

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> N/A
<b>Date of Accountability Board Meeting:</b>	<b>26<sup>th</sup> May 2017</b>
<b>Date of report:</b>	<b>17<sup>th</sup> May 2017</b>
<b>Title of report:</b>	Assurance Framework Implementation Update and SELEP Grant Offer Letter 2017
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## 1. Purpose of report

- 1.1 The purpose of this paper is to make the Accountability Board (the Board) aware of:
  - 1.1.1 The award of project change flexibilities within SELEP's Grant Offer Letter 2017/18 received from the Department for Communities and Local Government; and
  - 1.1.2 The progress which has been made by the SELEP executive team and the federal areas in implementing the changes necessitated by the refreshed Assurance Framework. This is to follow on from the presentation provided to the SELEP Strategic Board on 3<sup>rd</sup> March 2017 and the subsequent update to the Accountability Board on 31<sup>st</sup> March 2017. *The Board is reminded that it is accountable for assuring that all requirements are implemented; it is a condition of the Local Growth Funding that the Assurance Framework is being implemented.*

## 2. Recommendations

- 2.1 The Board is asked to:
  - 2.1.1 **Note** the award of Local Growth Fund project change flexibilities as stated within SELEP's Grant Offer Letter 2017 from the Department for Communities and Local Government.
  - 2.1.2 **Note** the progress to date in implementing the 2017 SELEP Assurance Framework.

## 3. Local Growth Fund Programme Flexibilities – Background

- 3.1 During the early stages of SELEP's development and in advance of the necessary Governance arrangements being in place, Central Government

decided to retain its authority to approve all changes to the SELEP Local Growth Fund (LGF) programme.

- 3.2 In practice, this meant that all project change including, but not limited to, changes to project scope and total LGF funding allocations required prior approval from Government, before the change could be implemented.
- 3.3 To provide confidence to Government Departments and local partners that decisions about LGF project changes are taken by SELEP in a clear, effective and transparent manner, a SELEP Project Change Request Process was established and implemented during 2016.
- 3.4 During 2016/17, through the LGF Capital Programme reporting, Board members have been made aware of project changes to the LGF programme.
- 3.5 This project change information has been collated through local partner completion of a standard Project Change Request template, as attached in Appendix 2.
- 3.6 The SELEP Assurance Framework states that the following types of project change necessitate a decision from the Board:
  - 3.6.1 Cancellation of a project that is included in the agreed Local Growth Plan;
  - 3.6.2 Inclusion of a project not included in the agreed Local Growth Plan;
  - 3.6.3 Moving forward of a project previously programmed to start in later years;
  - 3.6.4 Delays to project start or end dates of more than six months;
  - 3.6.5 All changes to LGF allocations above the 10% threshold;
  - 3.6.6 Any re-profiling of LGF between financial years; and
  - 3.6.7 Any changes to total project costs above a 30% or a £500,000 threshold; and
  - 3.6.8 Any substantial changes to the expected project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the Value for Money assessment. In such circumstances, it is expected that the business case should be re-evaluated by the ITE
- 3.7 Where the change does not necessitate a decision from the Board then the change can be agreed at a local level through Federated Boards and the Accountability Board is notified of this change.
- 3.8 These programme management working arrangements have been agreed through the SELEP Assurance Framework and as part of the conditions of the Service Level Agreement with local partners, under which LGF is transferred.
- 3.9 Under the conditions of the 2015/16 and 2016/17 Grant Offer Letters from Government, all project changes required approval from Central Government.

- 3.10 In light of these more robust LGF programme governance arrangements having been implemented and through the evidence provided at the Annual Conversation with Senior Government Officers on the 1<sup>st</sup> December 2016 of effective LGF programme delivery to date, additional project change flexibilities have been awarded to SELEP by DCLG.

#### **4. Local Growth Fund Project Change Flexibilities – Grant Offer Letter**

- 4.1 SELEP's Grant Offer Letter for 2017 has now been awarded by Central Government. This letter confirms the LGF allocation for 2017/18, the LGF future year indicative profile, Growth Hub funding, Core Funding and the requirements for spend of LGF. A copy of the Grant Offer Letter is attached in Appendix 1.

- 4.2 In relation to the project change flexibilities, the Grant Offer Letter states:

*"This letter confirms that, following the successful conclusion of the annual conversation process, the LEP will receive its previously indicative allocation for 2017-18 in full. I can also confirm that we are removing the requirement for the LEP to give us prior notification of project changes".*

- 4.3 The letter continues to state:

*"We have been satisfied as a result of your annual conversation that you are making good progress with delivering your Growth Deal. At the same time I must remind you that future allocations will remain subject to the outcome of future annual conversations, which will focus on progress with Growth Deal delivery over the duration of the programme".*

- 4.4 The removed requirement for Central Government to approve all project change is welcome news. This stands testament to the substantial progress which has been made by SELEP and local partners to ensure that the necessary Governance arrangements are in place and being effectively implemented through compliance with the National and SELEP Assurance Framework.
- 4.5 These programme 'privileges' awarded to SELEP will enable local partners to more quickly instigate and seek approval for project changes, subject to Board approval as set out in paragraph 3.6 above.
- 4.6 To ensure that programme privileges are implemented in a transparent manner, which is compliant with our Assurance Framework, the Board will continue to be made aware of all project changes and presented with all changes which necessitate Board approval (as set out in paragraph 3.6).

#### **5. Assurance Framework Implementation Update**

- 5.1 It is a requirement of Government that the SELEP agrees and implements an Assurance Framework that meets the revised standards set out in the LEP

## National Assurance Framework.

- 5.2 The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively. The expectation is that the practices and standards necessary to provide Government and local partners with assurance that decisions over funding are proper, transparent, and deliver value for money are fully implemented.
- 5.3 Whilst the majority of the requirements of the Assurance Framework are fully embedded in the activities of the SELEP executive team, Strategic Board, Accountability Board, Federated Area and local partners, an Assurance Framework Implementation Plan has been developed to ensure that any gaps are being addressed.
- 5.4 Table 1 below provides a summary version of work required to implement the new Assurance Framework for SELEP.
- 5.5 A verbal update will be provided on 26<sup>th</sup> May to reflect any further progress. It is currently planned that the SELEP team will report on progress to all 2017 Accountability Board meetings (inclusive of this one) until all outstanding actions are complete, with the intention that all required changes will be fully implemented as soon as possible.

**Table 1 SELEP Assurance Framework Implementation Plan progress update**

Requirement	Responsibility	Priority	Status
SELEP secretariat to work with Federal Boards to set out their plans to implement and monitor the Assurance Framework.	SELEP	High	Ongoing
Refresh of Assurance Framework to be a standing item to the last Strategic Board meeting of each calendar year.	SELEP	Low	Planned
Each group requested to ensure that the terms of reference has been updated to reflect the requirements of the Assurance Framework.	Federated Board / Working Groups	Medium	Ongoing
A best practice review undertaken annually as part of the review of the Assurance Framework.	SELEP	Low	Planned
Appoint an additional strategic board member from the Social Enterprise group that is to be	SELEP	Medium	Underway

established.			
Federated Boards to determine and evidence own recruitment process for membership.	Federated Board	Medium	Part completed
Federated Boards will publish their meeting details and minutes on either their own or SELEP's website	Federated Board / SELEP	Medium	Ongoing
Working Groups will publish their Terms of Reference, calendar of dates and papers produced on SELEP's website	Working Groups / SELEP	Medium	Ongoing
The standard business case template includes space for promoters to explain how work is within Equality Act 2010.	SELEP	Medium	Drafted
A section to be added to the website to address issues of governance, for example: the policy for public questions; conflicts of interest; communications and complaints to the LEP	SELEP	High	Ongoing
A link to Accountability Board papers to be available for all upper tier authorities	SELEP	High	Completed
All key decisions are published on the Forward Plan and available on the SELEP and upper tier authorities websites	SELEP	High	Ongoing
Draft minutes of all meetings are publicly available on SELEP website no more than 10 days after the meeting	SELEP	Medium	Ongoing
Communications Strategy to be refreshed and taken to Strategic Board for approval and implementation	SELEP	Medium	Not started
All members of Strategic or Accountability Board are required to complete a Declaration of Interest form	SELEP / Board Members	High	Completed
Declaration of Interest forms to be	SELEP	High	Planned

published on website			
All declarations of interest reviewed annually	SELEP	High	Planned
Declaration of interest to be noted from outset of each meeting	Board Members	High	Complete
A section is to be included in the standard business case template for promoters to set out how they will maximise social value.	SELEP	Medium	Ongoing
Accountability Board reports where funding is sought or changes are to be agreed will include a reporting table to confirm requirements are met.	SELEP	Medium	Ongoing
The phasing of investments will be reflected in report templates for funding requests to Accountability Board.	SELEP	Medium	Ongoing
A process for implementing the prioritisation methodology will be agreed by the Strategic Board	SELEP	Very High	Ongoing
Any pan-LEP priority projects will be reviewed by the Strategic Board	SELEP	Medium	Ongoing
Each Federal Board shall ensure that they apply the prioritisation process as approved by Strategic Board	SELEP / Federated Areas	High	In development
A single LEP project list will be published on the SELEP website as part of the Infrastructure and Investment Plan	SELEP	Very High	Ongoing
All Strategic Outline Business Cases will use the Business Case Template	Federated Area	High	Completed
The business case template to include confirmation of approval by the Federal Board.	SELEP	High	Ongoing
The Gate 2 Outline Business Case for the project will be published on the SELEP website when it is submitted to the Secretariat	SELEP / Federated Areas	High	Ongoing

Projects completing a Gate 4 and 5 review, the full business case will be published at least one month in advance of the Accountability Board meeting	SELEP / Federated Areas	High	Ongoing
Value for money section to be reflected in the standard reporting template for Accountability Report funding approvals and changes.	SELEP	High	Ongoing
SELEP will identify a named individual with overall responsibility for ensuring value for money for all projects and programmes.	SELEP	Medium	Complete – Acc Board Chairman
SELEP will identify a named individual (which may be a different person) responsible for scrutiny of and recommendations relating to each business case	SELEP	Medium	Complete – Acc Board Chairman role
The business case template to be amended to include confirmation of assurances from the Section 151 officer of the promoting authority that Value for Money is true and accurate.	SELEP	High	Ongoing
A copy of the Change Request Template is available on the SELEP website	SELEP	Medium	Complete

### **3. Accountable Body Comments**

- 3.1 It is a requirement of Government that the SELEP agrees and implements an assurance framework that meets the revised standards set out in the LEP National Assurance Framework.
- 3.2 The purpose of the Assurance Framework is to ensure that SELEP has in place the necessary systems and processes to manage delegated funding from central Government budgets effectively.
- 3.3 The successful completion of the action plan set out above will ensure that all requirements of the Assurance Framework are implemented.

### **4. Financial Implications (Accountable Body Comments)**

- 4.1 Government has advised in its Grant Offer Letter (Appendix 1) that the use of all Local Growth Funding will need to fulfil the following requirements:
- 4.1.1 It will be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal. Within that we expect you and your accountable body to use the freedom and flexibilities that you have to manage your capital budgets between programmes.
  - 4.1.2 It will be deployed solely in accordance with decisions made through the local assurance framework agreed between the LEP and the accountable body. This must be compliant with the standards outlined in the national LEP assurance framework.
  - 4.1.3 That you will track progress against agreed core metrics and outcomes, in line with the national monitoring and evaluation framework.
  - 4.1.4 You will continue to improve governance through the strengthened Assurance Framework to ensure high levels of transparency and accountability.
- 4.2 The implementation plan set out above is intended to demonstrate that the requirements of the SELEP Assurance Framework are being fully implemented as certified by the S151 Officer of the Accountable Body to the DCLG. The 2017/18 LGF grant payment has been made on this basis and it is therefore essential that the plan is delivered in full by 28<sup>th</sup> February 2018 when the S151 Officer is expected to update the certification of implementation.

## **5. Legal Implications (Accountable Body Comments)**

- 6.1 None

## **6. Staffing and other resource implications**

- 7.1 None at present.

## **8 Equality and Diversity implications**

- 8.1 None at present.

## **9 List of Appendices**

- 9.1 Appendix 1 – SELEP Grant Offer Letter 2017/18
- 9.2 Appendix 2 – SELEP Change Request Template



## 10 List of Background Papers

### 10.1 None

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
<b>Accountable Body sign off</b>  Stephanie Mitchener, Head of Finance (On behalf of Margaret Lee)	18/05/17