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**Report to:** West Yorkshire Combined Authority

**Date:** 14 February 2019

**Subject:** **Local Assurance Framework update**

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Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	N.A.	

## **1 Purpose of this report**

- 1.1 To provide the Combined Authority with an update on progress relating to changes proposed to the Leeds City Region Assurance Framework arising from its annual review, and with the recently issued review of the National Local Growth Assurance Framework (January 2019).
- 1.2 To ask the Combined Authority to provide feedback on the updated assurance requirements, approve the substantive form of the document following the incorporation of further changes requested, and to authorise the Combined Authority's Managing Director to finalise the document in consultation with the Chair of the Combined Authority and the Chair of the LEP Board for submission, and to make further in year changes as may be required.

## **2 Information**

- 2.1 The LEP has secured Growth Deal funding and the Combined Authority is the accountable body for the LEP. Therefore, 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 that covers 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 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 Local Growth Assurance Framework guidance (January 2019) (see below), and builds on a body of existing good practice.
- 2.4 This new version of the Assurance Framework must be published on the Local Enterprise Partnership's website by 31 March 2019. The National Local Growth Assurance Framework has brought in a set of new requirements, which are being incorporated into this ongoing review. Our local Assurance Framework is already compliant with the majority of these requirements.
- 2.5 Additionally, the recent 'Strengthened Local Enterprise Partnerships' 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 Local Growth Assurance Framework, and has implications for our local Assurance Framework, both for this review and the review for 2020, relating to the potential revisions to LEP geography.
- 2.6 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.
- 2.7 Other changes required to the Assurance Framework include an update to the delegated authority to reflect the changes to Investment Committee, and an update to reflect recent changes to stage 1 of the assurance process.
- 2.8 A revised version of the document has been developed, to take account of the changes to the Combined Authority Assurance Process and the recent review of the National Local Growth Assurance Framework. The scope of the revised Assurance Framework 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
- A description of the arrangements for supporting the effective development, appraisal and delivery and implementation of projects and programmes, including relationships with delivery bodies.

- 2.9 The principles and direction of the revised Assurance Framework have been shared and discussed with Overview & Scrutiny Committee and the LEP Board. It was agreed at the LEP Board on 23 January 2019 that authority be delegated to the Chair of the LEP Board and the LEP Chief Executive/Combined Authority Managing Director to approve submission of the Assurance Framework on behalf of the LEP.
- 2.10 Overview & Scrutiny Committee, through the LEP Review Delivery Working Group, have offered a level of challenge as 'critical friends' to the approach taken and have indicated that they are content with the current direction of travel. Further scrutiny sessions will focus on ensuring that the document is fit-for-purpose.
- 2.11 The current working version of the Assurance Framework is provided as **Appendix 1** to this report.

#### Next Steps

- 2.12 It is the responsibility of the Director of Corporate Services, 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 Assurance Framework has been agreed, is being implemented, and meets the standards set out in the National Framework.
- 2.13 In line with the continuous improvements to our processes over the coming year, it is envisaged that further changes will need to be made to the Assurance Framework. These will also incorporate changes to reflect any future updates to guidance, and feedback from the 'Annual Conversation' with Government.
- 2.14 Subject to further changes being required, an update to the Assurance Framework will be brought to the LEP Board and the Combined Authority on an annual basis.

### **3. Financial Implications**

- 3.1 The annual update to the Local Assurance Framework is required in order to remain compliant with government documentation. Failure to do this may result in future growth deal funding being compromised.

#### **4. Legal Implications**

- 4.1 The annual update to the Local Assurance Framework is in response to government requirements as set out above.

#### **5. Staffing Implications**

- 5.1 The annual update to the Local Assurance Framework is being accommodated within existing staff resources within the Combined Authority.

#### **6. External Consultees**

- 6.1 None.

#### **7. Recommendations**

- 7.1 The Combined Authority is asked to:
- (i) Approve the substantive form of the draft Assurance framework subject to the incorporation of any further feedback; and
  - (ii) Authorise the Combined Authority's Managing Director to finalise the content of the Assurance Framework in consultation with the Chair of Combined Authority and the Chair of the LEP Board, and to submit the document to Government by 31 March 2019.

#### **8. Background Documents**

- 8.1 There are no background documents.

#### **9. Appendices**

- 9.1 Appendix 1 – Draft Assurance Framework.