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Report to: Overview and Scrutiny Committee

Date: 24 January 2018

Subject: Leeds City Region Assurance Framework Annual Review

1 Purpose

- 1.1 To provide the Overview and Scrutiny Committee 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 Local Enterprise Partnership Governance & Transparency (October 2017).
- 1.2 To ask the Overview and Scrutiny Committee to provide feedback on the updated draft assurance framework, and to note the reasons why the review is being undertaken.

2 Information

Background

- 2.1 The LEP has secured Growth Deal funding and WYCA 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. WYCA, as the accountable body for the LEP, is also covered by this framework, which is updated on an annual basis.
- 2.3 Our previous Local Assurance Framework was approved by the LEP Board in January 2017 and by WYCA as the accountable body in February 2017. 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 WYCA. It covers all significant discretionary projects and programmes funded from Government or local sources that flow through the LEP and WYCA, and has been prepared in accordance with HM Government National Assurance Framework guidance (2014) (see below), and builds on a body of existing good practice.
- 2.4 The Assurance Framework must be published on each Local Enterprise Partnership's website, and reviewed annually. A revision to the 2014 "Local Enterprise Partnership National Assurance Framework" Guidance was published by DCLG in October 2016.

This brought in a set of new requirements, which were incorporated into the review in 2017 and updated as part of this ongoing review.

Current Progress

- 2.5 The recent 'Review of Local Enterprise Partnership Governance & Transparency' has made a number of recommendations to be addressed by the National Assurance Framework. Many of these have already been addressed in Leeds City Region, and are therefore included in our Local Assurance Framework review, for example:
- Requirement for all LEP's to have a code of conduct, which all board members and staff sign up to, which explicitly require the Nolan Principles of public life to be adopted; and
 - Local Assurance Frameworks should set out that ALL decisions must be subject to the normal business case, evaluation and scrutiny arrangements; there must be a written report with the opportunity for the Section 151 Officer to provide comments, that the conflicts of interest policy will apply to decision-makers regardless of whether there is a formal meeting, and that decisions should be recorded and published in the normal way, regardless of how they are taken.
- 2.6 Other recommendations in the report include publishing a brief formal assurance statement on an annual basis from the LEP Chair and WYCA's MD, on the status of governance and transparency within their organisation. This recommendation was adopted with immediate effect. Government required this statement to be submitted in advance of the annual conversation with CLoG.
- 2.7 DCLG anticipate issuing a revised National Assurance Framework and guidance in April 2018, to reflect all the review recommendations, and also incorporate recommendations following a wider Ministerial review into strengthening the role of LEPs. It is intended that our Assurance Framework will then be subject to a further update following this. A full copy of the review and recommendations is available on the DCLG website.
- 2.8 The LEP Board recently approved changes to the LCR LEP's governance arrangements, which are also reflected in the updated draft Local Assurance Framework. The Framework also incorporates the changes to LCR and WYCA governance arrangements made last year, which integrated LEP Panels as advisory committees into WYCA decision-making structure.
- 2.9 Section 151/Section 73 Officers are required to write to HM Government by 28 February 2017 ahead of next year's Local Growth Fund payment to certify that our Local Assurance Framework is compliant with the national framework.
- 2.10 A revised version of the document has been developed, to take account of changes to the WYCA Assurance Process and recent review of LEP Governance & Transparency. 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; 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.

2.11 The principles and direction of the revised Assurance Framework have been shared and discussed with Overview & Scrutiny Committee and the LEP Board. The revised document will be discussed with WYCA in February 2018. Overview & Scrutiny Committee, through the SEP 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 remains 'live' and is fit-for-purpose.

2.12 The current working version of the Assurance Framework, is attached as **Appendix 1** to this report. It should be noted that the Overview & Scrutiny SEP Delivery Working Group discussed this version of the draft Assurance Framework document at its meeting on 15 January, and a verbal update will be provided at this meeting. Draft versions of the Assurance Framework have been, or will be considered by the LEP Board, Governance and Audit Committee and WYCA.

Next Steps

2.13 It is the responsibility of the Director of Resources, as WYCA's Section 73 Officer (the Chief Finance Officer) to write to HMG ahead of the 2018 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 and recent review of LEP Governance & Transparency.

2.14 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.

2.15 Subject to further changes being required, an update to the Assurance Framework will be brought to the LEP Board and WYCA on an annual basis.

2.16 Where substantive changes are required, either as a result of revised guidance or updated governance requirements, further approval will be sought from WYCA.

3 Financial Implications

3.1 There are no financial implications arising from this report.

4 Legal Implications

4.1 The requirements set out in the National Framework will be a condition of funding in Growth Deal grant offer letters – the formal means by which the annual Growth Deal allocation is made to each LEP.

5 Staffing Implications

5.1 There are no staffing implications arising from this report.

6 External Consultees

6.1 None.

7 Recommendations

7.1 Overview and Scrutiny Committee is asked to:

(i) Note that the Leeds City Region Assurance Framework is being revised for the reasons set out in this report.

(ii) Provide feedback on the updated draft Leeds City Region Assurance Framework.

8 Background Documents

8.1 None.