



GFirst LEP Strategic Economic Plan Delivery

Assurance Framework

Version 5: Updated 1 May 2018

GFirst LEP Assurance Framework

Contents

Introduction

Section 1- GFirst LEP Governance and Decision Making

- 1.1. GFirst LEP CIC
- 1.2. GFirst LEP Board
 - 1.2.1. Roles and responsibilities of the main LEP Board
- 1.3. Gloucestershire Local Transport Board
- 1.4. LEP Decision Making Framework
- 1.5. Arrangements for supporting effective delivery and implementation of projects
 - 1.5.1. Private Sector
 - 1.5.2. Public Sector
- 1.6. Other Funds and bodies governed by the Assurance Framework
 - 1.6.1. Broader Partnership based forums overseeing the utilization of Investment funds
- 1.7. Relationship between the LEP Board and wider community
- 1.8. Arrangements for Cross LEP working
- 1.9. Growth Deal Delivery/Project Implementation Arrangements
- 1.10. Project Management Boards
- 1.11. ESIF – Local Management Committee Arrangements

Section 2 – The Local Authority Partnership

- 2.1. Gloucestershire Economic Growth Joint Committee
- 2.2. Joint Scrutiny

Section 3 – Transparency

- 3.1. Website
- 3.2. Making and Recording Decisions
 - 3.2.1. Agendas and reports
 - 3.2.2. Freedom of Information and Complaints
 - 3.2.3. Conflicts of Interest
 - 3.2.4. Local Engagement
 - 3.2.5. Developing, prioritising and approving projects
 - 3.2.6. Environmental and social value for Investment

Section 4 – Accountability

- 4.1. MHCLG 2015/16 Funding Requirements
- 4.2. Funding Agreements
- 4.3. Administration Fees
- 4.4. Risk Management
- 4.5. Monitoring Plans
- 4.6. Audit Arrangements and Processes
- 4.7. Circumstances where the Accountable Body could not comply with the LEPs decision

Section 5 – Value for Money; prioritisation, appraisal, business case development and risk management

- 5.1. Project Eligibility
- 5.2. Business Case Preparation and due diligence (core process)
- 5.3. Business Case Stages for Transport Projects
- 5.4. Due Diligence Process
- 5.5. Assessment of Need

Annexes

Acronym List

GFirst LEP Strategic Economic Plan Delivery

Assurance Framework

Introduction

Growth Deals provide funds to Local Enterprise Partnerships or LEPs for projects that benefit the local area and economy. The first wave of Growth Deals was announced on 7 July 2014 with further funding being made available in January 2015. In total Gloucestershire received, £101.716 million, including funding for local major transport schemes and those projects previously governed by the Gloucestershire Local Transport Board (GLTB).

This framework forms part of a suite of key documentation supporting the development/delivery of the Gloucestershire Growth Deal, informing the Accountability Systems Statements for both Local Government and the Local Growth Fund and ultimately, providing assurance to the Public Accounts Committee as to how allocated growth funds are being utilised.

The other documents in the suite are:

- Growth Deal Grant Offer Letter
- Monitoring Metrics
- Evaluation Plan
- Growth Deal Implementation Plan

The Assurance Framework outlines the Governance arrangements for Gloucestershire's Growth Deal, including the roles and responsibilities of the LEP Board, as well as the roles and responsibilities of other Boards/decision making forums with regard to the management of funds governed by this Assurance Framework.

The Framework has been developed collaboratively by staff of the LEP and Accountable Body teams and formally endorsed by Gloucestershire County Council's Chief Finance and Section 151 Officer and the GFirst LEP Board.

Section 1: GFirst LEP Governance and Decision Making

1.1. GFirst LEP CIC

GFirst LEP was established in 2011 as one of the 39 Local Enterprise Partnerships (LEPs) in England to work with local businesses, local voluntary organisations and local authorities to drive sustainable economic growth in Gloucestershire, and by doing so, create jobs and business opportunities.

In April 2015, GFirst LEP CIC Ltd was established in response to evolving responsibilities working with the public sector on the local economic growth agenda.

Specifically, the objectives of GFirst LEP CIC Ltd are to:

- Promote economic growth prosperity and employment within the County of Gloucestershire by fostering existing businesses within the County and attracting new ones to it;
- Encourage the achievement of a modern technological skills base within the workforce in Gloucestershire through education;
- Support the continuation of the availability within Gloucestershire of a high quality of life for individuals who live or work in, or who visit Gloucestershire.

GFirst LEP CIC Ltd (“GFirst LEP” or “LEP”) is a not-for-profit company and as such, any surplus or assets are used principally for the benefit of the community.

1.2 The GFirst LEP Board

GFirst LEP’s Board of Directors is responsible for the strategic decision making of the Local Enterprise Partnership. The Board has a minimum of 6 and a maximum of 12 Directors with a minimum of one third of Directors representing the public sector, including local government, further education and higher education. The majority of the Directors are drawn from the private sector including SMEs, having their primary experience and/or regular source of employment within the private sector. There is also representation from the voluntary, community, environmental and social enterprise sectors. At least one Director is appointed by Gloucestershire County Council, whilst the Chief Executive Officer of GFirst LEP is an ex officio Director.

The LEP is committed to diversity and will look to ensure diverse representation both at Board and Board Subgroup level which is reflective of Gloucestershire’s local business community.

The LEP Board and staff are committed to adhere to the Nolan Principles.

Profiles of the current Directors can be found at <http://www.gfirstlep.com/gfirst-LEP/About-Us/The-Board/>

GFirst LEP's Chief Executive, senior management team and staff are responsible for the operational decisions, activities and stakeholder relationship management activities required to plan for and implement the Strategic Economic Plan (SEP), the EU Structural and Investment Fund Strategy (ESIF Strategy), Single Local Growth Fund (SLGF) funded projects and wider asks of Government, within the context of the Growth Deal for Gloucestershire.

Relevant contextual documents can be found at <http://www.gfirstlep.com/gfirst-LEP/Our-Priorities/Our-Vision/>

1.2.1 Roles and Responsibilities of the LEP Board

The GFirst LEP Board is ultimately responsible to Government for ensuring that all aspects of the Growth Deal are delivered. The Gloucestershire Economic Growth Joint Committee provides democratic accountability for those investments made through the Growth Deal and Gloucestershire County Council (GCC) acts as Accountable Body for all Growth Deal funding.

In terms of the Single Local Growth Fund (SLGF), the LEP Board has the overall authority to:

- a) Review and approve business case proposals for projects to be presented to Government with the aim of including them as part of the Growth Deal with Government;
- b) Review the recommendations made by the LEP Investment Panel; and the findings of the due diligence assessments of projects in order to make decisions to approve the release of growth funding
- c) Review project monitoring reports and, if necessary, suspend or stop further payments to project promoters where insufficient progress has been made or where the Programme Management Group/Accountable Body advise that this is necessary.

LEP Investment Panel

The LEP Investment Panel usually meets quarterly and will aim to meet approximately 2 weeks before the LEP Board meeting. The Panel acts in an advisory capacity whilst making investment recommendations to the LEP Board. (see para1.6.1 below)

The responsible officers and advisers comprising the LEP Investment Panel, at any one time, will be published on the GFirst LEP website. This information can currently be found at <http://www.gfirstlep.com/gfirst-LEP/Our-Priorities/Projects/> under the heading 'Infrastructure Investment Fund (GIIF)'.

The Programme Management Group

The Programme Management Group is an advisory group principally drawn from the executive team at the LEP, expert officers from the Accountable Body and specialist financial and or legal input as required.

Details of the roles and responsibilities of the Programme Management Group may be found in Annex C. The Programme Management Group is concerned with process

management issues fundamentally and support for the decision making process to implement the Growth Deal in Gloucestershire.

In this respect, it has the authority to:

- a) Receive and review the submitted initial business case proposals for SLGF and process these appropriately.
- b) Commission review and report on the recommendations produced as part of the due diligence process for Single Local Growth Fund proposals to the LEP Investment Panel and the GFirst LEP Board.
- c) Prepare and present summary papers and reports (eg due diligence) to key meetings including: LEP Investment Panel, GEGJC and the LEP Board to support the decision making process and the effective delivery of the Local Growth Fund programme.
- d) Implement the outcome of decisions by the LEP Board through working with Gloucestershire County Council as Accountable Body to agree project milestones, funding drawdown and project monitoring processes that will be incorporated in to the funding agreements between GCC and the project promoters.
- e) Review project monitoring reports and, if necessary, advise GFirst LEP Board and Gloucestershire County Council to suspend or stop further payments to project promoters where insufficient progress has been made or other circumstances where this is necessary.
- f) Review risk and value for money issues arising from the initial due diligence process and ongoing project delivery. The PMG are responsible for the identification and the management of risks.

1.3 Gloucestershire Local Transport Board (GLTB) 2013 to 31 March 2016

The GLTB was formed in 2013 in response to a Department for Transport (DfT) initiative to devolve the control of capital funds for major transport schemes to Local Enterprise Partnership (LEP) areas, in line with the Government's localism agenda. LTBs were established with a remit to decide on major transport priorities between 2015 and April 2019 and to allocate funding to prioritised schemes. Five schemes were prioritised for funding via the GLTB, which was awarded an allocation of £9.8m to fund these schemes. Since the GLTB was established the way transport funding for local major schemes was allocated has fundamentally changed. Funding for local major schemes, including the GLTB funding, is now allocated to the LEP through Gloucestershire's Local Growth Deal and the LEP Board has taken over responsibility for the transport projects originally approved through the GLTB. For further information see www.gloucestershire.gov.uk/gltb

1.4 LEP Decision Making Framework

The project assessment and fund management processes associated with the SLGF are appended as Annex D. All formal reporting lines flow back to the LEP Board which makes the final decisions on whether to award funding. As part of this process, the Board draws upon support from associated advisory forums, including the LEP Investment Panel and the Gloucestershire Economic Growth Joint Committee. Details of the current advisory forums and their areas of responsibility are set out in Annex C.

The Accountable Body will then routinely follow an instruction from the LEP Board and ultimately be actioned under the authority of Gloucestershire County Council's (GCC) S151 Officer. All instructions taken by the Accountable Body on behalf of the LEP are recorded in a Register of Accountable Body Instructions/Activities.

The third clearly defined area of responsibility, alongside the LEP's decision making role and GCC's Accountable Body function, is that of project/scheme promoter. There is an important distinction between a project promoter and the fund managing authority (whether local or central). Project promoters can be any organisation which makes the case for major project investment through a series of business cases. The LEP, supported by GCC as the Accountable Body is the decision making body.

However, GCC has a separate and distinct role to play as an important project promoter. Where GCC acts as scheme promoter as well as Accountable Body, clear operational management and division of duty protocols are applied to ensure potential conflicts of interest do not arise.

In other areas where there could be a risk of conflicts of interest often where partnership members in advisory or decision making forums are from the same organisation actively promoting a project idea and/or ultimately seeking investment funds, the Declarations of Interest Policy outlined at para 3.2.3 will apply:

1.5 Arrangements for Supporting Effective Delivery and Implementation of Projects

GFirst LEP has established a number of working arrangements with both the public and private sector to enable full engagement to support the effective delivery of the LEP's objectives and the outcomes identified within the SEP. The following sets out the way the LEP engages with the public and private sector.

1.5.1 Private Sector

GFirst LEP has established a number of business groups to enable clear communication from and to the key industry/business sectors in Gloucestershire. These business groups provide GFirst LEP with the 'voice of business' within the county and work to help

implement the LEP's priorities, including: addressing skills shortages; access to business support and finance for local businesses; linking schools and businesses; reviewing employment land requirements; creating county-wide strategies for specific sectors, etc.

A nominated GFirst LEP Board Member is also attached to each business group to increase Board engagement and provide a direct link from the group to the Board. They liaise with one another and other Board members to co-ordinate and collaborate on work to support the LEP and the local economy. They report progress, achievements and challenges to the LEP Board through input and presentations at Board meetings as necessary.

Membership of these groups is voluntary and further details of the work and membership can be found at;

<http://www.gfirstlep.com/gfirst-LEP/About-Us/Business-Groups/>

Please note that these groups and their inter-relationships are not fixed and are subject to change to remain fit for purpose.

1.5.2 Public Sector

The LEP works with a wide range of public sector bodies in the delivery of its objectives. Section 2 provides details of the LEP's underpinning local authority partnership arrangements in place to facilitate joint decision making and collaboration on growth and economic development between all local authorities in the LEP area.

In addition to the local authority partnership working, the LEP works with other public sector partners:

Further and Higher education partners enjoy board representation and are engaged in the development of business support services, skills and a number of infrastructure projects.

The LEP has consultative relationships with publically funded infrastructure organisations such as Highways England, Network Rail and a number of others.

In addition, where appropriate to economic growth, the LEP works with the National Health Service and in particular the Academic Health Science Network to support the growth of the economy and business.

1.6 Other Funds and Bodies Governed by This Assurance Framework

In addition to the Gloucestershire Growth Deal, this Assurance Framework also governs the management arrangements for similar investment funds flowing from central government which are overseen by the LEP Board or bodies with a similar remit to that given to the LEP Board.

1.6.1 Broader Partnership Based Forums Overseeing the Utilisation of Investment Funds

Gloucestershire Infrastructure Investment Fund (GIIF)

GFirst LEP was awarded £8.4million from the Department for Communities and Local Government's Growing Places Fund to set up a revolving infrastructure investment fund for the county known as the Gloucestershire Infrastructure Investment Fund (GIIF).

The GIIF, whilst a separate fund to the SLGF, is governed by a common suite of core principles and management experience and has been brought into this Assurance Framework because of the strong similarities in sign off procedures and governance through the LEP Board.

Gloucestershire County Council is the Accountable Body for GIIF, which is designed to stimulate local economic growth by targeting investment to deliver the infrastructure needed to unlock constrained and stalled development sites. The funds should help to realise potential development value, new jobs, housing and regeneration. Investment funding awarded to successful applicants takes the form of a repayable loan.

The Gloucestershire LEP Investment Panel usually meets quarterly and acts in an advisory capacity and makes investment recommendations for GIIF loan funding to the LEP Board. The Investment Panel, which is made up from private sector and public sector representatives, also reviews and monitors the GIIF programme and investment portfolio. Current membership of the Investment Panel and further details of the eligibility criteria for the fund can be found at;

<http://www.gfirstlep.com/gfirst-LEP/Our-Priorities/Projects/> under Infrastructure Investment Fund (GIIF).

The LEP Board has responsibility for making the final decisions on GIIF loan funding.

1.7 Relationship Between the LEP Board and Wider Community – Business and Local Government

The GFirst LEP Board's role is to set the strategy for economic growth within the SEP and the EU Structural and Investment Fund Strategy (ESIF Strategy). It is a forum for discussion and decision-making on strategic growth priorities, with a particular focus on acting as the 'voice' of businesses in the county and with regard to this agenda, an important link between the private, public and voluntary sectors.

The LEP Board will lead on the proactive monitoring of performance against the SEP and ESIF Strategy and will work closely with the Gloucestershire Economic Growth Joint Committee to facilitate collective and collaborative decision making on SEP and ESIF Strategy delivery issues that require support from the county's local authorities.

The seven Gloucestershire councils are committed to supporting the delivery of the programmes set out in the SEP and, where appropriate, to contributing to the delivery of those programmes and the wider growth ambitions for the county. The statutory Gloucestershire Economic Growth Joint Committee (GEGJC) provides a mechanism for co-ordinating this contribution and is outlined in more detail in Section 2.

1.8 Arrangements for Cross LEP Working

There are a number of aspects of local economic development that are strongly affected by regional or national economic issues. GFirst LEP works with the LEP Network of all 38 LEPs as well as neighbouring (West of England, Swindon & Wiltshire, Worcestershire, Oxfordshire) and South West LEPs both formally and informally. The Chairs and Chief Executives of the South West LEPs (GFirst, West of England, Swindon & Wiltshire, Heart of the South West, Dorset, and Cornwall & the Isles of Scilly) meet formally every quarter to co-ordinate work with central government as well as other initiatives.

1.9 Growth Deal Delivery/Project Implementation Arrangements

The SEP and ESIF Strategy contain the intervention priorities that GFirst LEP and partner organisations have identified to strengthen the Gloucestershire economy and local opportunities for growth. These priorities have been robustly reviewed by Government and endorsed for SLGF investment within the 'Gloucestershire Growth Deal'.

Contextual Documents - <http://www.gfirstlep.com/gfirst-LEP/Our-Priorities/Our-Vision/>

Detailed funding negotiations were held with Government for activity commencing in 2015-16 and the LEP, with support from GCC as the Accountable Body, developed and prepared the commissioning, financial management and monitoring processes that are required to underpin and maximise the effectiveness of the Growth Deal's implementation. In this regard, the LEP will endeavour to work to the UK Government's eight principles for sound commissioning and the guidelines provided in the National Audit Office's 'Successful Commissioning' toolkit.

Working with local authorities, Government departments, agencies and other opt-in partners, these principles will be upheld and will underpin the specific commissioning arrangements agreed between partners and the LEP. GFirst LEP Board reserves the right to ask a project promoter or third party to manage a portfolio of projects on the LEP's behalf.

The Strategic Economic Plan outlines four investment areas for Gloucestershire:

- The Growth Zone: delivering high quality employment land along the M5 corridor
- The Growth Hub: delivering support for businesses and individuals to enable them to reach their full potential
- The Gloucestershire Renewable Energy, Engineering, and Nuclear Skills Centre: supporting growth in key sectors in the county
- Enablers for Growth: investing in key infrastructure that supports countywide growth

1.10 Project Management Boards

As appropriate Management boards may be set up to oversee financial, delivery, and output/outcome performance of particular investment areas and will ensure that progress is being made in a timely and efficient manner – and, crucially, in line with expectations in

the Strategic Economic Plan. The GFirst LEP staff and LEP Board members will ensure that each investment area maximizes the opportunity for further development and that areas of common interest are shared across management boards and projects.

Feedback from the Management Boards will update the LEP Board on progress, blockages and recommendations.

Membership of Management Boards will be agreed in partnership with Lead Partners and the structure and meeting arrangements for these will be reviewed annually to ensure fitness for purpose.

Where there is no separate project management board for an individual project, the project promoter will identify appropriate alternative arrangements ensuring the lawful and effective delivery of the project. The robustness of these arrangements will be assessed through the due diligence process. Project promoters will ensure that the LEP is provided with regular updates on the progress of the project, and be accountable to the LEP Board.

1.11 ESIF – Local Management Committee Arrangements

An important complement to the SEP is the Gloucestershire EU Structural and Investment Funds Strategy (ESIF Strategy – approved in December 2014 and updated in 2016) which will contribute a further approx. £35.7m revenue funding alongside the SLGF capital investment secured through the Growth Deal, to enhance the economy and environment of Gloucestershire between 2015 and 2020.

Management of these funds differs to that of the SLGF and core Growth Deal and will be co-ordinated centrally through the Ministry of Housing Communities and Local Government (MHCLG), Department of Work and Pensions (DWP) and Department for Environment, Farming and Rural Affairs (DEFRA). An ESIF local area committee has been put in place to help shape the delivery of the Gloucestershire ESIF Strategy, ensuring that local strategic aims are fairly considered alongside national operational objectives, such that maximum local economic impact is achieved through the Gloucestershire allocation of EU funds.

The Gloucestershire ESIF Management Committee meets every six to ten weeks and is comprised of the following representatives:

- GFirst Local Enterprise Partnership
- Local Authorities (one from Gloucestershire County Council and one representing the six Districts)
- Business partners (including small businesses and social enterprise)
- Voluntary and Community Sector
- Equalities and non-discrimination
- Environment
- Trade Union
- Higher Education
- Education, skills and employment

- Rural CLLD Local Action Group(s) active in Gloucestershire
- Managing Authorities for each of the ESI funds and BIS local

Further information is available at <http://www.gfirstlep.com/about-us/our-vision/eu-structural-investment-funds-strategy/>

Guidance from Government about how LEP Area ESIF Committees operate, is available in Annex E.

Whilst, the ESIF project commissioning, assessment and management process sits outside the scope of this Assurance Framework, the Managing Authorities (MHCLG and DWP), opt-in organisations (DWP, SFA and Big Lottery) and GFirst LEP will publish further information showing how it is anticipated that projects eligible for EU investment support will be identified and funded.

For further details about the EU Structural and Investment Funds, please see the relevant documents at <https://www.gov.uk/government/policies/making-european-funding-work-better-for-the-uk-economy/supporting-pages/european-structural-and-investment-funds-growth-programme>

Section 2: Local Authority Partnership

2.1 The Gloucestershire Economic Growth Joint Committee

The local councils in Gloucestershire have taken the opportunity presented by the development of a Strategic Economic Plan to strengthen collective governance across the County, forming a statutory Joint Committee under the provisions of the Local Government Acts 1972 and 2000, ahead of the successful negotiation of the Gloucestershire Growth Deal. The Gloucestershire Economic Growth Joint Committee (GEGJC) now meets formally every quarter and provides a pivotal interface between the seven local authorities in the County and GFirst LEP to collaborate effectively in support of the implementation of the SEP and Gloucestershire Growth Deal.

The GEGJC includes the local authorities within the GFirst LEP area of Cheltenham Borough Council, Cotswold District Council, Gloucester City Council, Gloucestershire County Council, Forest of Dean District Council, Stroud District Council and Tewkesbury Borough Council.

Membership of the committee comprises the Leaders of each council (or another executive member), alongside the Chair of the LEP and one other LEP Board member.

Each of the Councils empowers the GEGJC to discharge on their behalf the power to do anything it considers likely to achieve the promotion or improvement of the economic wellbeing of the area of Gloucestershire together with such additional functions as the respective constituent Councils may determine from time to time.

An Inter-authority Agreement (IAA) provides the accountability framework under which the Partner Authorities endeavour to work together in delivering and promoting the economic well-being of their respective areas.

Brief terms of reference for the GEGJC (approved September 2014) are appended in Annex C. Further information is available on the County Council website <http://glostext.gloucestershire.gov.uk/mgCommitteeDetails.aspx?ID=725>

Clearly, the most immediate focus for this group is to support the LEP in the delivery of the SEP and Gloucestershire Growth Deal. The Joint Committee is aided in this task through a Senior Officer Group. See Annex B

2.2 Joint Scrutiny

Decisions made by the GEGJC shall be subject to the scrutiny arrangements of each Partner Authority. In addition, Gloucestershire County Council has set up the Gloucestershire Economic Growth Overview and Scrutiny Committee (GEGOSC) which comprises six County Councillors and one person from each of the District Councils in Gloucestershire as voting co-opted Members. Brief terms of reference of the GEGOSC are set out in Annex C and further information is available here

<http://glostext.gloucestershire.gov.uk/mgCommitteeDetails.aspx?ID=731>

Section 3: Transparency

GFirst LEP recognises the importance of having clear arrangements in place which enable effective and meaningful engagement of local partners and the public. It also acknowledges the importance of having transparent practices in place which give people confidence that decisions made are proper, based on evidence and capable of being independently scrutinised.

For these reasons, GFirst LEP has put in place a range of measures to ensure transparency. GFirst LEP and Gloucestershire County Council as the Accountable Body will continue to review and implement systems to provide transparency in the achievement of these objectives.

Evidence Base

The Gloucestershire Strategic Economic Plan is underpinned by a detailed assessment of the County's economy which highlights its strengths in high value manufacturing, a strong labour market, a large vibrant SME sector and a global reputation for its beautiful countryside. Nonetheless, alongside such attributes are a range of needs and opportunities, analysis of which has been well documented and used to inform the strategic approach outlined in the SEP and now being furthered through the Growth Deal.

A comprehensive analysis of the Gloucestershire Economy can be found in sections 2 of both the ESIF and the SEP:

<http://www.gfirstlep.com/gfirst-LEP/Our-Priorities/Our-Vision/>

3.1 Website

GFirst LEP has a dedicated website through which local partners and the public are kept up-to-date with current progress on the various projects with which it is involved and in achieving the outcomes identified as part of the SEP.

The website includes a copy of the Articles of Association of the GFirst CIC <http://www.gfirstlep.com/downloads/library/97-cicarticlesofassociation.pdf>, a copy of the most recent company accounts <https://www.gfirstlep.com/downloads/2018/gfirst-lep-cic-financial-statements.pdf> and the current Company Directors.

Details of the Register of Members' Interests for all Board Members can be found at:- <http://www.gfirstlep.com/about-us/the-board/register-of-members-interests/>

3.2 Making and Recording Decisions

3.2.1 Agendas and Reports

Meeting agendas and papers are published on the LEP's website 5 clear working days before the meeting takes place. The only exception to this relates to material of a confidential or commercially sensitive nature. Minutes of Board meetings are published within 10 clear working days of the meeting taking place.

This Assurance Framework is published on the GFirst LEP website, so that the process for making decisions regarding the Single Local Growth Fund is clearly visible to the general public. GFirst LEP will publicise opportunities for future rounds of the Growth Deal as appropriate via a combination of channels such as updates with the GEGJC and Senior Officers Groups; website; targeted communications to potential project promoters etc. It will also publicise the outcomes of Growth Deals secured with Government using the LEP website, social media and press releases, once formally agreed with Government.

The Gloucestershire Economic Growth Joint Committee will also publish all agendas, papers and minutes, including those pertaining to decisions regarding the Single Local Growth Fund (subject to any redactions required to satisfy commercial confidentiality) where applicable.

3.2.2 Freedom of Information and Complaints

GFirst LEP CIC is constituted as a company limited by guarantee and, as such, is not subject to requests made under the Freedom of Information Act 2000. However, GFirst LEP CIC will work collaboratively with Gloucestershire County Council to address any reasonable requests under the Freedom of Information Act 2000. GFirst LEP CIC will also record

declarations of interest.

The Environmental Information Regulations 2004 and the Equality Act 2010 will be adhered to and project promoters will be required to demonstrate their compliance with the appropriate legislation as part of the project assessment process.

The LEP will deal with any complaints in line with a published complaints policy which is available on the GFirst LEP website. <http://www.gfirstlep.com/contact/>

There is also a process for confidential reporting of complaints ([http://www.gfirstlep.com/downloads/library/94-gfirst_lep_-_confidential_reporting_of_complaints_\(jan_18\).pdf](http://www.gfirstlep.com/downloads/library/94-gfirst_lep_-_confidential_reporting_of_complaints_(jan_18).pdf)) and a whistleblowing policy ([http://www.gfirstlep.com/downloads/library/95-gfirst_lep_-_whistleblowing_policy_\(jan_18\).pdf](http://www.gfirstlep.com/downloads/library/95-gfirst_lep_-_whistleblowing_policy_(jan_18).pdf)).

3.2.3 Conflicts of Interest

The Directors and employees of the GFirst LEP are governed by the requirements set out in the Articles of Association in declaring conflicts of interest. Full details can be found here:- <http://www.gfirstlep.com/downloads/2018/gfirst-lep---conflicts-of-interest-policy-jan-18.pdf>

3.2.4 Local Engagement

The successful delivery of the Gloucestershire Strategic Economic Plan demands close collaboration and partnership working across the county. There are strong and well established working relationships between GFirst LEP, the private sector, the seven local authorities, the HE and FE sectors, the Local Nature Partnership and the voluntary and community sectors.

In the past few years the LEP has committed significant resources to leading a major business and community wide engagement programme with the aim of ensuring that county growth plans meet the needs of the people of Gloucestershire. From Board level and throughout a range of associated structures, the LEP maintains an ongoing dialogue with partner organisations in the private, public, education, voluntary and community sectors.

Engagement with the wider business community is principally sustained through Business Groups representing 75% of employment and 80% of the Gloucestershire economy. In addition, the Chair and Chief Executive of the LEP meet regularly with the Leaders and Chief Executives of the local authorities, plus the county's six Members of Parliament, complemented by review sessions with many Government agencies including Homes England, Highways England and Skills Funding Agency.

All of the above is supported further by:

- An inter-active website with surveys of the business community of the county

- LinkedIn business discussion groups, Twitter chats and feeds, all used to seek views and comment from the wider community.
- Maintenance of a network of over 700 Gloucestershire Ambassadors committed to promoting the county, utilised as a vital source of knowledge, information and opinion on business matters.

3.2.5 Developing, Prioritising, Appraising and Approving Projects

The Gloucestershire Growth Deal, as it currently stands for the period 2015 to 2021 includes a caseload of projects with outline approval, however, GFirst LEP will promote and publicise opportunities for future rounds of SLGF, as and when they arise. This activity will also re-affirm or update the SLGF eligibility criteria agreed with Government and the GFirst LEP Board.

Methods of Project Delivery

Working closely with the Accountable Body, the LEP will adopt several different delivery methods in order to address the identified SEP priorities. These will vary depending on the particular dimension of the Growth Deal agreed with Government and will include:

- Calls for projects and Competitive Bidding Rounds
- Direct Commissioning of Specific Activities
- Commissioning with Opt-in Partner Organisations such as the Skills Funding Agency, Big Lottery and DWP
- Procurement

Regeneration and Infrastructure Projects

To support the full breadth of economic growth aspiration in the County, the local authority/public sector partners comprising the GEGJC have developed the Gloucestershire Infrastructure Investment Pipeline (GIIP) to help the LEP Board to have a clear understanding of the most immediate infrastructure/regeneration priorities when considering opportunities to bid for external funding such as SLGF. The GIIP, which is a living document, is actively managed by the Senior Officer Group of the GEGJC and aims to provide a comprehensive view of infrastructure/regeneration projects which could make a substantial and well evidenced contribution to economic growth. Identified priorities from this process are used to inform the business case selection process conducted by the LEP Board.

Growth Fund Project Assessment and Fund Management Process – Project Selection

Annex D features a flow diagram of the Growth Fund Project Assessment and Fund Management Process which outlines how projects coming forward for potential Single Local Growth Fund (SLGF) investment will be prioritised, developed and assessed for funding.

For new project proposals, Expressions of interest (EOIs) submitted by project promoters are taken through an initial assessment process managed by members of the Programme Management Group and a sub-group of the GFirst LEP Board. Applications that are approved at the EOI stage are invited to progress to the initial proposal stage. Initial proposals are then reviewed by a sub-group of the GFirst LEP Board. This assessment process sifts and prioritises the proposals using the criteria set out below.

N.B. These criteria may be subject to change based on guidance from Government about the type of projects that are fundable and the amount of funding available

Criteria

- Economic growth potential
- Demand and rationale
- Strategy and context
- Financial 'ask' within affordability parameters
- Outputs – proportionate
- Outcomes – proportionate
- Private Sector match and/or investment levered in
- Public Sector funds levered in
- Potential to unlock other growth opportunities
- Deliverability and sustainability
- Risks that could impact on delivery

Once the initial project proposals have been assessed, a process will be implemented to confirm which projects will be included in the Growth Deal submission to Government.

Project Approval and Funding award process - For projects where Government has provided an indicative funding allocation.

1. GFirst LEP will receive and record all submitted business case proposals.
2. Members of the Programme Management Group will then:
 - Receive and review the submitted business case proposals, undertake eligibility and completeness checks and process these appropriately.
 - Commission, report on and ensure final business case refinements and the outcome of the clarification processes, are implemented as per the external due diligence assessment; and present as necessary, to the LEP Investment Panel and GFirst LEP Board.
3. The LEP Investment Panel will make investment recommendations to the LEP Board.

4. The GFirst LEP Board will then review the recommendations made by the LEP Investment Panel including the findings of the due diligence assessments, in order to make the following decisions: approve for funding without conditions; approve for funding with conditions; require business case re-working and re-submission.
5. The Programme Management Group will then work with Gloucestershire County Council, as Accountable Body, to finalise, set up and manage the formal funding agreements with project promoters, as appropriate.
6. The Programme Management Group (PMG) may undertake fund management activity as necessary; including making changes to individual project delivery timescales and budget management requirements. (For example: bringing forward a project into a different financial year.) This will require cooperative working and agreement between the LEP and the Accountable Body and will be discussed at regular PMG meetings. Decisions will be endorsed by the LEP Senior Management team and/or LEP Board as appropriate.
7. PMG will also be required as necessary to design and devise a process to manage the allocation of unspent local growth deal funding; for example where a project does not proceed or does not utilise all the project specific allocated growth deal funding. This process will be agreed by the LEP Senior Management team and the Accountable body and endorsed by the LEP Board.

3.2.6 Environmental and Social Value for Investment

The Public Services (Social Value) Act 2012 actively encourages public bodies/authorities making arrangements for procuring the provision of services, or the carrying out of works to consider how what is proposed might improve the economic, social and environmental well-being of the relevant area. Clearly, the Gloucestershire Strategic Economic Plan is focused entirely on a strategy to improve the economic wellbeing of Gloucestershire, with an assessment of the broader value of the outcomes planned to be delivered, forming a key part of the project selection and investment approval process. This obligation will be met with due regard to the provisions of the above act in ensuring that this is not achieved at cost to broader equality and diversity objectives. In this regard, all project promoters will be required to outline how their planned activities will make a contribution to social value, which will be tested at the due diligence stage.

Gloucestershire's Strategic Economic Plan and the EU Structural and Investment Funds Strategy also recognise the importance of the county's high quality natural environment in attracting and retaining both businesses and their employees. While the planning system remains the relevant statutory instrument for reviewing environmental impact, some activities will have an opportunity for environmental improvement and enhancement of biodiversity. Project promoters will be required to outline the environmental impact of their proposals and to consider, where possible, opportunities for environmental enhancement.

Section 4: Accountability

Local Growth Fund resources will be paid via a Section 31 grant determination, under the Local Government Act 2003, to Gloucestershire County Council as the Accountable body. The proper use and administration of this funding will be set out through the grant funding agreement, this assurance framework and the wider implementation plan. Gloucestershire County Council will not use this funding for its own purposes unless requested to do so by the LEP.

Gloucestershire County Council (through its Responsible Financial Officer - the Section 151 Officer) is accountable for ensuring that grant income received, payments out and any applicable repayments are accounted for and administered correctly. GFirst LEP will be the ultimate decision makers and instruct the issuing of SLGF funding agreements via Board meetings. The LEP will be responsible for developing and maintaining the Strategic Economic Plan and determining the key funding priorities to which SLGF and other resources should be directed. Democratic accountability for the decisions made by the LEP is provided through local authority leader representation and a close working relationship with the GEGJC, with accountability to the business community flowing through the business leaders.

Therefore Gloucestershire LEP's Assurance Framework confirms that:

- Gloucestershire County Council will be the Accountable Body for the Single Local Growth Fund and other funding sources received from Government. The County Council will be responsible for the following;
 - monitoring for compliance within the terms of this LEP Assurance Framework;
 - ensuring use of resources will be in accordance with Gloucestershire County Council's established processes including financial regulations and contract regulations
 - ensuring that there are arrangements for local audit of funding allocated by the LEP Board at least equivalent to those in place for local authority spend

- GFirst LEP Board will be responsible for ensuring that Gloucestershire County Council's requirements are adhered to, including:
 - ensuring decisions and activities of GFirst LEP conform with legal requirements with regard to equalities, social value, environment, State Aid, procurement etc.

 - maintaining the official record of the LEP Board proceedings and holding copies of all relevant LEP documents relating to LGF and other sources of funding where GCC are the Accountable Body.

- ensuring that the funds are used appropriately, and in a manner that is consistent with the contents of the offer letter from government .
 - ensuring that the GFirst LEP assurance framework is adhered to.
 - holding copies of all relevant LEP documents relating to LGF funding.
 - ensuring that the LEP has agreed timescales and operating practices to support the effective implementation of decisions (e.g. this would include a means for monitoring delivery of outcomes).
 - ensuring once the LEP Board has awarded funding that a clear written agreement exists between the Accountable Body and project promoter which includes adequate provisions to protect public funds (e.g. arrangements to suspend or claw back funding in the event of non-delivery or mismanagement).
 - ensuring the funding requirements, as set out by the Department for Communities and Local Government grant funding letter per each financial year, are adhered to.
- Project promoters are legally responsible for ensuring that their project complies with all the relevant legislation, technical standards and financial propriety. If there is evidence of legal wrong doing or poor project management by a promoter, GCC may be asked to take action on behalf of the LEP Board.

4.1 DCLG 2015/16 Funding Requirements

All funding paid pursuant to the Growth Deal, irrespective of whether paid by MHCLG or DfT will fulfil the following requirements:

- 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.
- 2) It will be deployed solely in accordance with decisions made through this local assurance framework agreed between the LEP and Gloucestershire County Council as the Accountable Body. This framework must be consistent with the standards set out in the national assurance framework. In the case of specific schemes which are still subject to business case sign off by DfT, the DfT business case sign-off process may mean that the local assurance framework process is not required in full. This will be agreed on a scheme by scheme basis.
- 3) Project implementation progress will be tracked against agreed core metrics and outcomes, in line with the national Monitoring and Evaluation Framework.

4.2 Funding Agreements

Each project promoter will be asked to enter in to a funding agreement with Gloucestershire County Council, as the Accountable Body, which is a legal contract setting out the terms and conditions required to enable the release of the Growth Funds. The model legal template as shown in Annex F will be used for all projects, but will feature tailored schedules, such as outcomes, milestones, monitoring/audit requirements and a funding profile to meet each individual project's requirements.

Projects in receipt of Local Growth Deal will be required to follow the GFirst LEP Gloucestershire Growth Deal Publicity Requirements.

Please note: For particular projects where one department of Gloucestershire County Council is acting as project promoter, a different department acts as the Accountable Body, so there is an established internal process with an appropriate written agreement in place to ensure separation of roles and responsibilities.

4.3 Administration Fees

There will be a set administration fee per project payable to the Accountable Body required to cover the formal clarifications and due diligence assessment, following outline project approval and any specialist work to ensure the project meets all requirements, prior to funding award. This fee will be used to undertake the due diligence process before funding allocation. This fee is capped and will relate directly to costs incurred on a project by project basis and is non-refundable.

4.4 Risk Management

GFirst LEP recognises the need for effective risk management systems and procedures to ensure the early identification, assessment and mitigation of risks that may emerge during implementation of the Growth Deal. Consequently, during the period of development of the SEP, a pragmatic approach to risk management was devised involving the creation and maintenance of a Risk Register based upon standard approaches. This was further developed through risk management workshops involving project promoters engaged in Growth Deal projects. A robust Risk Management Process is now in place (see Annex L) with standardised templates for risk assessment. Using this approach, risks in delivery of the SEP will continue to be assessed and mitigated, with those categorised as 'Medium' or 'High' monitored closely, with the aim of reducing them at a Net Risk Level.

It is the responsibility of the relevant Project Management Boards to monitor associated risks and report back to the LEP Board if any decisions are required.

4.5 Monitoring Plans

The overall Growth Deal, including the 'wider asks of Government' is monitored and reported on using the GFirst LEP Growth Deal Implementation Plan. This main overview

document is updated monthly by LEP staff leads for the funded projects and wider asks of Government and then shared with Government colleagues to monitor overall progress of the Growth Deal.

For monitoring purposes, Government has asked LEPs for a set of 'core metrics' covering all interventions with inputs/outputs reported quarterly and outcomes annually. This will enable Government to report overall progress across all 38 LEP areas.

Monitoring metrics have been agreed between GFirst LEP, Government and the individual project promoters. Each funded project will be required to monitor and report on these metrics and this requirement will be linked into the funding agreements to be set up between GCC and the project promoters.

Once a funding agreement is in place, the LEP team will convene a 'launch meeting' at which the outputs and wider outcomes of the project, as well as the monitoring and reporting processes, are agreed. Projects will report regularly to the LEP team, and progress updates against their agreed metrics will be collected and collated quarterly. At project and programme level these metrics will be compared to both individual funding agreement commitments and the overall Growth Deal with Government.

All projects will be subject to a formal annual review, to review both the agreed metrics and the wider commitments of the project. The resulting report will be logged with the Accountable Body. LEP programme management staff will report regularly to the LEP Board which has overall responsibility for the successful delivery of the Growth Deal.

An Evaluation Plan has also been prepared for the Gloucestershire Growth Deal. This explains the rationale for selecting particular Growth Deal projects to evaluate and describes the scope and outline costs of the evaluation activity.

The Evaluation Plan will play a key role in demonstrating the impact and cost effectiveness of the Gloucestershire Growth Deal as well as helping to secure additional SLGF investment in the future. In this regard, Government guidance has encouraged LEPs to:

- Focus on producing a small number of independent high quality evaluations rather than being comprehensive in coverage, with a view to furthering Government and partners' understanding of 'what works'.
- When selecting projects, focus on those that are: i) large in value; ii) can be robustly evaluated with a feasible counterfactuals established; and iii) interesting or innovative 'demonstrator' projects where the research base is less well developed.
- Propose evaluations that are 'proportionate and selective, taking into consideration the scale, value and scope of an intervention'.
- Consider projects with both pre-committed and competitive funding.

4.6 Audit Arrangements and Processes

There will be independent scrutiny of the LEPs work in implementing the SEP via the Growth Deal. As the Accountable Body, GCC will appoint independent financial/process auditors to

scrutinise activity with particular regard to compliance with the requirements of this framework and further guidance. In conjunction with standard local government practice, the independent audit team will be appointed from within GCC, unless there is a specific reason why this is deemed to be inappropriate.

An initial audit of the LEP's work was undertaken in July 2016 which was successful and further independent internal audit reviews will be undertaken as and when considered appropriate, based on an annual needs assessment by GCC Internal Audit Service. The results of any audit will be submitted to the LEP Board for consideration of any key recommendations arising.

Project specific audit requirements are detailed within each funding agreement to ensure individual project promoters put in place sufficient monitoring and assurance mechanisms/procedures to evidence fulfilment of the funding terms and conditions and robust management of risk. As the Accountable Body, GCC will retain the right to review and verify such procedures.

4.7 Circumstances where the Accountable Body could not comply with the LEP's decision

The Accountable Body would not comply with a LEP decision if such a decision was:

- not procedurally valid; or
- illegal; or
- would lead to the available budget being exceeded; or
- did not demonstrate value for money

This situation would be avoided by the effective operation of the due diligence checks prior consideration of the basis for decisions before they are taken. If a situation did occur whereby the Accountable Body had significant concerns about a decision the LEP had taken, or proposed to take, then an urgent meeting would be convened by a senior officer of the Accountable Body with relevant invitees from appropriate staff from it and the LEP so that the matter could be resolved in a timely manner.

Section 5: Value for Money

5.1 Project Eligibility

In principle, all eligible schemes are required to submit to the LEP a Business Case Proposal which addresses the '5 Cases' Methodology. As it stands presently, however, the Gloucestershire Growth Deal comprises of a portfolio of project work which has been approved in outline by central Government. These projects have been prioritised against the HM Treasury recommended '5 Cases Methodology' outlined in Annex K, with a particular emphasis on the following factors:

- Growth potential
- Value for money

- Deliverability
- Delivery costs
- Delivery timescales

5.2 Business Case Preparation and Due Diligence (core process)

Moving forward, all outline approved projects will need to complete a process of clarifications and due diligence before being presented to the LEP Investment Panel and then the LEP Board for formal funding approval. The due diligence process will vary in detail and level of scrutiny depending on the scale and departmental source of funding.

All projects will have to adhere to the core clarifications and due diligence requirements which are set out in Annexes G, J & K. Aspects of these due diligence checks may be informed by additional assessment and business case development work undertaken and/or specified by Government departments/bodies such as the DfT and the Skills Funding Agency.

Unless there are extenuating circumstances, promoters will be expected to adhere to the agreed timescales through the production of a detailed delivery programme for each project. Any potential project cost or timescale change will need to be agreed at the earliest opportunity, with the Programme Management Group and the Accountable Body. Decisions will be endorsed by the LEP Senior Management team and/or the LEP Board as appropriate.

The project promoter is responsible for all up-front costs for each stage of the business case preparation, clarification and assessment process. However, if a project is approved for development/construction, a promoter may be able to claim back preparatory costs that are considered to be 'capital'. The Accountable Body team can advise project promoters about this, as necessary. Note the Administration Fee is non recoverable however.

5.3 Business Case Stages for Transport Projects

All transport projects will be required to go through a specified business case refinement process (outlined in the guidance in Annex J) as well as due diligence.

The submitted Business Case proposals will be compared against the objectives set at the proposal stage (referred to as the 'Growth Deal Business Case Proposal Submission') and if necessary, additional information may need to be provided.

Transport schemes will be required to complete an 'Outline Business Case' (OBC) as well as a 'Full Business Case' (FBC). However, to ensure that GFirst LEP Business Case requirements are proportionate to the scale of each scheme it has also been determined that schemes identified as 'Minor' will be fast tracked to the Final Business Case stage and will therefore not have to complete a separate OBC. Annex J indicates the criteria that will be used to determine minor schemes.

5.4 Due Diligence Process

The due diligence process, in principle, tests the robustness of the project's planning procedures and reviews the financial, legal and organisational capability of the promoting organisation, including commissioning methodologies, value for money assessments and decision making accountabilities. In essence, the process needs to demonstrate clear impartiality and proportionality, consistent with HM Treasury 'Green Book' principles and Infrastructure UK recommended practices.

Details of the due diligence approach adopted by the LEP can be found in Annex G.

VFM scores

It was agreed that under normal circumstances all investments should demonstrate high value for money (VFM). However, the LEP Board recognises that there may be circumstances in which some investment may provide value for money for broader reasons than the factors taken into account in the initial VFM scoring. For example the project may deliver broader strategic or economic growth outputs or outcomes.

5.5 Assessment of Need

For the current portfolio of Growth Deal activity, the strategic case for investment has largely already been established. Therefore, project promoters will be responsible for informing the LEP of any changes to the scope of outline approved projects, including the costs and implementation timescales. The LEP will be responsible for assessing the impact of any changes on the overall Growth Programme and working with the promoter to address any specific issues. There are no guarantees that the LEP will be able to meet any cost increases either in full or part. Delays to the project may also mean that it is not possible to allocate funding within the investment period.

Version: 4 1st May 2018

Annexes

<u>No.</u>	<u>Title</u>
B	Gloucestershire Strategic Economic Plan/Growth and Governance diagram
C	Organisations and Bodies involved in Delivery
D	Growth Fund Project Assessment and Fund Management Process diagram
E	MHCLG European Growth Programme – Business Process to Funding Agreement diagram
F	Project Funding agreement with Gloucestershire County Council - model template
G	Due Diligence Process
J	Transport Schemes Business Case Guidance
K	Treasury – 5 cases Methodology – Key Principles
L	Risk Management Framework

References:

LEP Assurance Framework Guidance
GFirst LEP CIC – Articles of Association
LTP Guidance
GIIF Operating Manual
DfT Transport Appraisal/Analysis Guidance*

*WebTAG: Transport Analysis Guidance - the DfT's guidance on the conduct of transport studies, provides advice on the development of transport options and the appraisal and modelling requirements underlying their assessment

Treasury Green Book.