
Report to: Governance and Audit Committee

Date: 23 January 2020

Subject: **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 the 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 (CIPFA)¹.
- 1.2 To request the Governance and Audit Committee to provide feedback on the draft Local Assurance Framework.

2. Information

- 2.1 The LEP and 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 Local Assurance Framework covers all significant 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 for the relevant funding streams, but the principles are also applied to the Combined Authority, as the accountable body for the LEP for all funding streams.

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

- 2.3 The '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 has implications for the Local Assurance Framework for this review relating to the potential revisions to LEP geography and LEP Board diversity.
- 2.4 A copy of the draft Assurance Framework can be found [here](#). The key changes to the Assurance Framework are outlined below.
- 2.5 The Governance and Audit Committee 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. Therefore, 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).
- 2.6 The key changes are:
- 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), when 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.
 - Appendix 4 has been amended to provide that grants greater than £100,000 but not exceeding £500,000 are to be approved by the Managing Director (or the Director of Economic Services not exceeding £250,000

only) following a recommendation from the Business Investment Panel. This raises the threshold at which business grant applications will be considered by Investment Committee and/or Combined Authority from £250,000 to £500,000, to increase the pace of decision-making. Additional amendments to the Appendix reflect changes made to the Managing Director's sub-delegation scheme, to speed decision-making.

- 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. The Strategic Assessment Review Group (SARG) undertakes the review of Strategic Assessments submitted to the Combined Authority, as the accountable body for the Local Enterprise Partnership LEP, at decision point 1 (DP1) of the assurance process, as set out in the Leeds City Region Assurance Framework.
- References to the Portfolio Management Group (PMG) have been added and the PMG terms of reference have been added at Appendix 8.

2.7 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 compliance with the diversity requirements of the Strengthened Local Enterprise Partnerships guidance.
- References to the Investment loans governance arrangements.

2.8 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.

Next Steps

2.9 The draft Assurance Framework has been reviewed in draft by the Combined Authority Senior Leadership Team and Cities and Local Growth Unit has provided their informal input into the review. The draft Assurance Framework was also reviewed by the LEP Board on 16 January 2020. The LEP Board was requested 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 final Local Assurance Framework on behalf of the LEP, further to its consideration by the Combined Authority on 6 February 2020. A draft of the Local Assurance Framework will be presented to the Investment Committee on 5 February and to the Combined Authority for approval on 6 February 2020. The Combined Authority, as the accountable body for the LEP, will be requested on 6 February 2020 to 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 28 February 2020.

- 2.10 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 previous review of the Framework, the Overview and Scrutiny committee did not review the Assurance Framework in detail this year. However, the Committee was notified that the review was taking place and had an opportunity to discuss the Assurance Framework review and to provide their input at the meeting on 17 January 2020.
- 2.11 It is envisaged that further minor changes will need to be made to the Local Assurance Framework prior to the publication, as outlined above in section 2.7.
- 2.12 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 for all new schemes their predicted carbon emissions / wider clean growth impacts. 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. 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.

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 Assurance Framework.

8. Recommendations

8.1 The Governance and Audit Committee is requested to:

- (i) Note the changes that have been made to the Local Assurance Framework, as set out in this report.
- (ii) Provide any feedback on the draft updated Assurance Framework document.

9. Background Documents

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

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

10. Appendices

10.1 None.