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**Report to:** Leeds City Region Enterprise Partnership Board (LEP Board)

**Date:** 26 March 2019

**Subject:** **Leeds City Region Local Assurance Framework**

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## 1. Purpose of this report

- 1.1 To provide the LEP Board with a further update on progress relating to changes proposed to the Leeds City Region Local Assurance Framework arising from its annual review. This follows the recently issued review of the National Local Growth Assurance Framework (January 2019), the Strengthened Local Enterprise Partnership report (July 2018), and in accordance with guidance issued by the Chartered Institute of Public Finance and Accountancy<sup>1</sup> (the CIPFA guidance).
- 1.2 To ask the LEP Board to provide feedback on the draft Local Assurance Framework. Delegation for the approval of the final version was granted to the LEP Board Chair with the LEP Chief Executive at the January meeting.
- 1.3 To ask the LEP Board to approve a new Conflicts of Interest Policy to supplement the existing Code of Conduct for members of the LEP Board, and to approve amendments to the following governance documents:
  - The LEP Constitution, and
  - The LEP Board Procedure Rules.
- 1.4 To seek endorsement from the LEP Board to the content of the LEP annual delivery plan which is required to be published by the end of May 2019.
- 1.5 To ask the LEP Board to approve the LEP Equality & Diversity Policy and Diversity Statement at Appendix 7 which forms part of the Local Assurance Framework.

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<sup>1</sup> "Principles for Section 151 officers in accountable bodies working with local enterprise partnerships" (2018)

## 2. Information

- 2.1 As reported at the LEP Board in January, the LEP and West Yorkshire Combined Authority are required to prepare a Local Assurance Framework as part of the Local Growth funding agreement. The framework must be reviewed annually, and uploaded onto the LEP's website. The deadline for this to be completed is 31 March 2019.
- 2.2 The framework covers discretionary projects and programmes funded from Government or local sources that flow through the LEP and the Combined Authority. It has been prepared in accordance with HM Government Local Growth National Assurance Framework guidance (2019), 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.
- 2.3 The 'Strengthened Local Enterprise Partnerships' report set out a number of Government commitments alongside a number of additional changes that Government will work with Local Enterprise Partnerships to implement. This has implications for the Local Assurance Framework, both for this review and the review for 2020, relating to the potential revisions to LEP geography.
- 2.4 A copy of the draft Assurance Framework can be found [here](#). The document has a new structure for this year, to reflect the requirements of the National Local Growth Assurance Framework. Much of the content of the new sections was in last year's update, but grouped together differently. A high level summary of the new structure can be found in Appendix 1.
- 2.5 The main updates required in order to be compliant with the revised National Local Growth Assurance Framework 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
  - Information relating to accountable body arrangements between the LEP and the Combined Authority
  - Detail to specify the role that is responsible for certain tasks, including ensuring value for money and scrutiny and recommendation for business cases and the final sign off for funding decisions
- 2.6 Other changes required to the Assurance Framework include an update to reflect the recent changes to West Yorkshire and York Investment Committee which is now decision-making, and to reflect recent changes to stage 1 of the assurance process. The draft also reflects recent CIPFA guidance<sup>2</sup>.

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<sup>2</sup> "Principles for Section 151 officers in accountable bodies working with local enterprise partnerships" (2018)

## Governance amendments

- 2.7 To secure compliance with the National Local Growth Assurance Framework amendments are now suggested to the following governance documents:
- the LEP Constitution, and
  - the LEP Board Procedure Rules.
- 2.8 Proposed amendments are highlighted in Appendix 2 (LEP Constitution) and Appendix 3 (LEP Board Procedure Rules) to this report.
- 2.9 The main amendments proposed to the LEP Constitution are:
- changes in wording to reflect revised wording in the National Local Growth Assurance Framework and the CIPFA guidance clarifying the role of the LEP, the accountable body and the Combined Authority's S73 Chief Finance Officer (the Director of Corporate Services),
  - inserting reference to the Recruitment Procedure for Private Sector Representatives approved by the LEP Board at its January meeting,
  - termination and resignation provisions for members of the LEP Board,
  - clarification of the terms of office for the Chair and Deputy Chair, and
  - clarification of scrutiny arrangements.
- 2.10 The main amendments proposed to the LEP Procedure Rules relate to:
- requirements for the LEP Board to consider audit reports,
  - the right of the S73 Chief Finance Officer and Monitoring Officer to contribute to reports and attend and speak at LEP Board meetings, and
  - the LEP's annual meeting procedures (to include an opportunity for the public to ask questions and, as best practice, to appoint a diversity champion).
- 2.11 In addition to the existing Code of Conduct for members of the LEP Board, it is also now proposed to adopt an overarching Conflicts of Interest Policy, which is attached as Appendix 4 to this report. This is a requirement of the National Local Growth Assurance Framework and brings together provisions applying to members of the LEP Board and also LEP Officers, with a particular focus on conflicts of interest arising in respect of applications for loans or grants to business which is addressed by way of a Conflicts of Interest Protocol (Appendix 5). It is proposed that the Policy and Protocol are jointly approved by the LEP Board and the Combined Authority, so that they extend to LEP Board members and members of the Combined Authority, including private sector representatives on panels. The LEP Board are therefore asked to delegate authority to the LEP Chair to approve the Policy and Protocol further to their consideration by the Combined Authority on 25 April 2019. Some consequential amendments are also proposed to the LEP Constitution, for clarification.
- 2.12 Section 151/Section 73 Officers are required to write to HM Government by 28 February 2019, ahead of next year's Local Growth Fund payment, to certify

that the LEP/Combined Authority's Local Assurance Framework is compliant with the national framework.

### Next Steps

- 2.13 The Combined Authority reviewed the draft Local Assurance Framework at their meeting on 14 February, at which authority was given to the Combined Authority's Managing Director to finalise the content of the Assurance Framework in consultation with the Chair of the Combined Authority and the Chair of the LEP Board, and to submit the document to Government by 31 March 2019. A working group of the Overview and Scrutiny Committee has provided input to the development of the updated version, as it has in previous years.
- 2.14 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.
- 2.15 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 potential changes to the LEP geography are addressed in the Local Assurance Framework.

### LEP Annual Delivery Plan

- 2.16 The Strengthened Local Enterprise Partnerships report also sets out the requirement for all LEP's to produce an annual delivery plan, clearly setting out proposals and targets for the year ahead. The first LEP delivery plans are to be published for the forthcoming 2019/20 financial year. In addition, from April 2020, an annual LEP review document will also be required, in order to provide an overview of performance against the previous year's delivery plan.
- 2.17 This type of information for the Leeds City Region LEP has traditionally been provided as part of the overarching corporate plan for the Combined Authority, which is published annually. It is proposed that while this will continue to be the approach in 2019/20, a more detailed summary of LEP delivery proposals for 2019/20 and a review of 2018/19 LEP performance will also be provided. This LEP-specific content will form part of the wider Combined Authority corporate plan and will also be provided as a standalone LEP document in order to satisfy the requirements set out in Strengthened Local Enterprise Partnerships.
- 2.18 A copy of the draft content for the LEP delivery plan and annual review is provided [here](#). Members of the LEP Board are asked to provide feedback on this. It should be noted that at this stage the document has not been subject to a design process and this will follow once the content has been agreed.
- 2.19 Each LEP is required to publish an annual delivery plan by the end of May 2019. Since the LEP Board will not meet again until after this deadline, LEP

Board members are requested to delegate final approval of the content to the Chair of the LEP Board and the Managing Director.

### LEP Equality & Diversity Statement

- 2.20 Within the Assurance Framework guidance there is the expectation that each LEP must set out its rules governing its commitment to diversity, including a diversity statement, explaining how the LEP will look to ensure diverse representation at board and sub group level which is also reflective of their local business community, including geographies and protected characteristics.
- 2.21 As a result the LEP Equality & Diversity Policy including a Diversity Statement was produced and first approved at the March 2017 meeting of the Board. This Policy and Statement must be reviewed annually and is therefore attached (Appendix 6) for the LEP Board's approval.
- 2.22 In accordance with the Diversity Statement all members of the board and its sub groups received equality and diversity training overview in June 2018.

### **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 LEP/ Combined Authority 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**

- (i) Note the changes that have been made to the Local Assurance Framework, as set out in this report.
- (ii) Approve the substantive form of the draft updated assurance framework document, and provide feedback regarding any final changes.
- (iii) Delegate approval to sign off of the final version of the assurance framework to the LEP Board chair, with the LEP Chief Executive and Combined Authority chair.

- (iv) Approve amendments to the following governance documents:
- the LEP Constitution, as set out in Appendix 2 of this report, and
  - The LEP Board Procedure Rules as set out in Appendix 3 of this report.
- (v) To endorse the draft Conflicts of Interest Policy, attached as Appendix 4 to this report and the Conflicts of Interest Protocol attached as Appendix 5 to this report, and delegate authority to the LEP Chair to approve the Policy and Protocol on behalf of the LEP, further to their consideration by the Combined Authority on 25 April 2019.
- (vi) That the LEP Board endorses the 2019/20 LEP delivery plan, with a final sign off delegated to the Managing Director, in consultation with the Chair of the Combined Authority and the LEP Chair.
- (vii) That the LEP Board approves the LEP Equality & Diversity Policy and Diversity Statement at Appendix 7 which forms part of the Local Assurance Framework.

## **8. Background Documents**

8.1 The National Local Growth Assurance Framework (2019)

8.2 Strengthening Local Enterprise Partnerships (2018)

## **9. Appendices**

9.1 Appendix 1 – Local Assurance Framework new structure

9.2 Appendix 2 – LEP Board Constitution

9.3 Appendix 3 – LEP Board Procedure Rules

9.4 Appendix 4 – LEP Conflicts of Interest Policy

9.5 Appendix 5 – LEP Conflicts of Interest Protocol

9.6 Appendix 6 – LEP Equality & Diversity Policy including Diversity Statement