Director, Cities and Local Growth Unit, Fry Block, 2 Marsham Street, London, SW1P 4DF. You should clearly mark your email or letter as "Official - whistleblowing".

41. In addition, if you are either unable to raise the matter with the LEP or you are dissatisfied with the action taken you may consider raising it with:

- The LEP's Accountable Body
- The police;
- The relevant regulatory body or professional body;
- Your Trade Union;
- Your solicitor;
- Your Citizens Advice Bureau; or
- A prescribed person or body.



Further information and signposting for potential Disclosers is available on [www.gov.uk](http://www.gov.uk).

42. If a Discloser does take the matter outside the LEP, to an external body, they should ensure they do not disclose information that is confidential, for example, if you are an employee your contract of employment may set out expectations of your regarding what is confidential.

### **Feedback on Whistleblowing Policy**

43. Any feedback or comments on this policy should be directed to the LEP's Responsible Officer.

## Example: Code of Conduct for LEP Board Members

1. All Board Members of the LEP sign up to a Code of Conduct on commencing their role with the LEP. LEP Officers sign up to their own Officer Code of Conduct (*insert hyperlink*).

### **Board Member Code of Conduct**

2. You are a Board Member of the [name] Local Enterprise Partnership and hence you shall have regard to the following principles – selflessness, integrity, objectivity, accountability, openness, honesty and leadership in your conduct at all times.
3. Accordingly, when acting in your capacity as a Board Member of [name] Local Enterprise Partnership:
  - You must act in a manner consistent with your LEP's equality and diversity strategy and treat your fellow Board Members, members of staff and others you come into contact with when working in their role with respect and courtesy at all times.
  - You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.
  - You must not place yourself under a financial or other obligation to outside individuals or organisations that might be reasonably regarded to influence you in the performance of your official duties.
  - When carrying out your LEP duties you must make all choices, such as making appointments, awarding contracts or recommending individuals for rewards or benefits, based on evidence.
  - You are accountable for your decisions and you must co-operate fully with whatever scrutiny is appropriate to your position. You must be as open as possible about both your decisions and actions and the decisions and actions of the LEP. In addition, you should be prepared to give reasons for those decisions and actions.
  - You must declare any private interests, both pecuniary and non-pecuniary, including membership of any Trade Union, political party or Local Authority that relates to your LEP duties. Furthermore, you must take steps to resolve any conflicts arising in a way that protects the public interest. This includes registering and declaring interests in a manner conforming with the procedures set out in the

section 'Registering and declaring pecuniary and non-pecuniary interests' in the LEP's conflict of interest policy.

- You must, when using or authorising the use by others of the resources of your LEP, ensure that such resources are not used improperly for political or personal purposes (including party political purposes).
- You must promote and support high standards of conduct when serving in your LEP post, in particular as characterised by the above requirements, by leadership and example.

## **Example: Conflicts of Interest Policy**

1. The LEP is committed to ensuring that all Board Members and Officers act in line with the Nolan Principles of public life. This policy provides the detail of how LEP Board Members and Officers should consider conflicts of interest and declare any interests in line with the LEP's processes.
2. This policy explains the procedures through which the LEP will seek to maintain its high ethical standards and protect its reputation against any allegations of conflict of interest. It is communicated to everyone involved in the LEP to ensure their commitment to it and it applies to all staff and Board Members.
3. Board Members and staff take personal responsibility for declaring their interests and avoiding perceptions of bias. To demonstrate this all Board Members and staff produce and sign a register of interests and publication<sup>47</sup> on the website which is reviewed every six months and updated regularly.
4. In addition, the LEP ensures that the Conflict of Interest Policy is followed through its decision making processes. It is committed to ensuring that this policy applies to decision makers regardless of whether there is a formal meeting. The LEP ensures that decisions are recorded and published [link to publication policy], regardless of how they are taken to ensure full transparency in all LEP decisions.

## **Definition**

5. A conflict of interest is any situation in which an employee's or a board member's personal interests, or interests that they owe to another body, may (or may appear to) influence or affect their decision making.

## **Identifying conflicts of interest**

6. Conflicts can inhibit open discussions and may result in irrelevant considerations being taken into account or decisions being taken that are not in the best interests of the LEP. Conflicts may arise, for instance, where a Member's personal interests, for instance, as a shareholder in a company that is a potential beneficiary of grant funding, conflict with the interests of the LEP.
7. There may be commercial, actual or potential conflicts of interests. This policy covers all three types of interests.

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<sup>47</sup> Refer to Annex G for specific requirements on publication of the registers of interest.

## Registering and declaring pecuniary and non-pecuniary interests

8. As a Board Member or staff member of the LEP, you must:
9. Within 28 days of taking office, notify your LEP Chief Executive and Accountable Body's Section 151/Section 73 Officer of any disclosable pecuniary interest, where the pecuniary interest is yours, your spouse's or civil partner's, or is the pecuniary interest of somebody with whom you are living with as a spouse, or as if you were civil partners.<sup>48</sup>
10. Within 28 days of taking office, notify your LEP Chief Executive and Accountable Body's Section 151/ Section 73 Officer of any non-pecuniary interest which your LEP has decided should be included in the register or which you consider should be included if you are to fulfil your duty to act in conformity with the Seven Principles of Public Life.<sup>49</sup> These non-pecuniary interests will necessarily include your membership of any Trade Union.
11. Review your individual register of interest before each board meeting and decision making committee meeting and declare any relevant interest(s) at the start of the meeting.
12. If an interest has not been entered onto the LEP's register, then the you must disclose the interest at any meeting of the LEP where you are present, where you have a disclosable interest in any matter being considered and where the matter is not a 'sensitive interest'.<sup>50</sup>
13. Following any disclosure of an interest not on the LEP register or the subject of pending notification, you must notify the LEP Chief Executive and Section 151/Section 73 Officer of the interest within 28 days beginning with the date of disclosure.
14. Unless dispensation has been granted, you may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a pecuniary interest. Additionally, you must observe the restrictions your LEP places on your involvement in matters where you have a pecuniary or non-pecuniary interest as defined by your LEP.
15. Categories of disclosable interest are stated in the LEP's register of interest.

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<sup>48</sup> For the purposes of this guidance, we are using the definition of a pecuniary interest as set out in the [Localism Act 2011](#) and The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.

<sup>49</sup> A Non-Pecuniary interest is any interest which is not listed in the [Schedule to The Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012 \(No.1464\)](#).

<sup>50</sup> A 'sensitive interest' is described in the [Localism Act 2011](#) as a member or co-opted member of an authority having an interest, and the nature of the interest being such that the member or co-opted member, and the authority's monitoring officer, consider that disclosure of the details of the interest could lead to the member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.

16. LEP Board Member's and Officers should also familiarise themselves with the LEP's gifts and hospitality policy.

### **Procedure for managing conflicts**

17. When an interest materially affects a member's ability to vote without prejudice, this will be deemed to be non-trivial and a conflict of interest. In such circumstances the member will withdraw from the meeting while the discussion and vote takes place.
18. Upon the declaration of any conflicts of interest at a meeting of the Board, the non-conflicted members will:
- assess the nature of the conflict;
  - assess the risk or threat to member decision-making;
  - decide whether the conflict is non-trivial (that is, it is material or has the potential to be detrimental to the conduct or decisions taken by the members); and
  - decide what steps to take to avoid or manage the conflict.
19. The conflicted member must not take part in the discussion or decision and will not be counted when determining whether the Board meeting is quorate.
20. The non-conflicted members will consider whether it is necessary to seek the advice of the LEP's legal adviser on whether the conflict is nontrivial and/or on how to manage the conflict declared.
21. Subject to the provisions set out in the LEP's Articles of Association, if the non-conflicted members consider that the declared conflict is trivial, they may agree that the conflicted Member may continue to participate in discussions and the decision-making process.
22. If the non-conflicted members consider that the conflict is non-trivial, the non-conflicted members will determine what action is appropriate in light of the nature and extent of the conflict. A number of steps can be taken to deal with the conflict, including:
- excluding the conflicted member from discussions in relation to the matter to avoid inadvertently influencing the non-conflicted members;
  - excluding the conflicted members from decision-making in relation to the matter while the conflict exists;
  - delegating the matter to a sub-committee of non-conflicted members;
  - seeking independent advice to help with a decision;
  - appointing an alternative, non-conflicted member;
  - resignation of the conflicted member where the conflict is acute or pervasive; and/or
  - applying to the court for directions.

23. The Chair of the Board will inform the conflicted member of the non-conflicted members' decision. The secretary to the Board will note in the minutes of the meeting the conflict declared, an outline of the discussion and the actions taken to manage the conflict.
24. *[Drafting Note: the LEP should also provide information of the process that the LEP will follow if a Board Member or Officer is found to be non-compliant with this policy].*

# Annex G: Register of Interest

## **[NAME] Local Enterprise Partnership: Register of Members' Interests**

**[DATE]**

As a Board Member/Co-opted Member/ Sub-Board Member/ Staff Member of the [NAME] Local Enterprise Partnership (LEP), I declare that I have the following disclosable pecuniary and/or non-pecuniary interests. *(Please state 'None' where appropriate, do not leave any boxes blank).*

### **NOTIFICATION OF CHANGE OF CIRCUMSTANCES**

Each Board Member shall review their individual register of interests before each board meeting and decision making committee meeting, submitting any necessary revisions to the LEP and S151/S73 Officer at the start of the meeting. Any recorded interests relevant to the meeting should also be declared at this point.

Even if a meeting has not taken place a Member must, within 28 clear working days of becoming aware of any change to the interests specified below, provide written notification to the LEP and S151/S73 Officer, of that change.

**\*SPOUSE/PARTNER** – In the notice below my spouse or partner means anyone who meets the definition in the [Localism Act](#), i.e. my spouse or civil partner, or a person with whom I am living as a spouse or a person with whom I am living as if we are civil partners, and I am aware that that person has the interest having carried out a reasonable level of investigation. Where your spouse or partner has recently been involved in any activity which would have been declarable, this should be mentioned, with the date the activity ended.

| SECTION<br>1 | ANY EMPLOYMENT, OFFICE,<br>TRADE, PROFESSION OR<br>VOCATION CARRIED ON FOR<br>PROFIT OR GAIN | MEMBER (and/or spouse/partner<br>where applicable) |
|--------------|--|--|
| 1.1          | Name of:<br><br><ul style="list-style-type: none"><li>• your employer(s)</li></ul>           |  |



|                  |   |  |
|------------------|---|--|
|                  | <ul style="list-style-type: none"> <li>any business carried on by you</li> <li>any other role in which you receive remuneration (this includes remunerated roles such as councillors).</li> </ul>   |  |
| <b>1.2</b>       | Description of employment or business activity.   |  |
| <b>1.3</b>       | The name of any firm in which you are a partner.  |  |
| <b>1.4</b>       | The name of any company for which you are a remunerated director.   |  |
| <b>SECTION 2</b> | <b>SPONSORSHIP</b>  | <b>MYSELF (and/or spouse/partner where applicable)</b> |
| <b>2.1</b>       | <p>Any financial benefit obtained (other than from the LEP) which is paid as a result of carrying out duties as a Member.</p> <p>This includes any payment or financial benefit from a Trade Union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 (a).</p> |  |
| <b>SECTION 3</b> | <b>CONTRACTS</b>  | <b>MYSELF (and/or spouse/partner where applicable)</b> |
|                  | Any contract for goods, works or services with the LEP which has not been fully discharged by any organisation named at 1.1.  |  |
|                  | Any contract for goods, works or services entered into by any organisation named at 1.1 where   |  |

|                  |   |  |
|------------------|---|--|
|                  | either party is likely to have a commercial interest in the outcome of business being decided by the LEP.   |  |
| <b>SECTION 4</b> | <b>LAND OR PROPERTY</b>   | <b>MYSELF (and/or spouse/partner where applicable)</b> |
|                  | <p>Any interest you or any organisation listed at 1.1 may have in land or property which is likely to be affected by a decision made by the LEP.</p> <p>This would include, within the area of the LEP:</p> <ul style="list-style-type: none"> <li>• Any interest in any land in the LEP areas, including your place(s) of residency</li> <li>• Any tenancy where the landlord is the LEP and the tenant is a body in which the relevant person has an interest</li> <li>• Any licence for a month or longer to occupy land owned by the LEP.</li> </ul> <p>For property interests, please state the first part of the postcode and the Local Authority where the property resides. If you own/lease more than one property in a single postcode area, please state this.</p> |  |

|                  |  |  |
|------------------|--|--|
|                  |  |  |
| <b>SECTION 5</b> | <b>SECURITIES</b>  | <b>MYSELF (and/or spouse/partner where applicable)</b> |
| <b>5.1</b>       | <p>Any interest in securities of an organisation under 1.1 where:-</p> <p>(a) that body (to my knowledge) has a place of business or land in the area of the LEP; and</p> <p>(b) either –</p> <p>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</p> <p>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which has an interest exceeds one hundredth of the total issued share capital of that class.</p> |  |
| <b>SECTION 6</b> | <b>GIFTS AND HOSPITALITY</b>   | <b>MYSELF (and/or spouse/partner where applicable)</b> |
|                  | Any gifts and/or hospitality received as a result of membership of the LEP (above the value of £50).   |  |

## **OTHER INTERESTS**

## Membership of Organisations

I am a member of, or I am in a position of general control, a trustee of, or participate in the management of:

1. Any body to which I have been appointed or nominated by the LEP:

2. Any body exercising functions of a public nature (eg school governing body or another LEP):

3. Any body directed to charitable purposes:

4. Any body, one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union):

5. Any Local Authority (please state any interests you hold as LA leaders/cabinet members for LA land, resources and the LA's commercial interests):

6. Any other interest which I hold which might reasonably be likely to be perceived as affecting my conduct or influencing my actions in relation to my role.

**MEMBER'S DECLARATION AND SIGNATURE (not for publication: for LEP records only)**

I confirm that having carried out reasonable investigation, the information given above is a true and accurate record of my relevant interests, given in good faith and to the best of my knowledge;

|   |  |
|---|--|
| <b>Date</b>   |  |
| <b>Member's Name</b><br><i>(Capitals – in full)</i> |  |
| <b>Signature</b>                                    |  |

**RECEIPT BY LEP**

|   |  |
|---|--|
| <b>Date received by the LEP</b>         |  |
| <b>Signature of LEP Chief Executive</b> |  |

Principles for

# section 151 officers in accountable bodies

working with local enterprise partnerships

# \ introduction

The partnership between local enterprise partnerships (LEPs) and local authorities is an important one. Driving economic growth in local areas is a key strategic objective and one that underpins much of the long-term funding ambitions for the country's economy. The money generated through business rates will also play a key role in the funding of local public services over the coming years.

Through the Local Growth Fund the Government has committed significant financial resources to achieve this ambition. While much of this money is well managed through effective partnership and collaborative working between LEPs and accountable bodies, additional clarity on the role of the section 151 officer<sup>1</sup> is intended to strengthen positive practices already in place.

When a local authority or combined authority acts as the accountable body for a local enterprise partnership, the role of the relevant section 151 officer in overseeing the proper administration of financial affairs is extended to include those of the local enterprise partnership.

It is important that the roles and responsibilities of all key stakeholders are transparent and clearly communicated. Accountable bodies and LEPs should ensure that there are clearly defined roles and relationships for key LEP stakeholders. These include: section 151 officer, LEP chair, LEP chief executive, the LEP board, sub-boards; and, if applicable, the interaction of other accountable body figures, such as the monitoring officer or mayor.

Working together, CIPFA and the Cities and Local Growth Unit have developed five principles which they expect the section 151 officer role for LEPs to meet when instilling good and proportionate financial governance:

- 1 Enshrining a corporate position for the section 151 officer in LEP assurance.**
- 2 Creating a formal/structured mandate for the section 151 officer.**
- 3 Embedding good governance into decision making.**
- 4 Ensuring effective review of governance.**
- 5 Appropriate skills and resourcing.**

These principles define core activities and behaviours and will be supported by specific responsibilities agreed locally between the section 151 officers, the chair and chief executive officer (CEO) of the LEP. While the organisation structure may differ the principles that govern the role of the section 151 officer will remain constant.

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<sup>1</sup> For this guidance, any reference to the section 151 officer also refers to any equivalent ie section 73 officer or section 127 officer.

# \ about the principles

These principles recognise that each LEP is independent and has the flexibility to determine the details of its governance and accountability arrangements in line with the Government's *LEP National Assurance Framework*. They recognise the LEPs have a variety of legal forms, structures and funding streams including retained schemes and LEPs in mayoral combined authorities. The design of the principles recognises these differences whilst reflecting the role of the sections 151 officer within each arrangement as the principle of accountability does not change.

These principles are to be read in conjunction with the detailed National Assurance Framework and the Best Practice Guidance document provided to LEPs. This guidance forms part of the comprehensive framework developed by government to support LEPs to deliver their objectives. In addition, the Government has undertaken and published a Ministerial Review into LEPs, the outcomes of which will be incorporated into future National LEP Assurance Framework<sup>2</sup>.

These principles are designed to assist both section 151 officers to fulfil their role and LEPs to assist the process. In some cases, the section 151 officer may delegate some of the functions set out in this document. It is important that where this is the case, a scheme of delegation is documented for clarity. However, it should be noted that whilst the section 151 officer may choose to delegate functions, they cannot delegate accountability.

These principles reflect the role of the section 151 officer and do not extend beyond that function.

Following the consultation on the role of the section 151 officer additional matters that do not fall into the scope of this document have been raised including the role of the monitoring officer. These will be considered as part of the National Assurance Framework refresh.

## Greater focus on the section 151 role

As the amount of public funding which LEPs are responsible for increases; the role of the section 151 officer gains greater prominence in the LEP assurance model.

Building on the findings of previous work<sup>3</sup> The MHCLG Non-Executive Director (Mary Ney) Review into LEP governance and transparency<sup>4</sup> recommended that additional clarity was needed on the expectations of the role of the section 151 officer and the substance of how LEPs need to work with that role.

Mary Ney's report recommended that MHCLG work with CIPFA to provide better clarity on:

- the mechanisms the section 151 officers use to fulfil their role
- their requirements in terms of access to LEP decision-making bodies
- the ability to provide written and verbal financial advice
- the role of their transactional services
- the operation of normal checks and balances in approving expenditure, management of risk of fraud and corruption
- the monitoring of programme spend against resources, treasury management and borrowing
- the role of internal audit and external auditors and provision of an audit opinion for the LEP
- the visibility of reporting arrangements to both the accountable body and the LEP
- the production of accounts and inter-relationship with the LEP's own accounts, if relevant.

While the role of the section 151 officer is critical in maintaining good governance and standards, it is insufficient to rely on this alone. As with any organisation, the establishment of an embedded culture of transparency and accountability requires direct and proactive leadership from the chair and CEO of the LEP to ensure strong adherence to good governance and clarity on standards. For example, LEP leaders are responsible for making sure that new LEP board members receive training or induction into the culture and governance of the LEP, as well as core policies such as those on declarations of interest and whistleblowing.

<sup>2</sup> Strengthening Local Enterprise Partnerships, MHCLG Policy Paper, July 2018, [www.gov.uk/government/publications/strengthened-local-enterprise-partnerships](http://www.gov.uk/government/publications/strengthened-local-enterprise-partnerships)

<sup>3</sup> Local Enterprise Partnership, National Audit Office, December 2016

<sup>4</sup> Mary Ney Review Local Enterprise Partnerships Governance and Transparency, MHCLG, October 2017



# \ principle 1

## **Enshrining a corporate position for the section 151 officer in LEP assurance**

- The chair and chief executive of the LEP shall work with the section 151 officer to agree an effective responsibility arrangement. This will include both parties agreeing to work together to seek a mutually agreeable resolution where disputes arise. The shared responsibility should be agreed and set out in the Local Assurance Framework, ahead of the section 151 officer writing to the accounting officer of MHCLG as required in the National Assurance Framework. The section 151 officer must also provide an Annual Assurance Statement on their work for the LEP over the last twelve months and their opinion with a specific requirement to identify any issues of concern on governance and transparency as part of the LEP's Annual Conversation with government – beyond this, they are free to delegate.
- The section 151 officer shall be supported by the LEP and the accountable body to carry out such checks as are necessary to independently ensure the proper administration of financial affairs in the LEP.
- Where the section 151 officer raises concerns or makes recommendations about changes required to ensure the proper administration of financial affairs, these shall be acted upon promptly by the LEP.
- The section 151 officer and chief executive/ chair acknowledge that proper administration of financial affairs continues throughout the year. Any improvements required should be clearly set out in the Local Assurance Framework action plan and monitored appropriately for delivery. Both have a role in identifying staff training needs to ensure compliant spend of funds and that all staff understand the governance and control arrangements.

# \ principle 2

## **Creating a formal/structured mandate for the section 151 officer**

- The LEP board, and its supporting governance structure (where there are appropriate schemes of delegation), is the strategic body responsible for taking decisions on LEP business and LEP programme activity.
- Where concerns or improper financial administration are identified the section 151 officer shall provide recommendations for improvements to be made. The LEP board shall be responsible for making changes to address the concerns in line with the recommendations following local discussion with the section 151 officer in line with the agreed responsibility arrangement. Where the board does not agree with the recommendations and no agreement on the way forward can be reached with the section 151 officer, the matter shall be referred to MHCLG who will escalate as appropriate.
- The section 151 officer shall have the right to record an opinion if required on the financial implication and assessment of risk (such as delivery risks and cost overrun risks) in every board paper. The LEP board do not have to follow the section 151 officer's advice above, but where they decide on a course of action which goes against that advice, the board should indicate and record the rationale for not following it.
- Section 151 officers (or their delegated representatives) should also be invited to attend all board meetings and board agenda setting meetings, but shall not be entitled to vote or otherwise make LEP decisions.
- The LEP shall recognise that treasury management and borrowing is part of the role of the accountable body.
- The section 151 officer should ensure that there are the correct, established financial processes in place leading up to board decisions such that financial delegations are respected.
- Where there are concerns about systemic financial problems this shall be raised with the Cities and Local Growth Unit. The section 151 officer will work with the LEP to improve financial standards, and progress shall become a standing item in the board meetings until the section 151 officer is satisfied that the issue has been resolved.
- The 151 officer and the LEP should agree appropriate arrangements over the discharge of the functions of an audit committee.

# \ principle 3

## **Embedding good governance into decision making**

- The section 151 officer working with the LEP chief executive and chair should ensure that the LEP and accountable body has procedures in place to consider the financial implications of decisions before and during the decision making process rather than reviewing decisions afterwards.
- LEPs and the section 151 officer should agree the budget risks facing the LEP at the outset of the financial year, and review them on a frequent basis. The risk appetite should be understood by both the LEP and the section 151 officer. The LEP shall provide the risk register to the section 151 officer on each occasion that it is revised.
- At the beginning of the budget year, the section 151 officer should be entitled to comment on the adequacy of the budget plan. This should be provided by the LEP chief executive at the beginning of each financial year.
- In addition, the LEP should set out their scrutiny arrangements in their Local Assurance Framework to make sure there is strong governance in place, and appropriate scrutiny procedures to support that governance.
- If the dual role of the section 151 officer results in a potential conflict of interest impartial advice should be sought to ensure transparency.

# \ principle 4

## **Ensuring effective review of governance**

- An internal audit plan should be agreed for the year, this plan should include a risk-based audit plan of LEP activity that will provide assurance to the section 151 officer and the LEP board at appropriate points through the year. LEPs should ensure that there are arrangements for funding the internal audit activity.
- The internal auditors of the accountable body may provide assurances to both the LEP Board and the section 151 officer. Guidance on internal audit sets out the assurances to be provided and the reporting relationships to maintain audit independence.
- Following a completed audit (by either internal or external audit) where there are comments that relate to the LEP they should be reported back to the board by the Section 151 officer and chief executive or their representatives and provided to the Cities and Local Growth Unit.
- Where serious concerns are encountered during the year for example repeated non-compliance with legal requirements or fraud then the section 151 officer shall promptly raise these with the Cities and Local Growth Unit. Local resolution should be the first mechanism to resolve disputes, if this has been unsuccessful it should be raised with the Cities and Local Growth Unit.

# \ principle 5

## **Appropriate skills and resourcing**

- The section 151 officer shall be given appropriate resources to carry out its functions in respect of the LEP, including audit where appropriate. LEPs and accountable bodies should frequently review resource needs, and consider if they are being appropriately met.
- Underpinning good governance in the LEP model is an expectation of mutual support between the LEP and its accountable body.
- There should be a culture of working that respects the section 151 officer role of ensuring appropriate procedures are in place for scrutiny and financial rigour.



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