

Cabinet

Meeting to be held on 2nd April 2015

Report of the Chief Executive

Electoral Division affected: None

Lancashire Enterprise Partnership – Assurance Framework (Appendix 'A' and 'B' refer)

Contact for further information:

Beckie Joyce, 01772 536617, Office of Chief Executive,
Beckie.joyce@lancashire.gov.uk

Executive Summary

- 1.1 The Lancashire Enterprise Partnership (LEP) oversees strategic economic growth and development initiatives across the LEP area. Key initiatives include the Lancashire Enterprise Zone, the Preston, South Ribble and Lancashire City Deal, Boost Business Lancashire and the Growing Places Fund. The LEP has recently secured one of the country's most significant Growth Deals with over £250M now competitively secured from the Government's Local Growth Fund (LGF).
- 1.2 The County Council is the Accountable Body for the LEP and the LGF will be passed to the County Council, in the form of a Section 31 Grant and the Growth Deal Statements set out the requirement for all LEPs to prepare an Assurance Framework, prior to the draw down of LGF in April 2015.
- 1.3 It is the responsibility of the County Council, as the Accountable Body for the LEP, to confirm to Government that the AF has been prepared in line with guidance issued by Government and that it has been approved by the Accountable Body.
- 1.4 The County Council's Scrutiny Committee were asked to consider an early draft of the AF and comments have been incorporated within the revised AF.
- 1.5 Government officials have been sighted on working drafts of the AF and have confirmed the AF meets the criteria and is in accordance with their guidance.
- 1.6 As part of the broader stakeholder engagement, the LEP offered Lancashire MPs the opportunity to attend briefing sessions on the development of the AF. The Lancashire Chief Executives Group received a presentation on the AF at their meeting on combined arrangements on 30th March.
- 1.7 The LEP Board considered and approved a final draft of the AF at its meeting in March and the AF is attached at **Appendix 'B'**.

1.8 There is a requirement to update the AF according annually, and / or according to business need, and the AF will be published on the LEP's website.

Recommendation

The Cabinet is recommended to:

- (i) Authorise the Chief Executive and the Section 151 Officer to write to Government to confirm that:
 - (a) the Accountable Body arrangements for the LGF and other funding sources received from Government are in place;
 - (b) the use of LEP resources, received by the Accountable Body, on behalf of the LEP, are subject to local authority checks and balances and are overseen and checked by the Responsible Chief Finance Officer – the Section 151 Officer;
 - (c) decisions and activities of the LEP conform with legal requirements;
 - (d) the Assurance Framework will be adhered to; and
 - (e) the County Council will keep an official record of LEP proceedings and holding copies of all relevant LEP documents relating to LGF funding;

Background and Advice

1. Introduction

1.1 The Lancashire Enterprise Partnership (LEP) oversees a number of strategic economic growth and development initiative across the footprint of the LEP area, which includes the footprint of the County Council, Blackburn with Darwen Council and Blackpool Council. Key initiatives include the Lancashire Enterprise Zone, the Preston, South Ribble and Lancashire City Deal, Boost Business Lancashire and the Growing Places Fund.

1.2 In addition to these significant programmes, the LEP has also recently secured one of the country's most significant Growth Deals with over £250M now competitively secured from the Government's Local Growth Fund (LGF). The Growth Deal will enable the delivery of strategic transport, skill and economic development initiatives across the LEP footprint area.

1.3 The County Council is the Accountable Body for the LEP and the LGF will be passed to the County Council, in the form of a Section 31 Grant. The Growth Deal Statement issued by Government to the LEP in 2014 confirmed that the LEP had been awarded a high degree of flexibility, stating that:

"the Lancashire LEP has demonstrated strong partnership arrangements which deliver collective decisions, has articulated a clear and deliverable vision for growth in the area, and has established strong financial monitoring procedures and cross local authority

collaboration. The Lancashire LEP will be expected to deliver the projects highlighted in the Deal, but will have flexibility over the management of these projects in order to deliver the greatest economic benefits to the area"

As such the Government confirmed that the LGF would be paid to the Council on an annual basis, in advance. It should be noted that a number of LEPs have not been awarded the same degree of flexibility and are required to make quarterly draw down requests, based on individual project performance.

- 1.4 The Growth Deal Statements set out the requirement for all LEPs to prepare an Assurance Framework, prior to the draw down of LGF in April 2015.
- 1.5 The Department for Business Innovation and Skills (BIS) issued LEPs with guidance to assist them on the preparation of the AF in December. The Department for Communities and Local Government (CLG) have also requested that the County Council, as Accountable Body for the LEP, write to Government, in April 2015, confirming that
 - (i) The LEP has prepared an AF;
 - (ii) That the AF has been prepared in line with guidance; and
 - (iii) That the County Council has approved the AF
- 1.6 The primary purpose of the AF is to ensure that the established policies, programmes, and procedures of the LEP are held in one document.
- 1.7 The LEP established a Growth Deal Implementation Programme Board, chaired, on an interim basis, by a LEP Director and supported by the County Council's Director of Economic Development and with senior officer representation from Blackpool and Blackburn Councils. The LEP delegated the on-going preparation of the AF to the Director of Economic Development, in consultation with the LEP Chairman and interim Chair of the Programme Board.
- 1.7 The Leader of the County Council considered and approved a report in January 2015 which recommended that the County Council's Scrutiny Committee be asked to consider an early working draft of the AF.
- 1.8 The County Council's Scrutiny Committee commented on a working draft of the AF at its meeting in March and these comments have been considered by the LEP Board, and legal and finance officers of the County Council. **Appendix 'A'** sets out these comments, and explains how these have been taken forward in the revised AF.
- 1.9 As part of the broader stakeholder engagement, the LEP offered all Lancashire MPs an opportunity to attend briefing sessions on the development of the AF, however no MPs attended the sessions.

- 1.10 The Lancashire Chief Executives Group received a presentation on the AF at their meeting on combined arrangements on 30th March, and the Cabinet will be updated at its meeting on any matters arising from this meeting.
- 1.11 The LEP Board considered and approved a final draft of the AF at its meeting on 17 March 2015 and endorsed its submission to this meeting of Cabinet.

2. Assurance Framework – Summary

- 2.1 The AF has been prepared in accordance with Government guidance and comprises 5 sections.

2.2 Section 1 - Governance and LEP Governance and Decision Making

This section sets out the terms of reference for the LEP Board and its Committees and delivery and implementation arrangements the LEP and partners have established to progress key initiatives. It should be noted that at its meeting in March the LEP agreed to establish a Performance Committee to provide oversight on four key areas of performance: *Resources, Decision Making, Implementation and Monitoring and Evaluation*.

2.3 Section 2 - Local Authority Partnership working

This section of the AF sets out the current position with regard to local authority partnership working. The LEP is aware of the important discussions underway between Lancashire leaders on the potential for combined arrangements, and this is set out in this section. Government and the LEP recognise that this is only a "holding position" and that the AF will need to be updated in due course and when discussions reach a conclusion.

2.4 Section 3 - Transparent Decision Making

This section of the AF provides the detail and evidence that the LEP has arrangements in place enabling effective and meaningful engagement of local partners and public, and that those arrangements operate transparently with LEP decisions capable of being independently scrutinised.

2.5 Section 4 - Accountable Decision Making

This section of the AF demonstrates that the LEP, and the its Accountable Body, have put in place the administrative, financial and legal support necessary to enable the LEP to carry out its functions in an effective and efficient way.

The on-going discussions on local authority and LEP partnership working will inform how, in the future, oversight and scrutiny of the LEP could be taken forward. The AF sets out the current position with regard to oversight of the LEP, namely that the LEP is subject to scrutiny in accordance with existing legislation, and that any local authority scrutiny committee within Lancashire can scrutinise the role or activities of the LEP or its sub groups. The LEP recognises that this, could, potentially, mean that a number of local authorities could instigate a scrutiny process at the same time, which may not be productive. There could be merit in Lancashire Leaders, on an interim basis,

taking on the oversight of the activities of the LEP, and the Chief Executives Group, at its meeting on 30th March was asked to consider this proposal, with a view to preparing draft terms of reference for this role, for consideration at a future meeting of Lancashire Leaders. The Cabinet will be updated on any issues arising from this meeting.

2.6 **Section 5 - Ensuring Value for Money**

This section of the Assurance Framework sets out the processes which are in place to ensure that value for money is obtained from the LEP's direction of public resources.

3. **Conclusion**

- 3.1 The AF will need to be reviewed and updated annually, and / or according to business need and the County Council, as Accountable Body for the LEP, will therefore be required, periodically, to confirm to Government that the AF continues to remain fit for purpose. Subject to approval by Cabinet the County Council's Chief Executive and Section 151 officer will confirm to the Permanent Secretary at the Department for Communities and Local Government that the AF has been prepared in accordance with Government's guidelines and approved by the Accountable Body.

Risk management

The County Council, as the Accountable Body for the LEP, has to confirm to Government that an AF has been prepared in line with guidance. Without an agreed AF in place there is a risk that the timescales within which the Growth Deal resources can be drawn down could be impacted upon.

Finance

The assurance framework has been prepared in accordance with government guidelines and, following approval by Cabinet, the council's Section 151 officer will be able to confirm this to government.

Controls are in place from within the Council's finance team to ensure that the Accountable Body arrangements for LGF and other funds received from government are in place and are adhered to. The use of resources are subject to the Council's checks and balances and control procedures, including the holding of financial records relating to all funding. The Council has put in place robust financial monitoring arrangements which are subject to both internal and external audit.

BACKGROUND:

Consultations

The Scrutiny Committee have been consulted on a working draft of the AF and the comments are set out at **Appendix 'A'**.

List of Background Papers

Paper	Date	Contact/Directorate/Tel
N/A		