



## **GFirst LEP Strategic Economic Plan Delivery**

### **Assurance Framework**

Version 8 Updated 26th March 2019 & 20<sup>th</sup> June 2019

# **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. Government Branding
- 1.11. Project Management Boards
- 1.12. 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. Funding Arrangement Fee
- 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.

In line with the 'Strengthened Local Enterprise Partnerships' guidance from Government, GFirst will focus on Strategy, Allocation of Funds, Co-ordination and Advocacy in support of the development and delivery of Gloucestershire's Local Industrial Strategy and Investment Plan. This framework is sufficiently robust to provide the guiding principles to support the management of future funding programmes.

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 38 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 Chair and Deputy Chair are recruited from the private sector, following an open and inclusive process, in consultation with the business community. The defined term limit for the Chair and Deputy Chair is three years with an optional extension of three years. There is an option to extend for a further three years in exceptional circumstances if approved by the Board.

<https://www.gfirstlep.com/downloads/library/97-cicarticlesofassociation.pdf>

For full details of the role of the GFirst LEP Chair, see Annex J: Job Description for GFirst LEP Board Chair

The Board has a minimum of 6 and a maximum of 14 Directors. At least two-thirds of the Board are drawn from the private sector including SMEs, having their primary experience and/or regular source of employment within the private sector. The remaining Directors represent the public sector, including local government, further education and higher education and the voluntary, community, environmental and social enterprise sectors. At least one Director is appointed by Gloucestershire County Council. There is a designated SME Champion Board Member, drawn from the private sector, and an intention to appoint

Board Champions for 'risk' and 'diversity' in 2019.

From 2019 there will be an option to co-opt an additional five Board members with specialist knowledge on a one year only basis, unless there are exceptional circumstances.

All new Board Members and LEP officers are supported to understand their roles and responsibilities through a comprehensive induction programme.

The LEP regularly works with the business groups/membership organisations/businesses to identify potential Board candidates and stagger Board membership to ensure no mass leaving at one particular point. Board members have annual conversations with the Chair and Chief Executive to ensure they are performing and are able to commit to the Board. The Chair and Chief executive are responsible for managing this process of succession planning which ensures that they are aware of, and manage, any potential resignations, and maintain an ongoing process of identification of potential Board members.

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. GFirst is committed to ensuring that one third of Board members are women by 2020, and there is an expectation of equal representation by 2023. From 2019 the Board will elect a diversity champion to encourage diversity and ensure that the LEP is acting in line with its Equality and Diversity Statement: <https://www.gfirstlep.com/downloads/2019/gfirst-lep-equality-and-diversity-statement.pdf>

A report will be made to the Board annually to review progress, and recommend how improvements can be made.

The LEP Board and staff are committed to adhere to the Seven Principals of Public Life (The Nolan Principles) and sign up to the GFirst Code of Conduct [https://www.gfirstlep.com/downloads/library/96-gfirst\\_lep\\_-\\_code\\_of\\_conduct\\_for\\_lep\\_board\\_members\\_\(jan\\_18\).pdf](https://www.gfirstlep.com/downloads/library/96-gfirst_lep_-_code_of_conduct_for_lep_board_members_(jan_18).pdf)

The LEP Board understand the need to regularly engage with the Accountable Body team and provide access to all LEP Board documents to the Section 151 Officer or their representative and where decisions are being made the S151 Officer or their representative should have the opportunity to comment.

### **Board Remuneration and LEP officer Salaries**

The expenditure and/or remuneration policy for the Chair and Board members is published on the GFirst website (<https://www.gfirstlep.com/downloads/2018/gfirst-lep-cic-financial-statements.pdf>), 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.

These staff members deliver an independent secretariat function. The CEO and all officers are employed by the LEP, and therefore provide impartial advice and support to the Board.

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 <https://www.gfirstlep.com/about-us/funding-opportunities/> 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 B. The Programme Management Group is concerned with process management issues fundamentally, including due diligence, compliance and performance and support for the decision making process to implement the Growth Deal in Gloucestershire.

In this respect, it has the authority to:

- a) 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.
- b) 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.
- c) 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.
- d) Make operational management decisions such as being flexible on the phasing of individual project claims within the approved suite of projects.
- 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.
- g) Provide financial oversight and management related to the programme's performance against plan and with commitments to Government

### **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](http://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 C. 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. Supporting papers on the strength and validity of the investment case are made available to the LEP Board to inform their decision making. These could include:

- Project Business cases / applications for funding
- Formal appraisal and / or due diligence by independent expert
- Recommendations from the Investment Panel and / or the Gloucestershire Economic Growth Joint Committee

Details of the current advisory forums and their areas of responsibility are in Annex B.

Funding decisions are normally made at LEP Board meetings. In exceptional circumstances, where there is an imperative to seek a decision between meetings, the decision making is processed by written procedure. This process is fully recorded and minuted. The minutes are reviewed at the next Board meeting, and published on the website.

The LEP Board may be required to make decisions regarding the recovery of funding where there has been non-compliance, mis-representation or under-performance based on relevant documentation provided by the Programme Management Group, in conjunction with the Accountable Body.

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 attached to the majority of business groups 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.

In 2018 the LEP created two new business groups (Visitor Economy & Tourism and Cyber), due to the increasing importance of the sectors, and these are currently both Chaired by GFirst's Deputy Chief Executive. As these groups gain traction an appropriate sector relevant Chair and a Board member will be appointed.

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.

The Employment and Skills Board – a specialist group of local employers and education and skills providers makes recommendations on skills priorities, and capital and revenue funding for skills projects. In 2019 the GESB is set to transition into the Skills Advisory Panel. More information, on the GESB can be found here:

<https://www.gfirstlep.com/about-us/skills-for-business/>

and meeting documentation can be found here;

<http://glostext.gloucestershire.gov.uk/ieListMeetings.aspx?Committeeld=754>

### **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.

## **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 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 Other Funds and Bodies Governed by This Assurance Framework**

#### **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;

<https://www.gfirstlep.com/about-us/funding-opportunities/>

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 Government Branding**

The LEP commits to meeting Government branding guidelines for projects, ensuring that the correct branding and wording is used for websites, signage, social media, press notices and other marketing materials. All projects are required to sign up to the 'GFirst LEP Publicity requirements' at the project launch, which is a commitment to be compliant with both Government and LEP branding principals.

### **1.11 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.

### **1.12 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 periodically when there is business to attend to, 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 D.

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 publish information to inform potential applicants of the process for application including how 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 (or their nominees).

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 B 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 A

### **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 B 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/>

A thorough refresh and review of the evidence base that supports the economy of Gloucestershire is being undertaken in 2019 to support the preparation of Gloucestershire's Local Industrial Strategy. It will also inform future strategy and decision making.

### **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. From 2019 GFirst will publish a financial statement each year within the annual report.

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. This would include Government information held on terms that forbid disclosure, information that is subject to a court ruling, or information that is private or commercially sensitive for a person or business, where its disclosure would have a detrimental effect. 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, or any other relevant investment funds or programmes, 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)).

## **Data**

The LEP maintains appropriate data protection arrangements in line with the Data protection Act 1998, the General Data Protection Regulations (GDPR) and the Data Protection Act 2018 Privacy Policy <https://www.gfirstlep.com/downloads/2019/privacy-policy-gfirst-lep-march-2019.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 a strong presence on social media (Twitter and LinkedIn) and the support of our Gloucestershire Ambassador network who are committed to promoting the county - <https://www.gfirstlep.com/about-us/gl-ambassadors/>

To further engagement with the general public, GFirst will advertise and hold an Annual General Meeting that is open to the public.

### **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 or other investment funding programmes, 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 adopts several different delivery methods in order to address the identified SEP priorities. These vary depending on the particular dimension of the Growth Deal agreed with Government and 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

## **Capital Investment project pipeline (including 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 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.

This has been further developed (2019) to include all capital projects that have potential to have a transformational impact on the economy of Gloucestershire, and is now called 'The Gloucestershire Economic Growth Capital Investment Pipeline' (CIP). The CIP is a living document, actively managed by the Senior Officer Group of the GEGJC which aims to provide a comprehensive view of all capital projects (including 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. The CIP is funding agnostic. Selection for funding consideration would follow the process associated with a funding opportunity as it is identified. <https://www.gfirstlep.com/project-pipeline/>

## **Growth Fund Project Assessment and Fund Management Process – Project Selection**

Annex C 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. This process is transferable to other investment opportunities that flow through the LEP.

The LEP programme management and executive teams are involved in the initial sifting of project ideas at the EOI stage from the CIP, or other sources, to select those that have the greatest potential to meet the criteria for any funding opportunity that is processed through the LEP. 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 Growth Deal or other investment submissions 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 manages 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 is managed by PMG, with the final decision making undertaken by the LEP Board (or a subgroup thereof).

### **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, or their representative) 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.

### **Section 151 Officer Role**

The S151 Officer is responsible for the proper financial administration of GFirst LEP throughout the year and is required to write to the MHCLG Accounting Officer by the 28<sup>th</sup> February each year confirming compliance with the Local Assurance Framework and escalate any compliance concerns that can not be resolved locally.

The Section 151 Officer and their representatives should ensure that the five principles outlined in the CIPFA guidance “Principles for section 151 officers working with LEPs” are addressed within this Local Assurance Framework. We have summarised the key elements below confirming how they will be implemented;

#### **A. Enshrining a corporate position for S151 Officer in LEP assurance;**

Through participation of the GFirst LEP Board meetings and having access to all correspondence of the Board this will allow the section 151 officer, or their representative to have visibility of any potential issues that may arise and the opportunity to comment on decisions being taken.

The section 151 or their representative will have quarterly catch ups with the Deputy CEO to review the progress of the LEP, ensure proper administration of financial affairs in the LEP and any concerns or recommendations made by the Accountable Body are acted upon and promptly by the LEP. The areas of audit will also be discussed and agreed which area would be the most beneficial to the LEP.

The section 151 officer and chief executive/ chair acknowledge that proper administration of financial affairs continues throughout the year. Any improvements required should be clearly set out in the Local Assurance Framework action plan and monitored appropriately for delivery. Both have a role in identifying staff training needs to ensure compliant spend of funds and that all staff understand the governance and control arrangements.

**B. Creating a formal/structured mandate for S151 Officer;**

The LEP board, and its supporting governance structure (where there are appropriate schemes of delegation), is the strategic body responsible for taking decisions on LEP business and LEP programme activity.

Where concerns or improper financial administration are identified the section 151 officer shall provide recommendations for improvements to be made. The LEP board shall be responsible for making changes to address the concerns in line with the recommendations following local discussion with the section 151 officer in line with the agreed responsibility arrangement. Where the board does not agree with the recommendations and no agreement on the way forward can be reached with the section 151 officer, the matter shall be referred to MHCLG who will escalate as appropriate.

The section 151 officer shall have the right to record an opinion if required on the financial implication and assessment of risk (such as delivery risks and cost overrun risks) in every board paper. The LEP board does not have to follow the section 151 officer's advice above, but where they decide on a course of action which goes against that advice, the board should indicate and record the rationale for not following it.

Section 151 officers (or their delegated representatives) should also be invited to attend all board meetings and board agenda setting meetings, but shall not be entitled to vote or otherwise make LEP decisions.

The LEP shall recognise that treasury management and borrowing is part of the role of the accountable body.

The section 151 officer should ensure that there are the correct, established financial processes in place leading up to board decisions such that financial delegations are respected.

Where there are concerns about systemic financial problems this shall be raised with the Cities and Local Growth Unit. The section 151 officer will work with the LEP to improve financial standards, and progress shall become a standing item in the board meetings until the section 151 officer is satisfied that the issue has been resolved.

The 151 officer and the LEP should agree appropriate arrangements over the discharge of the functions of an audit committee.

### **C. Embedding good governance into decision making;**

The section 151 officer working with the LEP chief executive or deputy should ensure that the LEP and accountable body has procedures in place to consider the financial implications of decisions before and during the decision making process rather than reviewing decisions afterwards.

LEPs and the section 151 officer should agree the budget risks facing the LEP at the outset of the financial year, and review them on a frequent basis. The risk appetite should be understood by both the LEP and the section 151 officer. The LEP shall provide the risk register to the section 151 officer on each occasion that it is revised.

At the beginning of the budget year, the section 151 officer should be entitled to comment on the adequacy of the budget plan. This should be provided by the LEP chief executive at the beginning of each financial year.

In addition, the LEP should set out their scrutiny arrangements in their Local Assurance Framework to make sure there is strong governance in place, and appropriate scrutiny procedures to support that governance.

If the dual role of the section 151 officer results in a potential conflict of interest impartial advice should be sought to ensure transparency.

### **D. Ensuring effective review of governance; and**

An internal audit plan should be agreed for the year, this plan should include a risk-based audit plan of LEP activity that will provide assurance to the section 151 officer and the LEP board at appropriate points through the year. LEPs should ensure that there are arrangements for funding the internal audit activity.

The internal auditors of the accountable body may provide assurances to both the LEP Board and the section 151 officer. Guidance on internal audit sets out the assurances to be provided and the reporting relationships to maintain audit independence.

Following a completed audit (by either internal or external audit) where there are comments that relate to the LEP they should be reported back to the board by the Section 151 officer and chief executive or their representatives and provided to the Cities and Local Growth Unit.

Where serious concerns are encountered during the year for example repeated non-compliance with legal requirements or fraud then the section 151 officer shall promptly raise these with the Cities and Local Growth Unit. Local resolution should be the first mechanism to resolve disputes, if this has been unsuccessful it should be raised with the Cities and Local Growth Unit.

## **E. Ensuring appropriate skills and resourcing.**

The section 151 will ensure their representative has the relevant Senior financial experience and be professionally qualified to carry out the delegated role and maintain an overview of the Accountable Body function.

The team providing the Accountable body role will be experienced in the relevant area and able to access the necessary specialist advice as and when required through use of professional advice.

The GCC Accountable body staff will have access to the section 151 officer on a monthly basis to give them an opportunity to discuss any issues and ensure that the Section 151 is kept up to date. This allows for a strategic overview of the LEP and gives the Section 151 assurance that the right level of resources are in place and the opportunity to challenge the processes

Therefore Gloucestershire LEP's Assurance Framework confirms that:

- Gloucestershire County Council will be the only 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;
  - An oversight function ensuring use of resources will be in accordance with Gloucestershire County Council's established processes including financial regulations and contract regulations
  - Ensuring the right scrutiny processes are in place to ensure LEP governance and transparency arrangements or working
  - 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
  - a support function providing technical advice on relevant law discussing risks associated with pursuing a particular course of action for the LEP Board to consider and drafting funding agreements to allocate the funds appropriately.
- 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.
  - Provide access when relevant to all LEP Board documents to the Section 151

Officer or their representative and where decisions are being made the S151 Officer or their representative should have the opportunity to comment.

- 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 MHCLG 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 E 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 – Funding Arrangement Fee**

A funding arrangement fee is associated with each funding award administered by the Accountable Body, on behalf of the LEP. This is a standard charge for all projects in receipt of investment funding (Growth Deal and GIIF) in Gloucestershire and merely reflects the costs of taking the promoter's business case through the formal assessment process, due diligence and on into contract award, reflecting the work involved preparing/negotiating the funding agreement. Costs incurred are re-charged to the relevant promoter on a full cost recovery basis only. Consequently, once a funding agreement is finalised and the full extent of the processing costs can be clearly identified, the standard approach is for the Accountable Body to invoice the promoter and seek settlement for the fees before the first tranche of grant or loan funding is released.

## **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 major capital projects. Consequently, during the period of development of the SEP, a pragmatic approach to risk management was devised involving the creation and maintenance of a programme level 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 framework is now in place, including the escalation process (see Annex I) 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.

The programme risk register is developed and maintained by the LEP Projects & Infrastructure Manager and reviewed at each Programme Management Group meeting.

There is also an organisational risk register, also maintained by the LEP Projects and Infrastructure Manager, following a similar process, but with the escalation through to the LEP CEO and Deputy CEO, and if necessary, to the LEP Board.

From 2019 there is an intention to nominate a LEP Board member as the Risk Lead for the Board.

The nature of the risks considered fall into the following categories:-

- Cost
- Reputational
- Timing
- Quality/outputs
- Sustainability (of the project)
- Strategic Impact

It is the responsibility of the relevant Project Manager or Project Management Board (where they exist) to monitor associated risks at project level and report back to the Projects & Infrastructure Manager if any decisions or escalation are required. The Projects & Infrastructure Manager will also seek assurance from individual projects on risk management if there are specific concerns.

#### **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 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 and other investment funding initiatives. 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 on the management of risk. 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 and was considered both robust and constructive. Further such valuable independent audit reviews will be undertaken regularly, 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 both GCC, as the Accountable Body and the LEP Board for consideration of any key recommendations arising.

Project specific audit requirements are detailed within each formal investment 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
- did not comply with the Local Assurance Framework
- illegal; or
- would lead to the available budget being exceeded; or
- did not demonstrate value for money

This situation should 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 between the S151 or their representative and the CEO and Chair of the LEP to discuss the matter and come up with a solution.

If the concern of non-delivery and/or mis-management could not be resolved locally then the GCC as Accountable Body should report any concerns to the Cities and Local Growth unit through [localgrowthassurance@communities.gov.uk](mailto:localgrowthassurance@communities.gov.uk)

## **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 H, with a particular emphasis on the following factors:

- Growth potential
- Value for money
- Deliverability
- Delivery costs
- Delivery timescales

### **5.2 Business Case Preparation, Appraisal and Due Diligence (core process)**

All outline approved projects need to complete a process of clarifications, appraisal and due diligence before being presented to the LEP Investment Panel and then the LEP Board for formal funding approval. This process varies in detail and level of scrutiny depending on the scale and departmental source of funding, but is always impartially delivered.

All projects have to adhere to the core clarifications, appraisal and due diligence requirements which are set out in Annexes F,G, & H. 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 G) 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 G 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 F

#### **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.

## Annexes

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

### **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.