

Director: Angela Taylor, Director of Resources
Author: Caroline Allen



Report to: LEP Board

Date: 29 November 2017

Subject: LCR LEP – review of constitutional arrangements

1 Purpose

- 1.1 To ask the LEP Board to consider and discuss revised constitutional arrangements for the LCR LEP, and to note an assurance statement submitted by the LEP Chair and WYCA’s MD as part of the annual performance conversation (“Annual Conversation”) between the LCR LEP and the DCLG.

2 Information

- 2.1 The Department for Communities and Local Government (DCLG) assurance systems for funding to Local Enterprise Partnerships (LEPs) include a LEP National Assurance Framework, regular LEP reporting to DCLG against agreed output metrics, LEP evaluation frameworks and annual performance conversations. The Annual Conversation for LCR LEP takes place on 28 November 2017. Following the Annual Conversation, there will be a performance review. The review will highlight any areas where there may be need for further development or where there is good practice, to make sure this is captured. Additional actions may be identified such as the need to develop an action plan in response to certain issues. The outcomes of the Annual Conversation are informative, but not summative in determining whether or not and how the 2018 Local Growth Fund and LEP core funding grant payments will be released.
- 2.2 The LEP National Assurance Framework sets out what DCLG expect LEPs to cover in their local assurance frameworks. Compliance with the requirements are incorporated as a condition of funding in Growth Deal grant offer letters from the DCLG. The LCR LEP/WYCA local assurance framework was approved in February 2017. It is currently under review, and it is anticipated that LEP Board will be asked to consider and approve a revised framework at its meeting on 16 January 2018. The revised framework will reflect progress made over the last year to increase LCR LEP transparency and accountability, including the revised arrangements integrating Panels as advisory committees into WYCA decision-making structure.
- 2.3 In the interim, the Head of Legal and Governance Services has carried out a review of the LCR LEP governance documentation setting out how the LCR LEP and LEP Board operate. This needs to be updated to reflect the requirements of the local assurance framework and consequent changes in practice including increased public access to LEP Board reports and meetings. A proposed revised LCR LEP constitution is

attached as **Appendix 1** to this report, including separate LEP Board Procedure Rules an Access to Information Annex and a Code of Practice for recording meetings, all of which reflect existing WYCA documentation.

- 2.4 In April 2017, the DCLG asked Mary Ney, a Non-Executive Director on the DCLG Board, to review national LEP governance and transparency. The findings of the review were published on 26 October, and are available on the following [Link](#).
- 2.5 The Ney review recommendations have resulted in the following requirements being implemented for the 2017 Annual Conversation on 28 November:
- a formal annual assurance statement submitted before the Annual Conversation by the LEP Chair and Chief Executive, including arrangements for scrutiny,
 - the Annual Conversation to include detailed examination of LEP performance on governance, and
 - Chief Finance Officers (CFOs) to provide a report to the Annual Conversation about their work for the LEP and their opinion, with a specific requirement to identify any issues of concern on governance and transparency.
- 2.6 The formal annual assurance statement submitted prior to the Annual Conversation 2017 by the LCR LEP Chair and WYCA's MD will be tabled at the LEP Board meeting for information.
- 2.7 Other recommendations from the Ney review propose amendments to the National Assurance Framework, to impose requirements for LEPs to:
- adopt a **code of conduct**, based on the Nolan Principles for standards in public life and addressing dealing with conflicts of interest, declarations of interest and transactions, gifts and hospitality, policy on fees and expenses,
 - adopt a **whistleblowing** policy,
 - clarify the **role of the CFO**, and
 - improve transparency in relation to the **publication of information**.
- 2.8 The DCLG have accepted all of the recommendations of the Ney review, to be of immediate effect. Best practice advice is anticipated to be published by the DCLG imminently, which will include guidance on the publication of LEP agendas, meeting papers and decisions. The DCLG have confirmed that they will also publish a best practice Code of Conduct for LEPs and a bespoke pro-forma for LEP Board members' interests. The DCLG is also working with the Chartered Institute of Public Finance and Accountancy (CIPFA) to develop separate guidance on financial transparency for CFOs.
- 2.9 The DCLG anticipate issuing a revised National Assurance Framework in April 2018 to reflect the Ney recommendations and also incorporate recommendations following a wider on-going Ministerial review into strengthening the role of LEPs.

- 2.10 The proposed constitutional documents set out in **Appendix 1** include:
- **disqualification criteria**, an **appointments process** and **terms of office** for LEP Board members,
 - provisions allowing **urgent decision making** by the LCR LEP Chair,
 - reference to **complaints** and **whistleblowing** processes,
 - separate **Procedure Rules** for the LEP Board, incorporating revised substitute and quorum arrangements, and provision for an annual meeting,
 - **conduct** provisions, reflecting current practice,
 - specific **access to information arrangements** as a separate annex, which closely reflects provisions adopted by WYCA
 - a **Code of Practice for recording meetings** (modelled on statutory requirements applying to WYCA meetings.)
- 2.11 Pending the publication of the best practice advice from the DCLG, the CFO guidance and a revised National Assurance Framework, the proposed revised LEP constitution documents at **Appendix 1** reflect relevant recommendations from the Ney report so far as practicable at this point in time. These documents (and the local assurance framework) may, however, need to be amended once the guidance, advice and revised National Assurance Framework have been published.
- 2.12 Further to receipt of the best practice advice and to discussion at this meeting, it is anticipated that the LEP Board will be asked to approve finalised LCR LEP constitution and procedures, including a revised Code of Conduct, at its meeting on 16 January 2018.

3 Recommendations

- 3.1 The LEP Board is requested to consider and discuss the revised arrangements attached as **Appendix 1** to this report.
- 3.2 The LEP Board is asked to note the formal annual assurance statement submitted before the Annual Conversation by the LEP Chair and WYCA's MD.