



## **Lancashire Enterprise Partnership Limited**

**Private & Confidential: NO**

**Date: 17 March 2015**

**LEP Assurance Framework  
(Appendices 'A' and 'B' refer)**

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### **Executive Summary**

Every Local Enterprise Partnership is required by Government to prepare an Assurance Framework, with each accountable body required to confirm to Government that the Framework has been prepared, and agreed, in line with national guidance. The purpose of this report is to provide a near final draft Assurance Framework for consideration by the LEP Board.

### **Recommendations**

The Board is asked to:

- (i) Approve the establishment of a Performance Committee, as outlined in Section 2.3 of this report;
- (ii) Request that detailed terms of reference for the Performance Committee be brought to the April meeting of the LEP Board;
- (iii) Approve the LEP Board Director Protocol relating to Gifts and Hospitality, as set out in Appendix 'A' Annex 6;
- (iv) Approve the LEP Complaints Policy, as set out in set out in Appendix 'A' Annex 7;
- (v) Note the stakeholder arrangements for engagement with Lancashire local authorities on the draft Assurance Framework;
- (vi) Approve the draft Assurance Framework, attached at Appendix 1 and delegate authority to the LEP Chair, Interim Chair of the Shadow Growth Deal Programme Board and Director of Economic Development and County Solicitor to finalise the document;
- (vii) Note and approve the revised Terms of Reference of the Lancashire Skills Board, as set out Appendix 'A', Annex 1;



- (viii) Approve the submission of the draft Assurance Framework to the Cabinet meeting of Lancashire County Council, as accountable body for the LEP, on 2<sup>nd</sup> April;
- (ix) Approve the approach to Growth Deal evaluation, as set out in Section 4 of this report, and request that a detailed presentation be made to the LEP Board at a future meeting; and
- (x) Note that, subject to approval by the Cabinet of the County Council, the Assurance Framework, Monitoring and Evaluation Framework and Implementation Plan will be submitted to Government in April.

## 1. Background

1.1 The Lancashire Enterprise Partnership (LEP) secured one of the country's most significant Growth Deals with over £234M competitively secured from the Government's Local Growth Fund (LGF). Our Growth Deal programme has an investment value of over £500m, with the capacity to generate nearly 8,000 jobs and create over 3,300 new homes. The Growth Deal will enable the delivery of strategic transport, skill and economic development initiatives across the LEP footprint area.

1.2 In addition to confirming the schemes and initiatives to be supported by the Growth Deal, 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"*

1.3 In recognition of this performance 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 set out a number of requirements which need to be addressed before the LEP can draw down LGF from April 2015.



- 1.5 The LEP is required to prepare and submit a suite of documents for Government consideration. The documents are: A LEP Assurance Framework; a Growth Deal Implementation Plan; and a Growth Deal Monitoring and Evaluation Framework.
- 1.6 The LEP Assurance Framework is the most significant of the three documents and, as well as being approved by the LEP, also needs to be agreed by Lancashire County Council, the LEP's accountable body.
- 1.7 The Shadow Growth Deal Programme Board, chaired by Mr Graham Cowley, is overseeing the preparation of these documents. The remainder of this report summarises progress on the preparation of the three documents and draws the attention of the Board to key matters arising.

## 2. Assurance Framework

- 2.1 The current draft of the Assurance Framework is attached at **Appendix 'A'** and the Board will receive a presentation on the document at their meeting. It should be noted that Government expect the Assurance Framework to be reviewed annually, and according to business need. The Assurance Framework, prepared in accordance with Government guidance comprises five sections: Governance and Decision Making; Local Authority Partnership Working; Transparent Decision Making; Accountable Decision Making; and Ensuring Value for Money

### 2.2 Section 1 - 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 Proposed Performance Committee

The LEP oversees the implementation of number of strategic economic growth and development initiative 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; the Growing Places Fund; and now the Growth Deal Programme. It is important that the LEP Board is continually able to assess and review the performance of these initiatives and, therefore of the LEP itself.

- 2.4 In light of the substantial progress being made by the LEP, the Board is asked to consider the establishment of a Performance Committee to provide oversight on four key areas of performance:
  - i) **Resources** - Assessing the performance of the LEP in getting resources into Lancashire



- ii) **Decision Making** - Assessing the broader decision making processes of the LEP with regard to resource allocation.
- iii) **Implementation** - Assessing the performance of the LEP's key initiatives, are they on track? On budget? Hitting agreed milestones?
- iv) **Monitoring and Evaluation** - Assessing monitoring and evaluation data and processes. On an on-going and post project completion basis this will include: Are outputs as anticipated? Based on performance are the outcomes deliverable and will the impacts be achieved? On a longer term basis: Were LEP resources invested in the right projects in the right places? How would the LEP invest resources in the future?

2.5 Subject to the decision of the Board on the establishment of a Performance Committee detailed terms of reference for the Committee will be brought to the April meeting of the LEP Board.

#### 2.6 **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. Board 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. Government recognise the current situation in Lancashire and understand that the Assurance Framework will only to be able to set out a holding position.

2.7 The draft Assurance Framework will be an agenda item on the 30<sup>th</sup> March 2015 meeting of the Lancashire Chief Executives. An update on the discussion of this meeting will be provided to the Board.

#### 2.8 **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. There are two new standard policies which need to be agreed by the Board prior to their inclusion in the Assurance Framework.

#### 2.9 **Gifts and Hospitality**

The LEP needs to publish its protocol for gifts and hospitality and the draft protocol is set out in Annex 6 of the Assurance Framework. The Board is recommended to approve this protocol.

#### 2.10 **Complaints Policy**

The LEP needs to publish its policy for dealing with complaints and the draft protocol is set out in Annex 7 of the Assurance Framework. The Board is recommended to approve this policy.



### 2.11 **Scrutiny**

The establishment of specific arrangements for broader scrutiny of the LEP will be influenced by the outcome of the on-going discussions between Lancashire Leaders regarding any combined arrangements. Government recognise the current situation in Lancashire and understand that the Assurance Framework will only be able to set out a holding position, which states that existing legislation already allows for any local authority to scrutinise the LEP.

### 2.12 **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.

### 2.13 **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. **Stakeholder Engagement**

3.1 At its meeting in February the Board noted a requirement for engagement with two key stakeholder groups, namely local MPs and local authority Leaders, on the emerging Assurance Framework.

### 3.2 **Local Authorities**

With regard to engagement with local authority leaders, an email has been sent to all Chief Executives, copied to all local authority leaders is attached at **Appendix '2'**. A presentation on the Assurance Framework is being made to Lancashire Chief Executives on 30<sup>th</sup> March, with a draft Assurance Framework circulated to all Leaders and Chief Executives in advance of the 30<sup>th</sup> March.

### 3.3 **Lancashire MPs**

With regard to on-going engagement with local MPs, it is proposed that LEP representatives meet with MPs formally, once every term of Parliament, here in Lancashire - essentially three times per year. In terms of developing the Assurance Framework, the Board agreed in February that Lancashire MPs be offered the opportunity to attend a briefing session with two dates offered in late February/early March. Unfortunately no MPs attended either of the sessions.



### 3.4 **Accountable Body Approval Process**

The Department for Communities and Local Government (CLG) have requested that all accountable bodies, write to Government, in April 2015, confirming that:

- (i) the LEP has prepared an Assurance Framework;
- (ii) the Framework has been prepared in line with guidance; and
- (iii) the County Council has approved the Assurance Framework

Given the important legal and financial role of the accountable body the Leader of the County Council considered a report at her Leaders Decision Making Session in January and requested that the County Council's Scrutiny Committee be asked to consider a working draft of the Assurance Framework at its meeting on 13<sup>th</sup> March 2015. The LEP Board will be updated on any matters arising from the Scrutiny Committee meeting.

3.5 Subject to endorsement from the LEP Board, a final draft Assurance Framework will be taken to the County Council's Cabinet for consideration and approval on 2<sup>nd</sup> April 2015. 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) resources are subject to 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 will hold copies of all relevant LEP documents relating to LGF funding.

3.6 Subject to approval 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.

3.7 The final Assurance Framework will be published on the LEP's website and reviewed annually by the LEP and the County Council.

## 4. **Growth Deal Documents**

4.1 There are two Growth Deal specific documents which also need to be submitted to Government in April: An Implementation Plan and a Monitoring and Evaluation Framework. Both documents are annexed to the Assurance Framework, and will be key documents which will be referred to by the proposed Performance Committee.



- 4.2 Firstly, the ***Growth Deal Implementation Plan***, (listed to follow and will be attached at Appendix 'A' Annex 9), is a living document, which provides a strategic framework with high-level milestones that cover the 6-year life of the Growth Deal. These milestones will be used by the Government, the LEP and its delivery partners to assess and monitor progress.
- 4.3 Secondly, all LEPs are required to provide quarterly progress reports on core financial Growth Deal metrics to Government. As previously reported, there is no additional resource from Government to support this element of work. The Shadow Growth Deal Programme Board has established a monitoring and evaluation sub-group with leading experts from Lancaster University, with retained transport consultants Jacobs, along with officers with significant experience in this area from the County Council, and Blackburn with Darwen and Blackpool Councils.
- 4.4 The ***Growth Deal Monitoring and Evaluation Framework*** sets out the approach to monitoring and evaluation. All Growth Deal project sponsors are engaged in the process and have each agreed their project specific metrics which will be used for monitoring purposes. Project sponsors understand that the monitoring requirement will be formalised in the legally binding LGF grand funding agreement and that it will be their responsibility to resource this monitoring requirement.
- 4.5 In addition to project monitoring analysis, Government also expects each LEP to undertake/commission project evaluation. Government have advised that the extent, nature and scope of evaluation is a decision for individual LEPs. Notwithstanding that there is no additional budget for evaluation, it is important for the LEP to understand the outcomes and impact of its Growth Deal programme.
- 4.6 The Monitoring and Evaluation sub-group have developed an approach to evaluation which is underpinned by:
  - (i) The need for monitoring and evaluation to be inter-linked and embedded at the start of the Growth Deal Programme;
  - (ii) A recognition of the benefits of formative (on-going) evaluation;
  - (iii) A programme approach whereby all project sponsors understand the impact of the performance of their scheme on the overall Growth Deal programme;
  - (iv) The need for detailed project evaluation on exemplar schemes; and
  - (v) An understanding that early intervention where projects are not achieving anticipated outputs can impact positively on the longer term impacts.
- 4.7 The Board is asked to agree the approach to monitoring and evaluation (which is listed to follow and will be attached at Appendix 'A', Annex 10) and



request that a presentation is made by the sub group at the Board's April meeting, to include potential cost and resource implications.

## **5. Conclusion and Recommendations**

5.1 A significant amount of technical work has been undertaken in a relatively short period of time to ensure that the LEP's Assurance Framework can be considered by the accountable body and submitted to Government in April. The Board is asked to approve the recommendations set out at the front of this report.