

Lancashire County Council

Scrutiny Committee

Minutes of the Meeting held on Friday, 13th March, 2015 at 10.30 am in Cabinet Room 'B' - The Diamond Jubilee Room, County Hall, Preston

Present:

County Councillor Bill Winlow (Chair)

County Councillors

A Barnes	J Shedwick
C Crompton	V Taylor
G Dowding	C Wakeford
D O'Toole	D Watts
M Parkinson	G Wilkins

County Councillor Gina Dowding replaced County Councillor Liz Oades for this meeting.

1. Apologies

Apologies were received from County Councillors Richard Newman-Thompson and Clare Pritchard.

2. Disclosure of Pecuniary and Non-Interests

None were received.

3. Minutes of the Meeting held on 13 February 2015

Resolved: That the minutes of the meeting held on 13 February be confirmed and signed by the Chair.

4. Lancashire Enterprise Partnership - Assurance Framework

The Chair welcomed Beckie Joyce, Head of Strategic Development, and Joanne Ainsworth, Senior Management Accountant, to the meeting. A presentation was given on the Lancashire Enterprise Partnership's (LEP) Assurance Framework.

It was reported that Lancashire County Council is the accountable body for the LEP, and is therefore required to sign off the LEP's Assurance Framework. The Framework will be reviewed on an annual basis, and it was confirmed that the Scrutiny Committee would be involved in that process. It was emphasised that Government have directed local growth funding resources through local enterprise partnerships, with the LEP now managing the Enterprise Zone, City

Deal, Growing Places Fund and Business Boost Lancashire. Lancashire's LEP is one of the largest in the country with £250m of local growth fund resources being made available up until 2021.

As the significance of LEPs has increased with increased funding, Government has issued the requirement for an Assurance Framework document to be produced, before the commencement financial year, 2015/16, and has produced a guidance document for accountable bodies. The Framework was likened to a constitution with regard to its aims and purpose, this being to put all information relating to assurance into one all-encompassing document. It was reported that briefing sessions were offered to all local MPs in February and March, although there was no take up of the offer.

The Committee were informed that a report will be delivered to the LEP Board on Tuesday, 17 March, 2015, with an update from the Scrutiny Committee to be provided at the meeting. Additionally, a presentation will be delivered to Lancashire Chief Executive Group on 30 March, 2015. The document will then go through the Executive Scrutiny Committee, 31 March, 2015, and will be considered for approval at Cabinet on 2 April, 2015.

The Assurance Framework was organised into five sections; these being:-

- Governance and Decision Making
- Local Authority Partnership working
- Transparent Decision Making
- Accountable Decision Making
- Ensuring Value for Money

Section 1, Governance and Decision Making: This outlined the six committees the LEP have, who the Board members are, what the terms of reference are for the aforesaid committees, and what measures are taken to ensure that its governance is tight. In addition to the six established committees, there are two proposed groups - the Performance Committee and the Growth Deal Management Board.

The Growth Deal Management Board is planned to specifically run the Growth Deal, akin to current arrangements around the City Deal.

The Performance Committee would focus on four key areas:-

1. Ensuring that the LEP is getting everything it can into Lancashire and whether it is doing everything it should be doing in comparison to other similar enterprise partnerships.
2. Whether the LEP is prioritising its investment in the right way and whether the factors that are guiding these decisions are strong.
3. Once the LEP has agreed certain project initiatives to be funded, the Performance Committee will be concerning itself with whether they are on track, whether they are meeting their milestones and whether they are achieving everything they said they would.

4. Regarding the long term value of these initiatives, analysis of whether the money was invested in the correct projects, and whether they delivered the right outcomes for Lancashire will be undertaken.

It was specified that ordinarily the Performance Committee would contain an audit function, however, as LCC is the accountable body, the audit function would remain with LCC.

Section 2, Local Authority Partnership Working: Government guidance outlines that LEPs are required to explain their formal relationships with local authorities. It was explained that Government understands that, due to ongoing discussions regarding the potential for combined arrangements, it would not be feasible at this stage to commit to significant detail in this section. It was made clear that, as discussions developed, this section of the Framework would be completed, and it was anticipated that subsequent versions of this section would contain a detailed outline of this relationship.

Section 3, Transparent Decision Making: This section concerned transparency and freedom of information. It was noted that this section demonstrated how the Framework reflected work already undertaken, for example in the changes already made to ensure that agendas would be made publicly available on Lancashire County Council's website and Lancashire Enterprise Partnership's website. Members were informed that there are two new standard protocols around gifts and hospitality, and conflict of interests. The Performance Committee would have a role in ensuring that these protocols were upheld.

Section 4, Accountable Decision Making: This section concerned the technical financial role of the accountable body and its relationship back to the LEP.

Section 5, Ensuring Value for Money: It was explained that Government require information concerning how the LEP are ensuring value for money. This section also outlined the technical processes to ensure the understanding of the key initiatives, priorities for Lancashire going forward, and the subsequent filtering and management of the process through to the delivery stage.

It was explained that a strong example had been set from the extensive work undertaken towards the establishment of Transport for Lancashire, which involved following rigorous processes set of by the Department for Transport (DFT). It was noted that the processes included in the Assurance Framework in this area are in practice and working well, with business cases coming forward for Lancashire which are being scrutinised and independently appraised. It was noted that DFT officials have held it up as a good example of an Assurance Framework working well.

The Chair thanked the officers for delivering the presentation and welcomed the clarity regarding how the process works and the developments towards greater transparency.

The Committee were invited to ask questions and raise any comments about the Assurance Framework document.

- It was highlighted that on page 31 it specifies that any local authority Scrutiny Committee can jointly or separately scrutinise the work undertaken by the LEP. It was recognised that there was scope for confusion and duplication in 15 authorities conducting individual scrutiny, and that therefore there was likely to be value in considering the creation of a Joint Scrutiny Committee.
- It was voiced that detail is present about governance and scrutiny of the Board but it was felt that the Framework should include information on how Board members were appointed, how their performance was reviewed and what processes were in place that held accountable and how membership of the Board would end or be terminated.
- Regarding gifts and hospitality, and complaints, it was noted that this section was absent from the draft Framework circulated to the Scrutiny Committee, therefore scrutinising the detail of these elements wasn't possible. Members were informed that there would be the opportunity to scrutinise these elements before Executive Scrutiny on 31st March and Full Council on 2nd April.
- Members noted the proposed Performance Committee and sought clarification concerning what other forms of self-evaluation and performance review had been carried out thus far. It was reported that these functions had to date been carried out within the existing arrangements, but that it was now appropriate for this area of work to be strengthened and developed by a specialist committee.
- In relation to the LEP and its activities, the Committee emphasized the need for the full engagement and involvement of democratically elected representatives. It was accepted that this was crucial, and noted that the development of Section ", reflecting ongoing discussions with all authorities in Lancashire, would be crucial in properly describing and developing the relationship between the LEP and councillors.
- Members queried the arrangements for dispute resolution through the Independent person(s). It was felt that further information on the powers of the independent person and any obligations on the two sides in dispute would be useful.
- The Committee questioned whether the 10% minimum contribution required in relation to the Local Funding Contribution for transport schemes could be waived and were informed that there is no opportunity for any of the funding to be waived.
- Members sought clarification of the meaning of the word 'estate' and whether any of the Local Growth Fund money would be spent on training

people, or only for the creation/improvement of training facilities. Members were informed that the word 'estate' means the property/buildings owned by the school or college. The assessment of estates would ensure that schemes can be delivered for the estimated costs and whether they will be viable. In addition, Members were made aware that the Local Growth Fund is all capital.

- The Committee sought clarification of the ESIF Partnership, what the acronym means and what its function and relationship with the LEP is. Members were informed that ESIF stands for European Structural Investments Fund. The ESIF partnership is not a formal partnership of the LEP and is an arrangement established by Government, but which has local representation and which was important to align to LEP objectives and priorities. It was reported that consideration had been given in the past to formally aligning Growth Deal and European funding, although this had been deemed to be unmanageable and therefore alternative partnership arrangements were implemented. Members were informed that "Bite Sized Briefings" had been delivered around this partnership, however further sessions were proposed in order to help Members to understand the partnership further.
- Concerns were raised that the membership of the Skills Board included representatives of organisations that were applying for and receiving funding, and that there was the potential for conflicts of interest to arise. It was made clear that the terms of reference are expressly designed to avoid this scenario and prohibit this scenario arising.
- Committee members suggested that similar increases of skills funding in the past led to an influx of training and skills providers, some of which did not provide the necessary quality of provision. Members, therefore, enquired whether there existed any quality assurance for any interested agencies. The Committee were reassured that LCC have invested a significant amount of resources into the Boost initiative which ensures that the suppliers and providers are reputable and deliver their promises for Lancashire. LCC is looking to further extend this program.
- Enquiries were made whether there would be Member involvement with the complaints procedure. It was advised that complaints would, in the first instance, be dealt with by the LEP itself, but that there was no reason why information about complaints and actions taken in response could not be shared with members through scrutiny or other oversight arrangements.
- The Committee noted that there is one elected representative from LCC on the LEP Board, this being the Leader of the County Council, and therefore, an elected member from LCC would not be present if the Leader was absent. In general, it was felt that there could be more local councillor representation on the Board, given the importance of the LEP and the amount of public funding it was responsible for. It was highlighted that the government rules, reflected in the articles of association allow for up to

twenty members on the LEP Board. The current number of Board members was 15, ten from the private sector and the remaining five from local authorities and that there was therefore an opportunity for up to five additional Board members, who could be local councillors. Members were informed that the five local authority representatives who are already members of the Board are Leaders, or Deputy Leaders, of five authorities across the County. Government rules state that the Board must have a private sector Chair and must be more significantly represented by the private sector in comparison to the public sector. Consequently, it was suggested that this be clarified within the text.

Resolved: That,

- i. In relation to the membership of the LEP Board itself,
 - a. The Framework should clearly explain how the membership of the LEP Board is determined, with reference to any government guidance and local determinations
 - b. The Framework should set out how Board members are appointed, how they are held to account for their actions, and how their membership of the Board would end or could be terminated.
 - c. Consideration should be given to increasing the number of locally elected representatives on the Board. It was noted that the current composition of the LEP was smaller than the permitted maximum, and that therefore there was room for further places to be given to local councillors.
- ii. Consideration should be given to how locally elected politicians could be involved in the monitoring of complaints made against the LEP.
- iii. Paragraph 4.10 on Independent Scrutiny will, in time, need to be developed further to ensure that local Overview and Scrutiny arrangements are in line with wider local authority engagement to be set out in Section 2. The committee recognised the advantages of joint scrutiny, formal or informal, between all 15 local authorities in the LEP area.
- iv. There should be clarity about the powers of the independent person(s) in conflict resolution (paragraph 4.9), and whether the LEP and the local authority should be bound to accept any ruling or recommendation of the Independent person(s).
- v. Consideration should be given to ensuring that the Framework is clear throughout on the assurance measures in place in relation to the allocation of funding through any of the funding streams under the control of the LEP. The Committee was keen to ensure that the assessment of organisations and projects in receipt of public money was seen to be extremely robust, and that this should therefore be fully reflected in the Framework document.

- vi. In relation to the Skills Board, the Framework should be clear on how possible conflicts of interests have been, and will be in the future, avoided in the allocation of funding, especially where those bodies potentially in receipt of funding are represented on the decision making body.
- vii. On the Local Funding Contribution for transport schemes, it was felt that it should be made clear that the 10% minimum contribution could not be waived in any circumstances
- viii. A series of "Bite Sized Briefings" be arranged on LEP related matters, with ESIF and skills funding being particularly identified as areas where councillors would benefit from increased understanding.

5. Work Plan and Task Group Update

An update was provided on the Committee's work plan and current task groups.

Resolved: That the current workplan and task group update be noted

6. Urgent Business

There was no urgent business

7. Date of Next Meeting

It was noted that the next meeting of the Scrutiny Committee will be held on Friday, 17 April at 10:30am at the County Hall, Preston.

I Young
Director of Governance, Finance
and Public Services

County Hall
Preston