

Scrutiny Committee

Meeting to be held on 13th March 2015

Electoral Division affected: Insert which Division(s) or 'All' or 'None'
--

Lancashire Enterprise Partnership – Assurance Framework

(Appendix 'A' refers)

Contact for further information:

Martin Kelly, 01775 536617, Office of the Chief Executive

martin.kelly@lancashire.gov.uk

Executive Summary

- 1.1 The Lancashire Enterprise Partnership (LEP) oversees a number of strategic economic growth and development initiatives across the footprint of 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.
- 1.2 In addition to these programmes, the LEP has also secured one of the country's most significant Growth Deals with over £250M now competitively secured from the Government's Local Growth Fund (LGF).
- 1.3 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 over its Growth Deal programme and that the LGF would be paid to the Council on an annual basis.
- 1.4 The Growth Deal Statement also set out Government's expectations and requirements that would need to be in place before the LEP, via the County Council, could draw down LGF in April 2015. To this end, the LEP needs to prepare an Assurance Framework (AF).
- 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 and the LEP has established a Growth Deal Implementation Programme Board to oversee the drafting of the AF.
- 1.6 The County Council, as the Accountable Body for the LEP, will, in due course, have to satisfy itself that the Assurance Framework has been prepared in line with the guidance issued by Government. 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 which is attached at Annex 1. Elements of the AF are still subject to further technical input from legal, financial and audit officers of

the County Council.

- 1.7 The LEP is engaging with key stakeholders on the preparation of its AF, including with Lancashire MPs, Local Authority Leaders and Chief Executives. The final AF will be further informed by these on-going discussions.
- 1.8 The LEP Board will consider the draft of the AF at its meeting on 17 March 2015 and the AF will then be brought to the Cabinet's April meeting for its consideration. The Cabinet will be asked to consider the AF and, subject to its approval, the Chief Executive of the County Council will then write to Government confirming the County Council has undertaken its responsibilities as Accountable Body.

Recommendations

The Scrutiny Committee is asked to:

- i) Note the arrangements that the LEP has put in place to prepare the Assurance Framework;
- ii) Note that some elements of the Assurance Framework are still subject to on-going consultation and discussion;
- iii) Note that the County Council, as Accountable Body, will be required to confirm to Government that an Assurance Framework has been prepared and agreed in line with Government guidance;
- iv) Comment upon the working draft of the Assurance Framework; and
- v) Note that a final copy of the Assurance Framework will be submitted for consideration by the County Council's Cabinet on 2nd April and by the Executive Scrutiny Committee on 31st March.

Background and Advice

Executive Summary

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 is important to note 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 Statement also briefly set out Government's expectations and requirements that would need to be in place before the LEP, via the County Council, could draw down LGF in April 2015. To this end, the LEP needs to prepare an Assurance Framework (AF).

- 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 LEP has established a Growth Deal Implementation Programme Board, chaired, on an interim basis, by LEP Director Graham Cowley supported by the County Council's Director of Economic Development and with senior officer representation from Blackpool and Blackburn Councils. The LEP has 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 which is attached at **Annex 1**.

1.8 The LEP Board will consider a draft of the AF at its meeting on 17 March 2015 and the AF will then be brought to the Cabinet on 2 April for its consideration and approval. The Cabinet will be asked to consider the AF and, subject to its approval, the Chief Executive of the County Council will then write to Government confirming the County Council's responsibilities as Accountable Body.

2. Assurance Framework

2.1 The draft AF has been prepared in accordance with Government guidance and comprises 5 sections. It should be noted that the draft AF is a working draft and that certain elements of the document require further technical input and are subject to on-going discussion consideration by legal and finance officers of the County Council and with key stakeholders.

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 also provides further detail on the delivery and implementation arrangements which the LEP has established to progress its key initiatives.

2.3 Section 2 - Local Authority Partnership working

This section of the final AF will set out the arrangements in place to demonstrate the relationship between the LEP and the Local Authority Leaders. Committee members will be aware of the on-going Lancashire wide discussions between Lancashire Leaders regarding the potential to establish combined arrangements and the AF will need to reflect these discussions.

The draft Assurance Framework will be an agenda item on the 30th March meeting of the Lancashire Chief Executives.

2.4 Section 3 - Transparent Decision Making

This section of the Assurance Framework 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 Assurance Framework demonstrates that the LEP, and the County Council, as 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.

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. Key Next Steps

- 3.1 The LEP is engaging with key stakeholders on the preparation of its Assurance Framework including with Lancashire MPs, Lancashire Local Authority Leaders and Chief Executives. The Scrutiny Committee will be updated on the stakeholder engagement at its March meeting.
- 3.2 The LEP Board will consider a further draft of the Assurance Framework at its meeting in March, where it will also consider the establishment of a Performance Committee.
- 3.3 Subject to endorsement from the LEP Board in March, a final Assurance Framework will be brought to the County Council's Cabinet for consideration on April 2nd. The Cabinet will be asked to confirm that:
 - (i) accountable body arrangements for the LGF and other funding sources received from Government are in place;
 - (ii) the use of resources are subject to the usual local authority checks and balances and are overseen and checked by the Responsible Chief Finance Officer – the Section 151 Officer;
 - (iii) decisions and activities of the LEP conform with legal requirements;
 - (iv) the assurance framework will be adhered to; and
 - (v) the County Council will keep an official record of LEP proceedings and holding copies of all relevant LEP documents relating to LGF funding;
- 3.4 When approved by Cabinet the County Council's Chief Executive and Section 151 officer will confirm to Government that the document has been prepared in accordance with Government's guidelines.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

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.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Directorate/Tel
LEP Assurance Framework	Dec 2014	Beckie Joyce 01772 536617