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

**Date:** 16 January 2020

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

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**Director:** Melanie Corcoran, Director of Delivery/ Angela Taylor, Director of Corporate Services

**Author(s):** Julia Radianec

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## **1. Purpose of this report**

- 1.1 To provide the LEP Board with an update on progress relating to changes proposed to the Leeds City Region Local Assurance Framework arising from its annual review. The review is undertaken to strengthen the compliance of the Local Assurance Framework to the National Local Growth Assurance Framework (January 2019) and 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> (CIPFA).
- 1.2 Request the LEP Board to provide comments and feedback on the draft Assurance Framework.
- 1.3 Request the LEP Board to delegate authority to the LEP's Chief Executive (the Managing Director) in consultation with the LEP Chair and the Combined Authority Chair to approve the Local Assurance Framework on behalf of the LEP, further to its consideration by the Combined Authority on 6 February 2020.

## **2. Information**

- 2.1 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 28 February 2020.
- 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 (January 2019) and builds on a body of existing good practice. The LEP has to comply with this guidance

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

for the relevant funding streams, but the principles are also applied to the Combined Authority as the accountable body for the LEP.

- 2.3 The 'Strengthened Local Enterprise Partnerships' report (July 2018) set out a number of Government commitments alongside a number of additional changes that Government will work with Local Enterprise Partnerships to implement. This continues to have implications for the Local Assurance Framework for this review, relating to the potential revisions to the LEP geography and diversity requirements.
- 2.4 A copy of the current draft Local Assurance Framework can be found in Appendix 1. The key changes to the Assurance Framework are outlined below.
- 2.5 The LEP Board is requested to note that no further update has been published by MHCLG with regards the Local Growth National Assurance Framework guidance since January 2019 and none is expected prior to 28 February 2020. A full copy of the National Local Growth Assurance Framework is available on the MHCLG [website](#). Section 151/Section 73 Officers are required to write to HM Government by 28 February 2020, 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.
- 2.6 In line with the above, this year's review of the Local Assurance Framework has been focused on aligning the Local Assurance Framework with current working practices, potential changes to the LEP's geography and the impending introduction of the Strategic Economic Framework (SEF).

### Key Changes

- 2.7 The key changes for the 2020 Assurance Framework review include:
  - Any references to LEP boundaries and relevant maps have been removed in this version of the Assurance Framework. Once the LEP Board has made and communicated the decision on the LEP footprint, further amendments will be made to reflect the decision in relation to the new LEP footprint and changes in governance resulting from this prior to publication.
  - References to the Strategic Economic Framework (SEF) and Local Industrial Strategy (LIS), where relevant, have replaced the references to the Strategic Economic Plan (SEP).
  - A footnote added in Table 2.1 "Advisory Panels to the LEP and Combined Authority", to reflect the current work being undertaken around the Investment Loans programme. However, due to the early stages in this development and the lack of clarity around its future governance arrangements at present, the governance for the Investment Loans programme has not been covered in this review to date.
  - Sections 5 and 6, "Approach to Prioritisation" and "Assurance around Programme and Project Delivery", have been updated with new wording to reflect updated working practice around project and programme appraisal

and to lessen the focus on the TAG guidance (formerly WebTAG), in order to take account of new priorities, such as clean growth.

- Section 7, “Monitoring and Evaluation”, has been updated to clarify the purpose and requirements of Activities 6 and 7. The “Benefits Realisation” section has been updated, to spell out the approach to the monitoring of the progress towards SEF priorities. A new section on monitoring and evaluation of the SEF has been added.
- Amendments have been made to Appendix 4 to reflect changes in the sub-delegations for Economic Services grants.
- Changes made to Appendix 6 to reflect changes to the Programme Appraisal Team’s (PAT) terms of reference.
- References to the Strategic Assessment Review Group (SARG) have been made and the SARG terms of reference added at Appendix 7.
- References to the Portfolio Management Group (PMG) have been added and the PMG terms of reference have been added at Appendix 8.

- 2.8 The LEP Board is requested to note that further changes may need to be made to update the Assurance Framework prior to the publication, including:
- References made to the LEP geography in the Assurance Framework.
  - Amendments to the relevant governance documents, which will need to be updated to reflect the new LEP footprint and LEP’s compliance with the diversity requirements of the Strengthened Local Enterprise Partnerships guidance.
  - References to the Investment loans governance arrangements.

#### Next Steps

- 2.9 The draft Assurance Framework has been reviewed by the Combined Authority Senior Leadership Team and Cities and Local Growth Unit has provided their informal input into the review.
- 2.10 Following the LEP Board review, the Assurance Framework will be reviewed by:
- Governance and Audit Committee (23 January 2020)
  - Investment Committee (5 February 2020)
  - Combined Authority (6 February 2020)
- 2.11 Due to relatively minor changes required to the Local Assurance Framework this year and substantial input provided by the Overview and Scrutiny Committee into the review of the Framework during the previous review, the Overview and Scrutiny committee will not review the Assurance Framework in detail this year. However, the Committee has been notified that the review is taking place and will have an opportunity to discuss the Assurance Framework review and to provide their input at the meeting on 17 January 2020.
- 2.12 To facilitate the approval process for the Assurance Framework, it is requested that the LEP Board delegates authority to the LEP’s Chief Executive (the Combined Authority Managing Director) in consultation with the LEP Chair

and the Combined Authority Chair to approve the Local Assurance Framework on behalf of the LEP, further to its consideration by the Combined Authority.

2.13 Following the review process, the document will be submitted to Government by 28 February 2020.

2.14 As part of continuous improvement a further review of the Assurance Framework is planned in 2020, in order to ensure that it is as efficient as possible – particularly given the variability in the scale and complexity of projects and programmes. Such a review will ensure that, going forward, the right level of proportionality is applied to different types of programme.

### **3. Clean Growth Implications**

3.1 Clean growth considerations and references to related activities have been embedded throughout the Assurance Framework and related internal governance documents and decision-making procedures. Building on the recent work to strengthen how clean growth and climate change impacts are considered as part of all new schemes that come through the Combined Authority's Assurance Framework (Decision point 1 and 2), the Combined Authority is now in the process of procuring expert advice to frame and develop a robust quantifiable methodology for assessing all new scheme's predicted carbon emissions / wider clean growth impacts. This will include a review of all existing Combined Authority schemes and additional resource to support the development and implementation of the new assessments. Clean growth, including climate change, impact assessment / considerations are all now included in all capital spending and project approvals reports.

### **4. Financial Implications**

4.1 None arising directly from this report. However, 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.

### **5. Legal Implications**

5.1 None arising directly from this report.

### **6. Staffing Implications**

6.1 None arising directly from this report.

### **7. External Consultees**

7.1 The Department for Business, Energy & Industrial Strategy (BEIS) has provided informal feedback on the draft Local Assurance Framework.

## **8. 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 authority to the LEP's Chief Executive (the Managing Director) in consultation with the LEP Chair and the Combined Authority Chair to approve the Local Assurance Framework on behalf of the LEP, further to its consideration by the Combined Authority on 6 February 2020.

## **9. Background Documents**

9.1 [The National Local Growth Assurance Framework](#) (2019)

9.2 [Strengthened Local Enterprise Partnerships](#) (2018)

## **10. Appendices**

10.1 Appendix 1 – Draft Local Assurance Framework.