

Report to: Lead Cabinet Member for Strategic Management and Economic Development

Date: 21 February 2017

By: Director of Communities, Economy and Transport

Title: South East Local Enterprise Partnership – Assurance Framework 2017

Purpose: To agree to the new Assurance Framework 2017 for the South East Local Enterprise Partnership

RECOMMENDATIONS: The Lead Member is recommended to:

- (1) Approve the terms and conditions of the new Assurance Framework for the South East Local Enterprise Partnership; and**
 - (2) Delegate responsibility to both the Director of Communities, Economy and Transport and the S151 officer to carry out the new requirements and practices.**
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1 Background Information

1.1 On 20 March 2015 the South East Local Enterprise Partnership ('SE LEP'), which comprises businesses, local authorities and education leaders across East Sussex, Essex, Kent, Medway, Southend and Thurrock, agreed an Assurance Framework.

1.2 The original Assurance Framework, as approved by the Lead Member for Strategic Management and Economic Development at the meeting on 2 June 2015, defined the role of and representation on the SE LEP Strategic Board, established the SE LEP Accountability Board and set out the method by which Local Growth Fund ('LGF') monies would be distributed to scheme promoters, and how spend and outputs would be reported.

1.3 The process established East Sussex County Council ('ESCC') as the upper tier authority to act as the local accountable body for all projects in the East Sussex area. Through a service level agreement with Essex County Council ('ECC'), who are the lead accountable body for the SE LEP, all funds including LGF monies are devolved to ESCC.

1.4 ESCC are responsible for distributing funds to development partners, ensuring all monies are spent appropriately within the scope of approved projects, monitoring progress of delivery for all projects within the LGF programme and reporting financial returns, outputs and benefits to the SE LEP and the local federated growth board for East Sussex termed Team East Sussex ('TES').

2 Supporting Information

2.1 On 10 November 2016, the Department for Communities and Local Government ('DCLG') published a new National Assurance Framework for local enterprise partnerships ('LEPs'). The new national requirements provided greater definition for LEPs on four main areas: Governance and decision making; Transparent decision making; Accountable decision making and Ensuring Value for money.

2.2 As a result of the new standards, the SE LEP have reviewed the Assurance Framework agreed in 2015 and incorporated changes to ensure compliance. The full version of the new SE LEP Assurance Framework can be found in Appendix 1.

2.3 Key changes in the new Assurance Framework are listed against the four main headings below:

Governance and Decision Making

- The term 'local accountable body' for the upper tier authorities has been amended to 'Partner'

- Formalisation of identified SE LEP wide sub-groups. This has also introduced standardised requirements for all SE LEP sub groups which may require a review of the Terms of Reference for TES and its local sub working groups across East Sussex to ensure compliance; these currently include Business East Sussex ('BES'), Culture East Sussex ('CES'), Developers East Sussex ('DES') and Skills East Sussex ('SES').
- To ensure private sector majority on the Strategic Board at the request of Government, one extra business rep will be selected through an open, fair, transparent and competitive process. This member will not represent an area but will be selected to represent Social Enterprise Businesses across the SE LEP.

Transparent Decision Making

- A standardised format for local scheme prioritisation processes has been outlined to ensure federated areas are adopting similar methods. This process mirrors that used by the East Sussex local federated growth board TES in the latest LGF Round 3 submission in 2016 and therefore will require no change locally.
- Conflicts of Interest need to be declared at the beginning of all meetings of the Strategic Board and all local Federated Boards (i.e TES) and sub-group meetings.
- Board member selection for the Strategic Board and local federated boards needs to be a formal, open, fair, transparent and competitive process.
- An existing Strategic Board member will be nominated as the SME Champion.
- Agendas, minutes and papers for all meetings need to be published on-line locally as well as through the main SE LEP website to ensure any organisation and the wider public have access to the information and decisions made.

Accountable Decision Making

- Formalisation of the new procedure for defraying funds and managing of underspends to Partners (formerly the 'local accountable body'). Previously, all funds for approved LGF projects were sent to the Partners at the beginning of the financial year. This will now be staggered and only funds forecast for the upcoming quarter will be released. Managing underspends and the options available are the same as currently delivered.
- SE LEP will limit the amount of funding available for business case evaluations. Should it be required, each scheme will be facilitated with one additional re-evaluation after Accountability Board approval. Any further amendments to the business case that require substantive review will be at the expense of the scheme promoter and ultimately the responsibility of the relevant Partner.

Ensuring Value for Money

- The introduction of additional approval stages for high value (over £8m) or high risk projects. Described as Gates 4 and 5, these new approval stages will mean that the Accountability Board will only be asked to approve funds for the delivery of identified stages, at which point projects will be required to demonstrate that they are still meeting the projected cost, value for money and delivery targets. Gates 4 and 5 have been introduced to provide more assurance on projects' value for money and deliverability, while addressing any changes to their scope.
- Projects will now have to seek approval for any changes to total project costs (includes the LGF monies) that exceed a variance of either 30% or £500,000. The 10% local tolerance control of LGF monies remains the same, with approvals at both the Partner (i.e. ESCC – formerly the 'local accountably body') and TES (as the local federated board) levels being required and then reported to SE LEP.

2.4 The new Assurance Framework was agreed by the SE LEP Strategic Board, who have the responsibility for approval, on 1 February 2017 by electronic ballot. It will be presented to Government for review and approval before the end of February 2017.

3 Conclusion and Reasons for Recommendations

3.1 The new Assurance Framework acts as the constitution for the SE LEP, describing its structure, the make-up and responsibilities of its boards, outlines its governance processes and

provides reassurance to Government that appropriate steps are taken to ensure the most effective use of capital investment, and that clear decision making and accountability is in place.

3.2 The Lead Member is therefore recommended to approve the new Assurance Framework on behalf of ESCC acting as the Partner (formerly 'local accountable body') and delegate responsibility to both the Director of Communities, Economy and Transport and the S151 officer to carry out the new requirements and practices.

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LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

National LEP Assurance Framework