
Report to: Governance and Audit Committee

Date: 17 January 2019

Subject: **Local Assurance Framework Review**

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1. Purpose of this report

- 1.1 To provide the Governance and Audit Committee with an update on progress relating to changes proposed to the Leeds City Region Local Assurance Framework arising from its annual review, and with the recently issued review of the National Assurance Framework (December 2018 – still in draft at the time of writing this report) and the Strengthened Local Enterprise Partnership report (July 2018).
- 1.2 To ask the Governance and Audit Committee to provide feedback on the updated assurance requirements, and to note the reasons why the review is being undertaken.

2. Information

- 2.1 In view of the growing levels of investment and funding under local control or influence, it is essential that there are robust, transparent and accountable processes in place to ensure value for money for the public purse.
- 2.2 As part of the Growth Deal with Government, a Local Assurance Framework was developed in 2015 to cover all funding flowing through the LEP. The Combined Authority, as the accountable body for the LEP, is also covered by this framework, which is updated on an annual basis.
- 2.3 The Combined Authority's previous Local Assurance Framework was approved by the LEP Board in January 2018 and by the Combined Authority as the accountable body in February 2018. It is the key mechanism to ensure that there are robust processes in place to support the developing confidence in delegating central budgets and programmes to the LEP and the Combined Authority. It covers all significant discretionary projects and programmes funded from Government or local sources that flow through the LEP and the Combined Authority, and has been prepared in accordance with HM

Government National Assurance Framework guidance (2018), and builds on a body of existing good practice. The LEP has to comply with this guidance for the relevant funding streams, but the principles are also applied to the Combined Authority as the accountable body for the LEP in the wider sense.

- 2.4 The Assurance Framework must be published on each Local Enterprise Partnership's website, and reviewed annually. A revision to the 2016 "Local Enterprise Partnership National Assurance Framework" Guidance was published by MHCLG in December 2018 (still in draft at the time of writing this report). This has brought in a set of new requirements, which will be incorporated into this ongoing review. The Combined Authority's Local Assurance Framework is already compliant with the majority of these requirements. Additionally, the recent 'Strengthened Local Enterprise Partnership' report sets out a number of Government commitments alongside a number of additional changes that Government will work with Local Enterprise Partnerships to implement. This is being addressed within the National Assurance Framework, and has implications for the Local Assurance Framework, both for this review and the review for 2020, relating to the revisions to LEP geography.
- 2.5 Changes for 2019 include:
- Requirement for the LEPs to set out arrangements regarding data protection, following introduction of the General Data Protection Regulations (GDPR)
 - A new requirement for LEPs to set out how contracts are managed and the LEP Board kept informed of progress
 - Further detail regarding the roles and responsibilities of the LEPs, and Section 151/73 Officers
 - Detail to specify the role that is responsible for certain tasks, including ensuring value for money and scrutiny and recommendation for business cases, the final sign off for funding decisions and a named diversity champion
- 2.6 Other changes required to the Assurance Framework include an update to the delegated authority to reflect the recent changes to Investment Committee, and an update to reflect recent changes to stage 1 of the assurance process.
- 2.7 Section 151/Section 73 Officers are required to write to HM Government by 31 March 2019, ahead of next year's Local Growth Fund payment, to certify that the Combined Authority's Local Assurance Framework is compliant with the national framework.
- 2.8 A revised version of the document has been developed, to take account of changes to the Combined Authority Assurance Process and recent review of the National Assurance Framework. The scope of the revised Local Assurance Framework remains broadly unchanged to the existing document, and is as follows:
- updated detail on the LEP's governance and decision-making arrangements and processes for accountable and transparent decision-making to ensure the proper use and administration of funding;

- information on how the LEP will prioritise and appraise schemes, facilitate business case development and undertake risk management; and
- a description of the arrangements for supporting the effective development, appraisal and delivery and implementation of projects and programmes, including relationships with delivery bodies.

Next Steps

- 2.9 A draft of the Local Assurance Framework will be presented for approval by the Combined Authority at its meeting on 14 February 2019. A final draft version of the report will be presented to the Governance and Audit Committee on the 21 March 2019, and the LEP Board for approval on 26 March 2019. A working group of the Overview and Scrutiny Committee is providing input to the development of the updated version, as it has in previous years.
- 2.10 It is the responsibility of the Director of Resources, as the Combined Authority's Section 73 Officer (the Chief Finance Officer) to write to HMG ahead of the 2019 Local Growth Fund payments to certify that the Local Assurance Framework has been agreed, is being implemented, and meets the standards set out in the National Assurance Framework.
- 2.11 It is envisaged that further changes will need to be made to the Local Assurance Framework as more projects move through the appraisal process, to reflect any future updates to guidance, feedback from the "Annual Conversation" with Government and as an evolution to the process as more projects are progressed.
- 2.12 It is anticipated that significantly more work will be required next year to ensure the changes required as part of the Strengthened Local Enterprise Partnerships report and changes to the LEP geography are addressed in the Local Assurance Framework.
- 2.13 Subject to further changes being required, an update to the Local Assurance Framework will be brought to the LEP Board and the Combined Authority on at least an annual basis.

3. Financial Implications

- 3.1 None arising directly from this report. It should be noted that non compliance with government requirements in respect of the Combined Authority/LEP's Local Assurance Framework may impact on the receipt of Growth Deal and other funding.

4. Legal Implications

- 4.1 None arising directly from this report.

5. Staffing Implications

5.1 None arising directly from this report.

6. External Consultees

6.1 None.

7. Recommendations

7.1 The Governance and Audit Committee is asked to:

- (i) Note that the Leeds City Region Local Assurance Framework is being revised for the reasons set out in this report.
- (ii) Provide any feedback on the updated assurance requirements.

8. Background Documents

8.1 There are no background documents.

9. Appendices

9.1 None.