

## Greater Lincolnshire LEP Growth Deal: Assurance Framework

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#### 1: Introduction

The Greater Lincolnshire LEP (GLLEP) Assurance Framework details how the GLLEP and its Accountable Body (Lincolnshire County Council) working with Government, provide assurances and transparency in developing robust value for money projects and programmes, making decisions and spending government funds. The framework currently covers the Growth Deals announced in July 2014, January 2015 and March 2017, but will also apply to future growth deal allocations.

European funding streams and projects are covered separately within the GLLEP **EU Structural and Investment Strategy 2014-20**.

See the following for further detail:-

<https://www.greaterlincolnshirelep.co.uk/funding-and-projects/eu-funding/>

An operational manual has been produced in conjunction with this Assurance Framework to bring together all aspects of project management and delivery as an internal working guide for LEP Officers. This document sets out the internal control environment with relevant forms and guidance, financial procedures, contracting procedures, payment processes, monitoring requirements and details on how partners will work together to ensure efficient development and delivery of projects.

GLLEP recognises the importance of not using public funding to secure the service of lobbyists demonstrating commitment to the principles identified within this Assurance Framework.

## 2: Purpose

### GLLEP

The purpose of the GLLEP is to provide strategic leadership and develop a long term vision of the GLLEP Region's economy, providing strategic insight on the challenges and opportunities facing the area by setting, reviewing and refining the Strategic Economic Plan (SEP). We will:-

- Champion the GLLEP Region's economic vision and promote bold solutions;
- Communicate with the business community and other partners around economic growth;
- Share knowledge practice and intelligence within the GLLEP region and;
- Allocate resources to deliver economic growth, secure finance and encourage local and national bodies to match resources to achieve the GLLEP region's ambitions.

### Framework

The purpose of this framework is to support the delegation of funding from central budgets and programmes to the Greater Lincolnshire LEP. It should be viewed in the context of the Accountability Systems Statements for both Local Government and the Local Growth Fund which provide assurance to Government for how Local Growth Funds and wider funding routed through Local Government are allocated, and that there are robust local systems in place to ensure resources are spent with regularity, propriety, and value for money.

This Assurance Framework is one of four key documents making up the Growth Deal. Links to the Growth Deal group are in the Appendices at section 10.

- *GLLEP Growth Deal Grant Offer Letter*
- *GLLEP Growth Deal Assurance Framework*
- *GLLEP Growth Deal Implementation Plan*
- *GLLEP Growth Deal Monitoring and Evaluation Framework*

## 3: Part 1: Governance and Decision Making

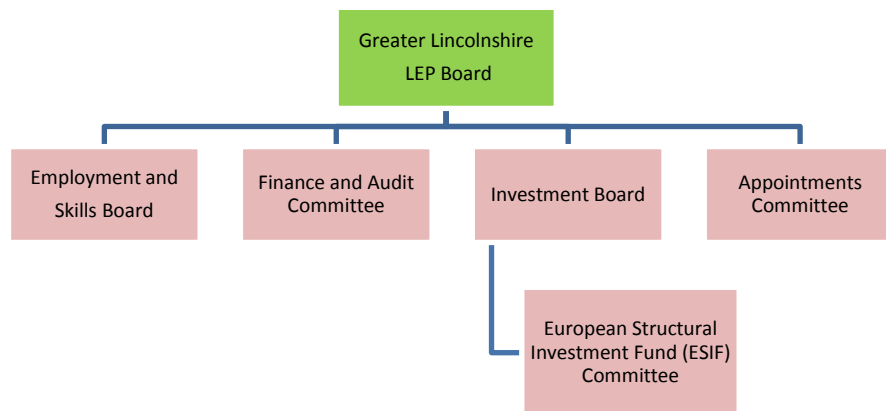
### Governance

The GLLEP Board has formed a company limited by guarantee. It will work closely with local government and other partners to ensure effective communication, strategy and delivery.

The GLLEP Board is supported by a Finance and Audit Committee; an Appointments Committee to ensure adequate scrutiny and clarity on decisions that have been taken; an Investment Board to agree strategic programmes for commissioning activity and to approve projects; and an Employment and Skills Board to consider activity in relation to employment and skills and to make recommendations to the GLLEP Board and/or Investment Board. GLLEP reports to the Lincolnshire County Council Environment and Economy Scrutiny Committee on a six monthly basis and works closely with the Lincolnshire Leaders Group

The GLLEP Board is also supported by strategic and advisory forums covering: water management; housing; visitor economy; agri-food; manufacturing; infrastructure and housing and takes expert advice from the Accountable Body and/or commissions expert opinion on strategic issues as and when required. The GLLEP Board seeks Accountable Body authorisation in relation to legal, financial, process and resource related decisions.

**GLLEP Governance Chart**



**GLLEP Roles and Responsibilities**

**Greater Lincolnshire LEP Board (Ltd Co)**

Members of the GLLEP Board are also Directors of GLLEP Ltd. The purpose of the GLLEP Board (Ltd Co) is to fulfil the role within the GLLEP region of a Local Enterprise Partnership in accordance with any statutory requirements or guidance at any given time and:-

- i. To provide strategic leadership and develop a long term vision of the GLLEP Region’s economy, providing strategic insight on the challenges and opportunities facing the area by setting, reviewing and refining the Strategic Economic Plan
- ii. Champion the GLLEP Region’s economic vision and promote bold solutions;

- iii. Communicate with the business community and other stakeholders around economic growth;
- iv. Share knowledge practice and intelligence within the GLLEP Region; and
- v. Allocate its resources to deliver economic growth, secure finance and encourage local and national bodies to match resources to achieve the GLLEP Region’s ambitions.

(Sourced from Greater Lincolnshire Co Ltd Code of Conduct)

**GLLEP Board Membership (Director's)**

Ursula Lidbetter MBE	Chair and Private Sector; Lincolnshire Co-operative
David Dexter	Deputy Chair and Private Sector; Federation for Small Businesses (Board Member nominated as SME representative on behalf of the LEP)
Chris Baron	Board Director and Private Sector; Butlins
Steve Middleborough	Board Director and Private Sector; Siemens
Herman Kok	Board Director and Private Sector; Lindum Group
Vacancy	Board Director and Private Sector;
Professor Mary Stuart	Board Director and Private Sector; University of Lincoln
Vacancy	Board Director and Private Sector;
Pat Doody	Board Director and Private Sector; NatWest
Cllr Rob Waltham	Board Director and Public Sector: North Lincolnshire Council
Dean Fathers	Board Director and Public Sector: United Lincolnshire Hospitals NHS Trust
Richard Wills	Board Director and Public Sector: Lincolnshire County Council

Cllr Craig Leyland	Board Director and Public Sector: East Lindsey District Council
Cllr Colin Davie	Board Director and Public Sector: Lincolnshire County Council
Cllr Peter Wheatley	Board Director and Public Sector: North Lincolnshire County Council
Cllr Richard Metcalf	Board Director and Public: Lincoln City Council

\* Subject to change – the latest Directors of the Company can be found on the main GLLEP website.

### Investment Board:

The remit of the Investment Board is to ensure a commissioning approach is taken to develop programmes and projects to deliver the Strategic Economic Plan. This will be achieved through:-

- Provision of a strategic assessment of proposed bidding rounds (Invitations to Apply for Grant Funding – IAGFs);
- Provision of a final strategic assessment of projects and recommendations to the GLLEP Board on which projects should be approved for funding;
- Monitoring, approving and reporting to the GLLEP Board the progress of projects in delivering outputs and other performance indicators including spend.
- Democratic accountability (members representing public and private sector)

The Investment Board will act as the strategic steer to support the ESIF Committee in its recommendations to the Managing Authority on the separate EU funding. The ESIF Committee will meet independently to the Investment Board to oversee the delivery of the detailed ESIF Strategy and communicate this back to the Investment Board.

The Investment Board consists of the following members:

Ursula Lidbetter MBE	Chair and Private Sector; Lincolnshire Co-operative
Chris Baron	Board Director and Private Sector; Butlins
Pat Doody	Board Director and Private Sector; Natwest
Vacancy	Board Director and Private Sector;
Cllr Rob Waltham	Board Director and Public Sector: North Lincolnshire Council
Cllr Colin Davie	Board Director and Public Sector: Lincolnshire County Council
Cllr Peter Wheatley	Board Director and Public Sector: North East Lincolnshire Council

### ESIF (European Structural and Investment Funds) Sub-Area Committee:

The Committee supports the delivery of the £123m European funding allocation to deliver the GLLEP ESIF Strategy.

The ESIF Committee is a sub-committee of the England Growth Programme Board (GPB). They support the GPB's role in considering overall Operational Programme performance by specifically looking at and advising on the local, on-the-ground implementation of it, via project calls, applications and ongoing implementation.

The Committee also assists the EAFRD Managing Authority and the GPB by providing advice where those activities are relevant to EAFRD spend, which is part of the ESI Funds Growth Programme. Where there are differences of detail in the arrangements or procedures for the EAFRD Growth Programme, these are spelled out separately by Defra to the ESIF Sub Area Committee.

Committee members are drawn from a number of bodies including the LEP, local authorities, business, the voluntary sector, environment,

trades union, education and others. This Committee is responsible for advising Managing Authorities on projects meeting EU funding criteria to the Investment Board.

The Chair of the ESIF Sub-Area Committee is a Board Director on the GLLEP Board.

Details of the ESIF Sub-Area Committee can be found at:-

<https://www.greaterlincolnshirelep.co.uk/about/boards/lep-esif-committee-european-structural-investment-funds/>

### GLLEP Secretariat:

The purpose of the GLLEP Secretariat is to provide administrative, secretariat and policy functions. The Secretariat currently consists of:-

- |                         |                |
|-------------------------|----------------|
| • LEP Director          | Ruth Carver    |
| • LEP Manager           | Clare Hughes   |
| • LEP Officer           | Kate Storey    |
| • LEP Housing Advisor   | Cathy Jones    |
| • LEP Programme Manager | Halina Davies  |
| • LEP Research Manager  | James Baty     |
| • LEP PA                | Sue Groves     |
| • Project Officer       | Laura Spittles |

**Administration** – This provides administrative support for the GLLEP, including managing meetings, agendas, recommendations on funding allocations, financial management and reporting, appraisal, legal and procedural systems, minutes taking, handling correspondence, day to day point of contact, gatekeeper, recruitment, co-ordination and management of any contracted services including PR, design and consultancy, media enquiries and management.

**Secretariat** - Co-ordination of government initiatives such as Growth Deals, Growing Places Fund and Regional Growth Fund, managing

funding enquiries, co-ordination or response where necessary on consultations, briefing to partners and stakeholders. Bringing together policy, academic and business expertise to inform and shape LEP thinking.

**Research and Policy** – The Secretariat organises LEP policy advice, analysis and briefings from within the local authorities and wider. This is co-ordinated through the LEP Officers Group which includes representatives from North East Lincolnshire, North Lincolnshire, Lincolnshire County Council (LCC - various departments), BEIS (Business, Energy and Industrial Strategy) and HE (Homes England – formerly the Homes & Communities Agency)

### 4: Part 2: Strong supportive local authority partnership working across the LEP

Local authorities, higher and further education providers, and the third sector in Greater Lincolnshire all have a strong track record in delivering major schemes and will continue to do so under the strategic lead of the GLLEP.

Because of the strong relationship between the GLLEP's leadership of local economic development and that of local government, our GLLEP works closely with local authority partners to ensure that the democratic representation of local citizens through councils is reflected in the GLLEP Board and local strategies are aligned.

### Greater Lincolnshire LEP Officers Group

The Greater Lincolnshire Officers Group comprises senior officers from all 10 local authorities; the LEP; government representation from DfT and BEIS; and key stakeholders including Environment Agency and Homes England. The role of the Greater Lincolnshire Officers Group is

to share knowledge and best practice and provide strategic advice to the GLLEP Board.

### **Finance and Audit Committee:**

The primary purpose of the Finance and Audit Committee is to assist the GLLEP Board in ensuring that the company maintains satisfactory financial systems and systems of financial and operational control, and that any published financial reports comply with statutory requirements.

The Terms of Reference for the Finance and Audit Committee, along with the membership, are published on the website.

<https://www.greaterlincolnshirelep.co.uk/about/boards/finance-and-audit-committee/>

### **Investment Board**

See page 4.

### **Appointments Committee:**

The Appointments Committee's principal remit is to manage the process for appointing Directors and Company Members to the GLLEP as set out in the Company's constitution, and produce recommendations for Company Members to consider. Membership consists of the Chair of the Finance Committee, Chair of the Employment and Skills Board and the Chair of the GLLEP.

### **GLLEP Partnership Agreement**

The GLLEP has developed a partnership agreement with the Accountable Body (Lincolnshire County Council (LCC):-

- Secretariat support to the LEP
- Expert advice and staffing resource

- Financial services
- Financial audit services
- Research and data services
- Legal services
- Procurement

This also incorporates use of robust Accountable Body policies covering:-

- Financial procedures and practice
- Funding drawdown and claw back
- Information governance (FOI/ Conflict of interest/ data protection/ complaints/ environmental/ notifications)
- Local government transparency code.

LCC policies can be viewed online (see the list of appendices at the back of this document)

### **GLLEP governance partnerships**

Strategic Advisory Groups have been established, LEP agenda led, but having input from the public, private, and third sectors having the remit of a variety of key themes including; key sector and business development; employment and skills; innovation; and place as set out in the Partnership chart below.

## GLLEP Partnerships Chart

LEP AGENDA	
STRATEGIC ADVISORY GROUPS	SECTOR PLANS AND STRATEGIES
Greater Lincolnshire Employment & Skills Board	Skills
Visitor Economy Board	Destination Management Plan
Food Board	Agri Food
Manufacturing Board	Manufacturing
Innovation Council	Innovation*
Growth Hub Governance Board	-
Greater Lincolnshire Nature Partnership	-
Water Management Board	Water Management Strategy
Housing & Infrastructure Group	Transport Strategy and Housing (discussion document)

\*Emerging

## GLLEP Members Agreement

The Members are subscribers to the Memorandum of Association and the Directors with the purpose to:-

- Participate as Members in the Company
- Agree to enter into the Members Agreement for the purpose of regulating their relationship and their dealings with each other
- Meet the Eligibility Criteria
- Be admitted to membership from time to time in accordance with the Company Articles

GLLEP Ltd now includes membership from the following organisations:

- District Councils
- Lincolnshire County Council
- North and North East Lincolnshire Councils
- Lincolnshire NHS
- Environment Agency
- Private sector Director organisations
- University of Lincoln
- Bishop Grosseteste University
- FE representation
- Community sector representation
- Lincolnshire Chamber of Commerce

## Growth Hub

The Business Lincolnshire Growth Hub provides a single access point for business support, bringing together both government offers and local offers, so businesses get what they need wherever they start their growth journey. The Growth Hub also brings together public and private sector support, for example the support offered by local authorities, universities, Chambers of Commerce, Federation of Small Business and enterprise agencies etc.

The Business Lincolnshire Growth Hub works with business support partners, local authorities and intermediaries to collaborate in the delivery of all business support services. This is to ensure that a 'single conversation' is facilitated with local businesses, raising awareness and

uptake of both public and private sector support by improving co-ordination, marketing and signposting.

The Growth Hub Governance Board was established in March 2015. It has been created to align, simplify and rationalise business support in the Greater Lincolnshire LEP area and ensure that local and national business support offers are joined up for businesses. The Board acts as the Enterprise Board for GL LEP.

The role encompasses the business support needs of pre start, start up and growth potential businesses.

The Board is also the business support arm of the Greater Lincolnshire Local Enterprise Partnership (LEP) and has a specific role to develop and inform LEP strategic plans with particular reference to business growth needs.

There is a two-way relationship between the Greater Lincolnshire LEP and the Business Lincolnshire Growth Hub Governance Board, and each gives advice and is asked for advice on matters where an enterprise growth/business support perspective is required.

The Board:

- Oversees and provides strategic input on the direction of the business growth agenda
- Takes a holistic view on business support provision and ensures future provision is needs based
- Oversees delivery and monitors the development of the national Growth Hub project, ensuring that it is meeting the original contractual requirements
- Provides a strategic steer to policy formation on matters affecting the Growth Hub and business support
- Develops, procures, champions and reviews business support for Greater Lincolnshire
- Seeks to influence delivery agents to reach businesses who haven't previously accessed business support

- Has developed a business support commissioning framework, monitors and reviews its effectiveness
- Provides the Greater Lincolnshire LEP and its Approvals Board and ESIF committee with local intelligence and strategic fit on SME Competitiveness funding and business support projects.
- Reviews the business simplification mapping results and makes recommendations
- Uses experience and knowledge of Board Members and others associated with the Board to seek to shape strategy and policy on business support provision

### **Board Composition and Meetings**

The Business Lincolnshire Growth Hub Governance Board is an advisory body with no legal status, but with a specific role as part of the Greater Lincolnshire LEP structure. The Chair is a Director of the Greater Lincolnshire LEP.

The Board meets 4-6 times a year in private. Members are expected to provide apologies if they cannot attend and no substitutes are allowed.

A Business Lincolnshire Programme Board serves the Board and members of the Programme Board meet at least 3 times a year. They help steer the agenda of the Board, providing impartial policy advice and practical support through production of papers, working with individual Board Members, championing particular subjects or sectors, sharing and contributing relevant information as required.

### **Business Support Provider Forum**

This forum is a sub group of the Business Lincolnshire Growth Hub Programme Board that meets twice per annum and consists of all the front line business support delivery agents (public and private) delivering in Greater Lincolnshire. The Forum:



- provides a voice about the current business support products, business simplification and alignment
- advises the Business Lincolnshire Growth Hub Governance Board on matters of business support provision, alignment and communication channels
- identifies freedoms, flexibilities, and improvements that could be made to government funded business support provision so that the Board can promote changes that will improve local provision
- provides the opportunity to network and share intelligence with other business support providers and helps to develop a clear ladder of progression in terms of pre start, start up and existing business provision

### 5: Part 3: Transparent decision making

Transparency is critical to the credibility, status and responsibility of the GLLEP with both private and public sectors alike.

Transparency and accountability are both essential for trust. We need business, investors, stakeholders and the public to have the confidence that comes from accessing the information which gives assurances that GLLEP is making the right decisions.

In October 2017, the Department for Communities and Local Government (DCLG) published the 'Review of Local Enterprise Partnerships Governance and Transparency' a report led by Mary Ney, Non-Executive Director (NED) of the DCLG Board. GLLEP has responded to the subsequent best practice guidance provided by Government in January 2018 by making important changes to its governance, and will ensure that emerging guidance in relation to the

Section 151 Officer role and LEP scrutiny is also taken into account within this Assurance Framework once available.

#### Published documents

As a company limited by guarantee, the GLLEP Ltd is required to maintain statutory books at the registered office and to lodge with Companies House:-

- Register of directors and secretariat
- Copies of any terms/service contracts of directors
- Register of members
- Register of charges
- Records of resolutions, shareholder meetings and board minutes

GLLEP Ltd also adheres to National Assurance Framework Guidance and ensures the following: (This does not apply to agenda items or meetings that are exempt due to confidentiality or commercial sensitivities. Items that are exempt are outlined in the [Local Government Act 1972](#) and the [Freedom of Information Act 2000](#)).

- Sub-Group Meeting agendas and papers are published 5 days before the meeting takes place.
- Draft minutes of Board meetings are to be published within 10 clear working days of the meeting taking place.
- Final minutes of Board meetings must be published within 10 clear working days of being approved.
- Any declaration of interest made at the meeting is included in the minutes of the Board meeting and updated on the member's register of interest.

LEP Annual accounts are published on the Greater Lincolnshire LEP website on a yearly basis following an external audit and final agreement at the Annual General Meeting.

The Growth Deal Offer Letter additionally requires the GLLEP to:-

Communicate the ongoing outputs and outcomes of the Deal to the local community and stakeholders by publishing the Growth Deal and reporting regularly, and publically, on progress to implement the strategy, ensuring that local people understand how Government money is being spent via the Growth Deal, and what the benefits are for them and the area. The Government's Cities and Local Growth Unit will continue to work with the LEPs on communications activities, and help make the links with other Government communications teams. Progress will be posted on dedicated Growth Deal pages on our website at:-

<https://www.greaterlincolnshirelep.co.uk/funding-and-projects/other-funding/growth-deal-single-local-growth-fund-slgf/>

### **Advertising Funding Opportunities**

The LEP ensures that all new funding opportunities are advertised through the various communication channels available, including the GLLEP website and e-newsletter. Key stakeholders and local advisory groups are also informed directly to enable as broad awareness as possible.

Specific calls for projects explain any additional funding related criteria to prospective applicants, how to apply and what needs to be considered as part of the application. The LEP also occasionally commissions specific activity/programmes in order to help enable growth and productivity in key sectors. The LEP Director will ensure that all GLLEP related funding is advertised in a timely manner and that annual accounts for the GLLEP are published annually.

All business cases are scored according to our standard decision making process (see assessment criteria on page 20). A panel of review specialists will be sought to score and moderate business cases

in order to inform the GLLEP Investment Board before a prioritised list of schemes for funding is agreed.

Growth Deal related proposals are nationally competitive and final allocations are subject to Government approval. This means that the number of projects initially prioritised at a local level for investment may not all be able to secure funding support. GLLEP ensures that all applicants are kept informed of decisions at every stage of the process.

### **Communication channels**

#### **Website**

The GLLEP has a dedicated web site containing specific Growth Deal pages and which also includes minutes of all Board meetings.

<https://www.greaterlincolnshirelep.co.uk/funding-and-projects/other-funding/growth-deal-single-local-growth-fund-slgf/>

<https://www.greaterlincolnshirelep.co.uk/about/boards/>

#### **Newsletters**

Regular newsletters are e-posted to Members and registered users.

<https://www.greaterlincolnshirelep.co.uk/get-updates>

#### **Press releases**

Updates, comments and news items are regularly circulated to local and national media.

<https://www.greaterlincolnshirelep.co.uk/whats-new/>

#### **Business Live – annual conference and AGM**

The GLLEP annual events provide the opportunity for face to face dialogue, challenge and critique.

### Social Value

It is a requirement under the Public Services (Social Value) Act 2012 that Local Authorities should consider wider social and environmental value when they choose suppliers to provide services.

The GLLEP is required to ensure that any such schemes and projects it supports adhere to legislation around social value. Therefore, wherever funds are awarded or loaned by GLLEP, the following will need to be considered by the recipient of the funds as a minimum:

- Whether local apprenticeships or skills training opportunities can be provided to employees/apprentices in the local area to assist in the delivery of the scheme;
- That recipients shall take all reasonable steps to contribute to ensuring that opportunities are created for local businesses and SME's (including the Voluntary Sector and Social Enterprises) to participate in the delivery of the schemes, through its supply chain, and by the use of sub-contracting where appropriate; and
- That reports are provided to LCC as Accountable Body at least annually providing information regarding the above, in a format determined by the Accountable Body.

The GLLEP may impose further obligations to ensure that the requirements around social value are met.

### Project Transparency

It is vital that the detailed process of project appraisal, scoring and assessment is understood by all, and is clearly articulated to the GLLEP Board and Investment Board. Project appraisal can be viewed under section 7: Part 5: Ensuring Value for Money – Prioritisation, appraisal and business case development.

### Programme Updates

Updates on Growth Deal and the Growth Places Fund will be published at least quarterly on the GLLEP website showing the latest information available.

### Code of Conduct and Conflicts of Interest

The following provisions shall apply to members of all GLLEP decision making Boards:-

- Registers of Board Members' Interests are maintained and published. These are updated after each Board Meeting.
- All Board members sign a code of conduct.
- In the event that there is a conflict of interest the person shall immediately declare the nature of the conflict or potential conflict and withdraw from any business where the conflict would be relevant.
- Whenever a person has an interest in a matter to be discussed at a meeting the person concerned will not be:
  - i. entitled to remain present at the meeting during discussion of that matter
  - ii. counted in the quorum for that part of the meeting
  - iii. entitled to vote on the matter
  - iv. have access to papers or information in relation to that conflict

The Chair and/or Vice Chair can authorise a person to be involved in a situation in which the person has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Board provided that the conflict of interest at the time is declared to them and the person subject to the conflict of interest shall not vote.

The GLLEP Code of Conduct and individual Registers of Interest can be found at the following links:

<https://www.greaterlincolnshirelep.co.uk/about/boards/lep-board>

### **Rules for the Conduct of Board Members**

Greater Lincolnshire LEP will ensure that it complies with the 7 principles of public life as identified by the Government Committee on Standards in Public Life by committing to the following:

#### **Selflessness**

- Greater Lincolnshire LEP will act solely in terms of public interest.

#### **Integrity**

- Greater Lincolnshire LEP Board Members and employees will avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. Board members will not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends, always declaring any conflicts of interest/relationships.

#### **Objectivity**

- Greater Lincolnshire LEP will act and take decisions impartially, fairly and on merit, using the best evidence, without discrimination or bias.

#### **Accountability**

- Being accountable to the public for its decisions and actions Greater Lincolnshire LEP will undergo regular scrutiny to ensure that it continues to work objectively.

#### **Openness**

- Greater Lincolnshire LEP will act and take decisions in an open and transparent manner. We will publish all minutes and decisions on our website, and will not withhold Information from

the public unless there are clear and lawful reasons for so doing.

#### **Honesty**

- Greater Lincolnshire LEP will be truthful at all times.

#### **Leadership**

- Greater Lincolnshire LEP Board members and officers will exhibit all 7 principles in their own behaviour at all times. They will promote and robustly support the principles, and will challenge poor behaviour wherever it occurs.

### **Equality and Diversity**

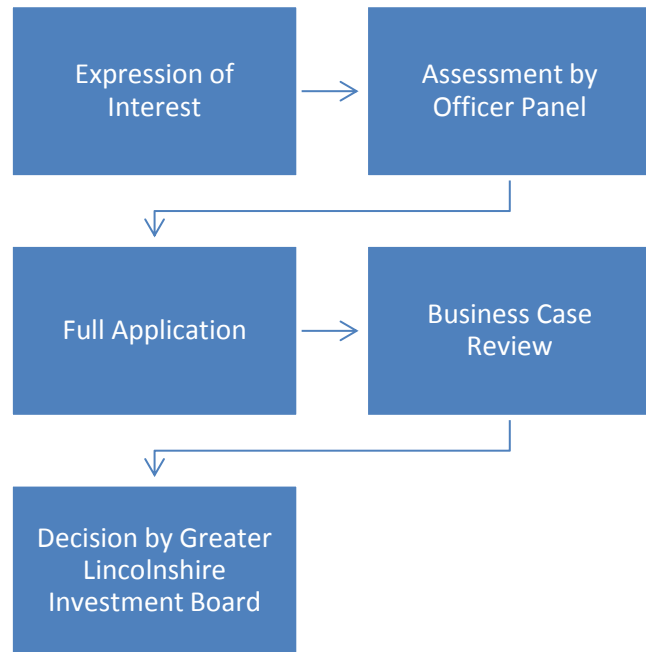
GLLEP has its own equality and diversity policy in place which is located on the GLLEP website.

<https://www.greaterlincolnshirelep.co.uk/about/boards/lep-board/>

It provides information on commitments and responsibilities and explains what the GLLEP will do to ensure that diversity and equality is upheld in all that it does including representation at Board and sub group level being reflective of the local business community.

**GLLEP Projects – Overarching Decision Making Process**

This diagram is a visual outline of the current decision making process (see page 14 for more details).



GLLEP will need to review its appraisal process for future funding programmes once the Green Book Appraisal refresh has been completed.

**6: Part 4: Accountable decision making**

The Accountable Body (LCC) will ensure, through its Section 151 Officer, that the funds generated through the GLLEP are used

appropriately and not for any purpose other than for that which it is intended.

Funds will be separately identifiable from the Accountable Body's own funds, and financial statements will be provided, as required. Expenditure and related income will be recorded by the Accountable Body making use of its Agresso financial system.

In addition to the safeguards monitored by its Internal Audit function, the Accountable Body is governed by its Audit Committee. The Audit Committee seek assurance on the adequacy of financial controls, identification of risk and value for money through the Accountable body's External Auditor, currently KPMG.

Headline comments from the most recent external audit report (2013/14 accounts), include the following statement on the financial control environment:

*"The Authority's organisational control environment is effective overall, and we have not identified any significant weaknesses on controls over key financial systems".*

In terms of Value for Money consideration and areas of risk the report states:

*"We have concluded that the Authority has made proper arrangement to secure economy, efficiency and effectiveness in its use of resources"*

The Authority achieves an unqualified audit opinion. (See link in Appendix.)

### Reporting Mechanisms

GLLEP and Lincolnshire County Council (as Accountable Body) have agreed timescales and operating practices to support the effective implementation of decisions and reporting. These will include:-

- clear arrangements for monitoring delivery
- clear expectations in relation to the information required from scheme promoters and delivery agents; this will be set out in funding agreements
- clear written agreement between the accountable local authority and the delivery agent clearly setting out the split of responsibilities and including adequate provisions for the protection of public funds (e.g. arrangements to suspend or claw back funding in the event of non-delivery or mismanagement)

The Authority's S.151 officer (or equivalent) must certify that funding can be released under the appropriate conditions in line with their statutory duties. Payment milestones will be agreed between the delivery agent and the authority based upon the complexity, cost and timescales of the scheme. This will form part of the programme management role of the Authority, which is subject to external audit.

To aid with overall reporting Lincolnshire County Council will work with the GLLEP to provide data to a variety of audiences on their spending and performance, via a number of mechanisms as detailed in the monitoring and evaluation framework.

As Accountable Body, Lincolnshire County Council will ensure that the allocated funding is ring-fenced, treated as a restricted fund and only used for the purposes as set out in the Growth Deal document. It will be monitored by relevant County Council officers in conjunction with finance personnel as part of ongoing statutory function and will be reported on a regular basis to the various committees responsible for authority scrutiny.

Should the situation arise that GLLEP and/or the Accountable Body do not agree on a specific decision made by Investment Board based on legal or financial concerns, a meeting would be arranged between the Chair of the LEP, the Head of the Accountable Body and the Section 151 Officer to determine a reasonable way forward.

### Accountable Body financial procedures

The Accountable Body will hold the major funding made available through the LEP and will make payments to delivery bodies. It will account for these funds in separately identified budget lines to ensure transparency and clarity and will report to the GLLEP board as required.

The Accountable Body will work with the GLLEP to ensure that GLLEP policies and services are efficient, effective, appropriate and accessible to all.

Accountable Body (LCC) shall:-

- Hold any funding it receives and all interest or income earned for and on behalf of GLLEP and ensure that the money is not moved or converted to cash without specific instruction from the GLLEP;
- Provide support and assistance to GLLEP, including procurement advice, to ensure both legal and financial probity in relation to the receipt and use of specific funding for which it acts as Accountable Body;
- Advise the GLLEP on the procedures necessary to ensure formal compliance with any terms and conditions of funding or grant;
- Provide advice on proper and effective governance for overseeing the allocation and spend of GLLEP funding;
- Ensure that performance and financial systems are robust;
- Provide details of all monies expended in accordance with the terms and conditions of funding;

- Inform and keep GLLEP informed of any grant funding allocations received and the procedures and recommended criteria for distributing the funding based on the funding body's requirements;
- Establish and maintain a financial system to account for all monies received and disbursed on GLLEP's behalf;
- Transfer , subject to due diligence and agreement by the Investment Board, funding for projects identified by GLLEP;
- Receive income and make payments for and on behalf of GLLEP;
- Maintain proper records, in accordance with its Constitution, of all monies received and disbursed for GLLEP and make such records available for inspection by both internal and external regulators;
- Arrange regular audit examination of GLLEP's activities with regards to use of public resources and, following each audit, present a report to GLLEP with recommendations to strengthen their governance and management practices;

GLLEP shall:-

- Co-operate with and assist LCC acting in its role as Accountable Body in undertaking the day to day responsibility for financial matters;
- Make funding available, through LCC, to persons and organisations who it has resolved shall receive these;
- Request LCC to effect the payment of such funding to the said persons or organisations;
- Co-operate with and assist LCC in regular audit examinations of all operating systems;
- Act upon all recommendations contained within the LCC's internal audit reports where LCC's chief financial officer so requires; report any financial irregularity or suspected irregularity in the use of any funding to LCC.

- Allow funding bodies to have access to all files/ records of projects for which it acts as Accountable Body; and supply, as necessary, completed statements of income, expenditure and disbursements to GLLEP, funding organisations, central government and external auditor.

A comprehensive suite of financial regulations and procedures are publically available on the Accountable Body (Lincolnshire County Council's) web site and can be found at:-

<https://www.lincolnshire.gov.uk/local-democracy/how-the-council-works/finances/>

These are continually under review and were updated to link in with the introduction of the Agresso system on 1 April 2015.

The organisation is supported through a Scheme of Authorisation (SoA) to ensure that financial transactions are suitably authorised based on service knowledge and the value of the transaction.

#### **Interest on fund balances**

For any amounts held in the County Fund interest is applied at the same rate as the Council's average yield, earned on its total investments. This is an annual rate which is then compounded on a quarterly basis. This will be paid to a balance sheet code on a year-end basis or when the fund closes. It is anticipated that interest will start on 1 April 2015. Use of the interest generated will be decided by GLLEP Board.

#### **Freedom of information/Environmental Regulation**

In conjunction with its Accountable Body, GLLEP responds to all Freedom of Information and Environmental Information Regulation requests in line with relevant legislation.

#### **Enquiries, Compliments and Complaints Procedure**

An Enquiries, Compliments and Complaints procedure is in place for the LEP and is available for perusal on the GLLEP website.

<https://www.greaterlincolnshirelep.co.uk/documents/greater-lincolnshire-lep-enquiries-compliments-and-complaints-procedure/>

### **Whistleblowing Policy**

The LEP also has a formal whistleblowing policy in place which can be found at:

<https://www.greaterlincolnshirelep.co.uk/documents/whistleblowing-policy-feb-2018>

This policy outlines the process to follow for a Discloser when reporting a perceived wrongdoing within the Greater Lincolnshire LEP, including something they believe goes against the core values of Standards in Public Life (the Nolan Principles) and the Code of Conduct for Greater Lincolnshire LEP Board Members and staff.

### **Conforming with Legislation**

GLLEP ensures that all of its activities conform to relevant law including state aid and public procurement rules. Regular internal and external audits assess that guidance and legislation has been adhered to accordingly.

### **Dealing with Legal Challenges**

GLLEP is represented by Wilkin Chapman Solicitors on all legal matters and benefits from LCC legal services advice and support for the contracting of projects as required.

Wilkin Chapman are instructed to carry out the following work:

- Advising on the AGM and preparation of notices, proxy forms and minutes;
- Filing annual returns with Companies House;
- Filing returns and accounts as and when required;
- Preparation and review of pro forma advice on duties and responsibilities of directors; and
- Advice on corporate governance and any other legal issues as and when required.

### **Confidential Papers and Legal Proceedings**

The LEP may decide to withhold “confidential information” under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. Circumstances include:

- Information provided by a government department on terms which forbid the disclosure of the information to the public;
- Where disclosure to the public is prohibited by a court or;
- Where the Local Enterprise Partnership holds “exempt information” under Schedule 12A of the Local Government Act 1972. This includes information relating to an individual, relating to the financial or business affairs of a particular person, negotiations, labour relations, legal professional privilege and in connection to the investigation or prosecution of a crime.

GLLEP has a clear process in place for confidential proceedings and papers, procuring legal advice as required. A full record is kept by the LEP in case these decisions need to be scrutinised in the future.

Confidential Papers are circulated in confidence to Board members 7 days in advance of the relevant meeting and are retained on the LEPs file management system only for up to 5 years.

Information and correspondence for any legal proceedings relating to the LEP or its projects is shared with the GLLEP Board or Investment



Board accordingly and is then retained confidentially on the file management system for up to 5 years. This includes any formal decisions relating to the proceedings made by the GLLEP. Deadlines for any required legal responses are strictly adhered to.

### **Local Engagement**

GLLEP has a dynamic SME representative on the Board. The LEP Chair, also chairs the Lincolnshire Chamber of Commerce. Our main job is to be the joint voice of the private and public sector community and ensure that the economic interests of the area are properly represented.

Communication with our business community and stakeholders is at the heart of what we do, and Greater Lincolnshire LEP has a dedicated web site focused on core LEP priorities, activity, strategies and achievements which we continue to improve and develop. We also have a bespoke dedicated web site aimed directly at our business community [www.businesslincolnshire.com](http://www.businesslincolnshire.com).

Greater Lincolnshire LEP seeks to maximise visibility of its role through the annual GLLEP conference 'LEP Business Live', providing the opportunity for face to face dialogue, challenge and critique alongside key speakers, and the chance to showcase new ideas and innovations.

Board Members and the LEP Director attend a number of key events and sector groups regularly and GLLEP delivers a series of 'Big Debates' tackling the priority issues for our sectors each year. These are breakfast events to maximise take up for our busy companies, they are held in strategic locations around Greater Lincolnshire and where possible are MP led. In 2016, 'Big Debates' were held on the Midlands Engine, Food and Devolution. In addition, GLLEP has published a number of strategies and plans identifying the focus for the economy and the priority sectors including: The Strategic Economic Plan (refresh

Spring 2016); Water for Growth; Agri-food Sector Plan; Manufacturing Sector Plan; Health and Care Sector Plan; and Transport Strategy.

GLLEP will continue local engagement with and feedback to the general public about future LEP strategy development and progress against delivery of the SEP, not just the growth deal, providing information on our website on key projects and spend against those projects. The public are also able to attend regular Scrutiny Committee and Greater Lincolnshire Leaders Board discussions on how LEP projects are performing. The LEP will publish a commissioned report on SEP performance in spring/summer 2017. The GLLEP Annual Report is also published on the GLLEP.

### **Other sources of Funding**

GLLEP has secured a number of funding programmes in addition to Growth Deal. These funds are supported by individual guidance; however the overarching principles of this Assurance Framework apply to each one. Details on the Growth Hub have been included earlier in this document. The other funding mechanisms can be summarised as follows:

#### ***Invest and Grow Loan Fund***

Greater Lincolnshire's Fund is part of the national £500 million Growing Places Fund launched by Government in November 2011 to help Local Enterprise Partnerships deliver economic growth through unlocking stalled infrastructure and development projects.

The Invest and Grow Fund has 3 overriding objectives:

- To generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing;
- To allow Local Enterprise Partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies;

- To establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.

In terms of supporting local economic activity, our guidance notes for applicants highlight that supported developments should be:

- Not less than 25 houses;
- Not less than 1 hectares or at least 10,000m<sup>2</sup> net of commercial space;
- A combination of the above in a mixed use development;
- Of recognisable and demonstrable economic/strategic significance such as refurbishment of existing buildings or new build commercial space.

#### ***Greater Lincolnshire Feasibility Challenge Fund***

Grant Fund to help accelerate growth and investment on capital schemes in Greater Lincolnshire (latest call for projects closed in November 2016).

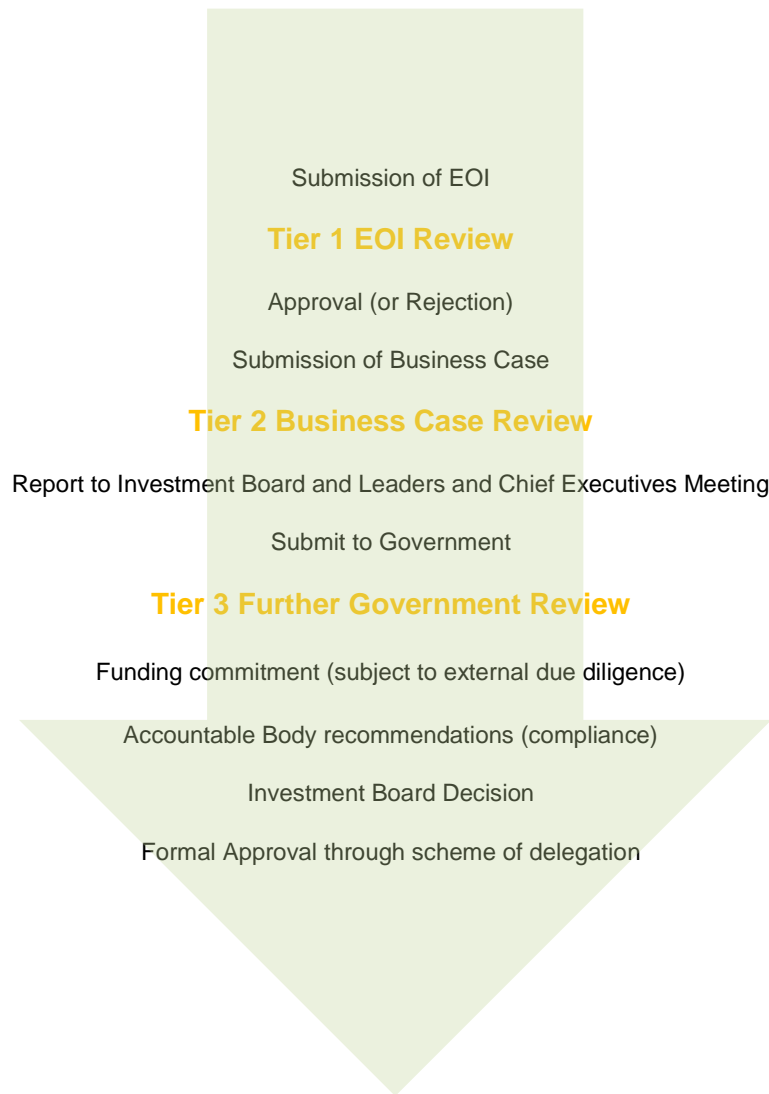
- The fund is open to public and private sector applicants;
- The funding will not be available to undertake feasibility whereby projects are at a very early stage of development/concept stage and must be advanced to a stage where there is certainty and prospects for delivery. This is required to mitigate the risks that the LEP pay for feasibility reports and then ultimately the project does not proceed;
- Applicants seeking funding must be able to demonstrate previous investment made in the project in terms of overall development and progress made to date;
- Applicants must be able to demonstrate that LEP funding sought is the last resort and all other means to secure funding to meet the costs of the required feasibility have been exhausted;

- All applicants seeking funding must demonstrate that there is at least 50% of total feasibility costs either secured or expended to date as match funding;
- In order to ensure value for money and to justify the amounts requested, the GLLEP would expect applicants to secure 3 quotes for the feasibility work for which the resources are requested, including at least one quote from a company / contractor / consultancy based within the GLLEP area where possible;
- The maximum amount of funding to be made available to applicants on individual projects is £50,000.

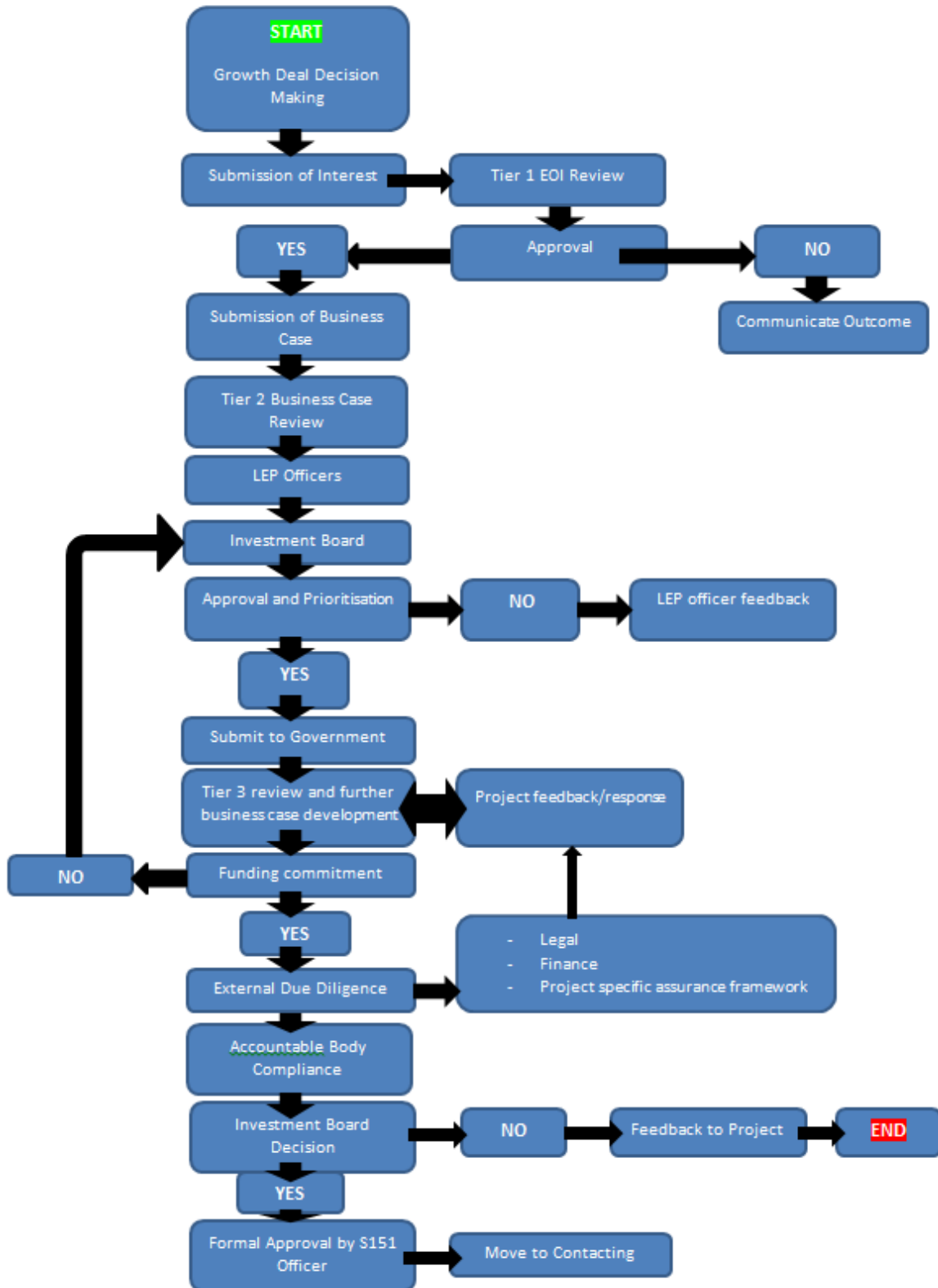
#### ***Greater Lincolnshire Growth Fund***

This recently announced business grant fund of £2.7million will respond to Greater Lincolnshire's priority sectors and will be accessed through the LEP's Business Growth Hub. It will provide grants to businesses for transformational projects focussed on productivity and job creation. Grant investment will be from £150,000 to an upper limit of £500,000.

## Growth Deal Decision Making Process



### Decision Making Process Chart



### **7: Part 5: Ensuring Value for Money – Prioritisation, appraisal and business case development**

Building on the arrangements put in place for the Growing Places Fund (Invest & Grow in Greater Lincolnshire), Growth Deals, and drawing on the experience of Local Transport Boards, the GLLEP has developed robust arrangements to ensure value for money and effective delivery, through the Investment Board having delegated responsibility to agree and authorise these decisions (as shown in previous sections).

#### **Value for Money**

GLLEP recognises the importance of demonstrating Value for Money in its investments and has a due diligence process in place to inform all Investment Board funding decisions. This process will be reviewed once the Green Book appraisal guidance has been refreshed later this year. DFT schemes above 5 million are covered by the DFT value for money assessment and major projects requiring DCLG appraisal now also have revised guidance in place.

### **8: Part 5a: Options appraisal and prioritisation**

Growth Deals were developed out of the Single Local Growth Fund (SLGF) to promote greater influence over key levers affecting local growth and provide local freedoms and flexibilities. Growth Deals include; Local Authority Transport Majors; Local Sustainable Transport Fund (Capital); Integrated Transport Block; Further Education Capital; and European Social Fund Match.

The money goes towards providing support for local businesses to train young people, create thousands of new jobs, build thousands of new homes and start hundreds of infrastructure projects; including transport improvements and superfast broadband networks.

Growth Deal supports the wider Strategic Economic Plan (SEP) <https://www.greaterlincolnshirelep.co.uk/priorities-and-plans/strategies-and-plans/>

Commitment from the GLLEP, local authorities and the private sector combines to deliver through;

- better use of local authority assets to unlock resources to be reinvested in growth
- commitments to pro-growth reforms, for example a co-ordinated approach to the development of local plans by local planning authorities across the relevant economic geography
- commitment to collective decision making involving all local authorities within a Local Enterprise Partnership.

Therefore the process of identifying key strategic projects for the GLLEP is not just about Growth Deal. The GLLEP will also identify projects which fit markers for the European Structural Investment Funds (ESIF) aligning with ESIF Strategy and Operational Programmes. In addition, GLLEP will support the development and submission of bids for Large Transport Major Schemes and the Home Building Fund.

#### **Stage 1 Project Appraisal Process**

##### **Agreed Priorities:**

The GLLEP and local partners have agreed a set of projects that are strategic priorities that will drive forward the economy of the area. The list is updated in each Strategic Economic Plan refresh.

##### **Other Projects:**

Projects seeking funding will be identified by project or scheme sponsors within the GLLEP boundary and other external partners

through a variety of partnerships that exist within the area. Any organisation, individual or group of individuals are able to put forward an expression of interest for consideration in response to a specific call, as long as it meets the criteria for the funding to which it applies.

All projects go through a gateway review **TIER 1 Assessment** to identify their fit to the following:

- National vs Local Priority and fit with the SEP
- Ensuring appropriate scale – need for larger strategic schemes
- Impact – best for the Greater Lincolnshire area? Leverage and growth output delivery
- Competitive in relation to national call

Projects that are prioritised through this initial sift are invited to submit a formal outline business case.

The GLLEP has agreed a process for scheme prioritisation based on a multi criteria analysis. The information within the Outline business case is assessed under the 4 key **TIER 2 Assessment** criteria which are:-

- Strategic Fit
- Economic Case
- Deliverability
- Impact

Strategic fit is scored initially and projects achieving a high score are then analysed with regard to economic case, deliverability and impact.

Assessment under Tier 2 is a combination of both qualitative and quantitative evidence and is scored against the GLLEP Scoring Matrix below by the GLLEP Officers Operational Group and on occasion by representatives from local strategic advisory groups.

### GLLEP Scoring Matrix

Score	Description
1	Very little information provided and/or information is inconsistent with the requirements as set out by the GLLEP and Central Government
2	Some description given, which may be unclear or inappropriate in parts, and/or information is inconsistent in parts with the requirements as set out by the GLLEP and Central Government
3	Satisfactory and mainly appropriate description provided and/or information is mainly consistent with the requirements as set out by the GLLEP and Central Government
4	Full description and appropriate answer which is fully relevant to , or meets with the requirements as set out by the GLLEP and Central Government
5	Full description and appropriate answer which exceeds the requirements as set out by the GLLEP and Central Government

**\*Moderate against the strongest bid**

The need for each intervention requested has to be strongly evidenced within the business case provided. The LEP ensures that it identifies programmes and projects based on need and/or opportunity supported by a rigorous analysis of quality data (often carried out by an external impartial consultancy).

This enables the GLLEP to identify the projects most likely to achieve funding and those which would hold up against further scrutiny when they are assessed nationally by central government. These projects are submitted for approval to GLLEP Investment Board.

Prioritised projects then progress through to **TIER 3 Assessment** and further scrutiny is set nationally through the Government's Green Book Appraisal process:-

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

A more robust business case is developed through an iterative process with Government.

**Project Appraisal Process**

Declaration of Interests		
<b>PROJECT</b>		
Value of project: £	Signature:	Date:
<b><u>Tier 1 Criteria - STRATEGIC</u></b>		
<ul style="list-style-type: none"> <li>• National v Local</li> <li>• Scale</li> <li>• Impact</li> <li>• Competition</li> </ul>		
<b><u>Tier 2 Criteria – IMPLEMENTATION PLAN</u></b>		
AREA	DESCRIPTION	SCORE
Strategic Fit	Fit will GLLEP Priorities. Clear objectives.	/5
Economic Case	What will the project buy? Outputs!	/5
Deliverability	I'm Viable! Risk?	/5
Impact	My benefits are to the whole area.	/5
<b>TOTAL</b>		<b>/20</b>
(1 = Low score 5 = High score)		
Ranking:		
HIGH Priority	MEDIUM Priority	LOW Priority
<b>15 +</b>	<b>15 ≤ 10</b>	<b>&lt; 10</b>
<b><u>Tier 3 Criteria – OTHER</u></b>		
Combination of project case paper and scoring mechanism (depending on level).		

The GLLEP has produced an Operational Manual to assist project officers through the process.

### Due Diligence

In accordance with Government guidance and regulations, final due diligence is required to be undertaken prior to investment being finally approved and offer of funding formally made.

Therefore, key issues to be considered as part of the due diligence assessment include development appraisals of individual schemes, cost appraisals (where required) obtaining Red Book Valuations (where required) and for these to be provided by applicants. A review of mechanisms for investment is also fundamental to ensure funding is state aid compliant.

The due diligence incorporates verification of outputs and a value for money assessment. Independent legal advice is commissioned by applicants providing a report in respect of state aid in the context of investment into projects by Local Growth Deal and is used additionally to support the due diligence assessment.

Project sponsors are required to provide full and comprehensive information so that the due diligence, carried out by external consultants, is robust and that recommendations for funding can be made.

GLLEP ensures that all decisions and activities of the LEP conform with all relevant law (including State Aid and public procurement) and that records are maintained so this can be evidenced.

### Scope of Due Diligence

Where there is not a specific framework in place (transport/skills capital and retained schemes frameworks), projects are taken through a green book appraisal. This due diligence is tendered externally and on a bi-annual basis by GLLEP. The following areas are covered in relation to each scheme:

- 1.0 Project summary and planning status
- 2.0 Funding sought and status of match funding
- 3.0 Key Issues
- 4.0 Strategic Fit
- 5.0 Market Assessment
- 6.0 Development Appraisal
- 7.0 Deliverability and programme
- 8.0 Mechanism for investment, state aid and legal compliance
- 9.0 Procurement
- 10.0 Outputs and value for money
- 11.0 Conditions and terms for the funding agreement
- 12.0 Conclusions
- 13.0 Recommendations

### Transport schemes

The GLLEP will work within the assurance framework set out for Local Transport Bodies, as a tried and tested framework.

Paragraphs 67- 79 of part 3 of the guidance, set out the minimum requirements on value for money assessment and assurance of transport projects and the GLLEP considers these the minimum requirement for transport schemes funded through the Local Growth Fund (including through pre-allocated funding).

GLLEP continues to develop its transport governance arrangements in the context of Devolution and a Combined Authority approach. A Housing and Infrastructure Group is in place and an agreed Transport Strategy has identified key infrastructure priorities for Greater Lincolnshire and beyond, with a newly developed model for assessment of proposed infrastructure schemes being actively utilised to ensure value for money and strategic impact. Our operational manual includes greater detail in terms of criteria for schemes considered eligible for growth deal funding. We recognise the need to



build on existing procedures and ensure alignment with EU funding processes whilst they remain in place. Regular review periods have been agreed with the Finance and Audit Committee to develop a more comprehensive approach to risk and assurance for all transport related schemes across the Greater Lincolnshire area.

### Skills Capital schemes

The GLLEP uses the services of the Employment and Skills Board and Skills Funding Agency (SFA) where appropriate to support the Skills Capital process using previously developed best practice and information.

The GLLEP seeks advice and support from the SFA on skills related projects in order to complete due diligence. The following areas have been agreed with the SFA as areas of focus:

- Impact on the existing estate and rationalisation
- Property Strategy – comments on the strategic direction of the college/educational facility
- Sustainability – assessment of the applicant's Carbon Reduction Plan and long term sustainability initiatives

For the first Growth Deal Offer (Growth Deal 1) the Skills Funding Agency process was not possible within the timescales available. Therefore for the purposes of Round 1, the generic due diligence with additional bespoke terms of reference was applied to the two skills schemes awarded. Where skills capital funding is allocated going forward, the LEP will work closely with the SFA to ensure that due diligence appraisal is thorough and appropriate, recognising bespoke areas that need to be considered when looking at a skills driven/education focused scheme.

### Greater Lincolnshire Skills Capital Investment Fund

The GLLEP Growth Deal Programme further recognises the need to consider skills capital projects in terms of benefits to learners and economic growth, building on SFA approaches including financial assessment and estate need. Our Growth Deal 3 bid for a Skill Capital Investment Fund proved successful, and a call was released at the end of June 2017 inviting applications for a share of the £6.4m available.

The Fund is open to all post 16 colleges and approved training organisations who are located in the Greater Lincolnshire area and who are on the Register of Training Organisations with the Skills Funding Agency in the current academic year.

The fund can be used for construction, (including design fees and site investigation costs), refurbishment/remodelling of existing buildings, purchase of specialist equipment, work to improve delivery and efficiency through digital technologies, including steps to improve technological infrastructure and service resilience.

A final decision on individual project allocation will be made in autumn 2017.

### Retained Schemes

Following on from the announcement of the first round of the Local Growth Deals in July 2014, Ministers decided that the Department for Transport (DfT) should retain approval oversight of a small number of large and/or complex local schemes. The Transport Hub in Lincoln was one such scheme that has now received ministerial approval and is formally underway. The Funding allocation for the first financial year towards the scheme was released to the GLLEP in autumn 2016, and the remainder will be released annually from DfT as the scheme progresses.

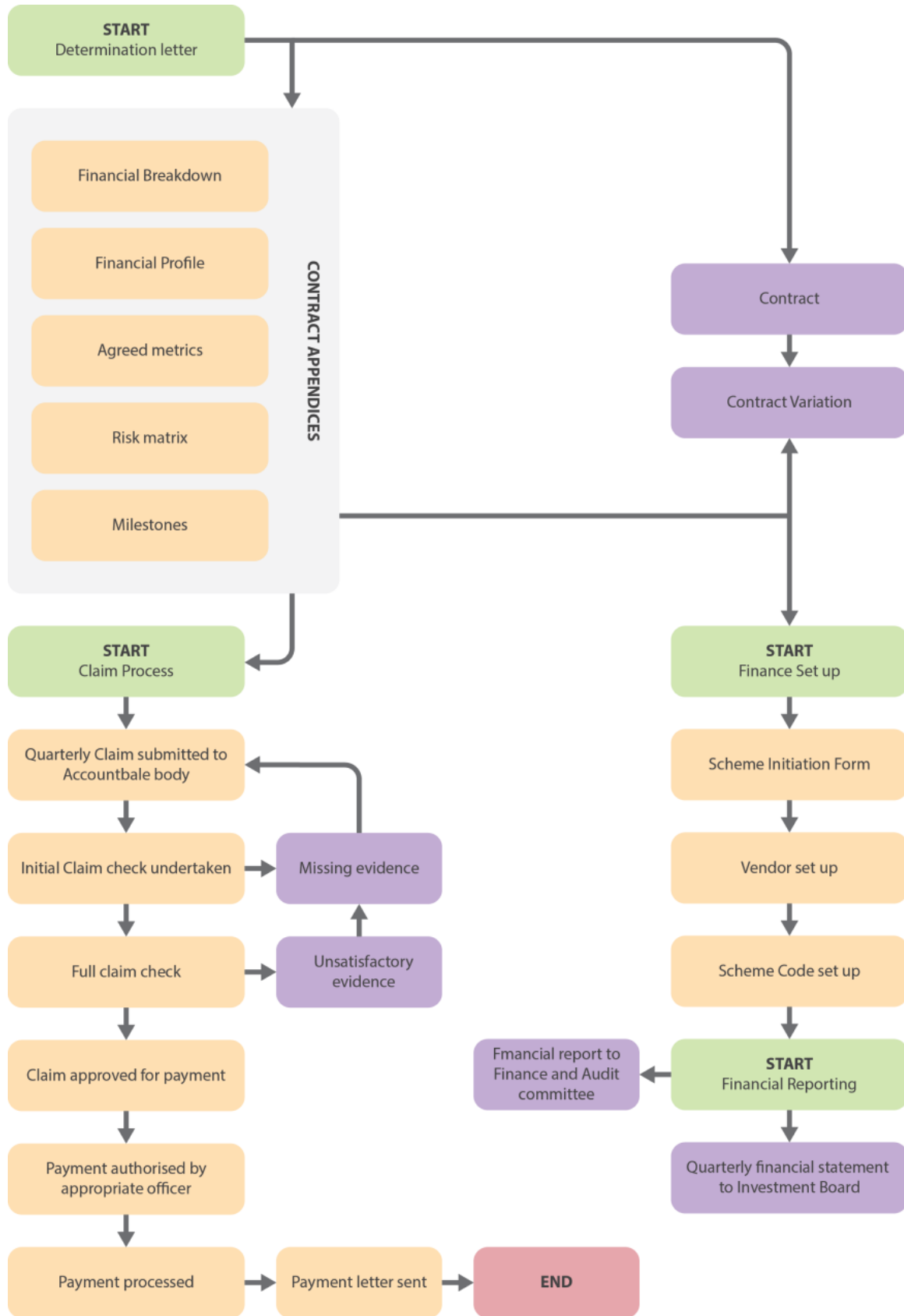
The DfT works flexibly with promoters and LEPs on a case by case basis to determine the precise arrangements to deliver retained schemes and agree a sensible timetable for each of the five elements of the business case.

First steps are to ensure project understanding; their associated costs and delivery timescales; and an indication of what is underway or planned in terms of supporting modelling and appraisal work. Early engagement on these issues is important, and within the new Webtag guidance recognition of wider impacts from transport schemes has clearly been strengthened.

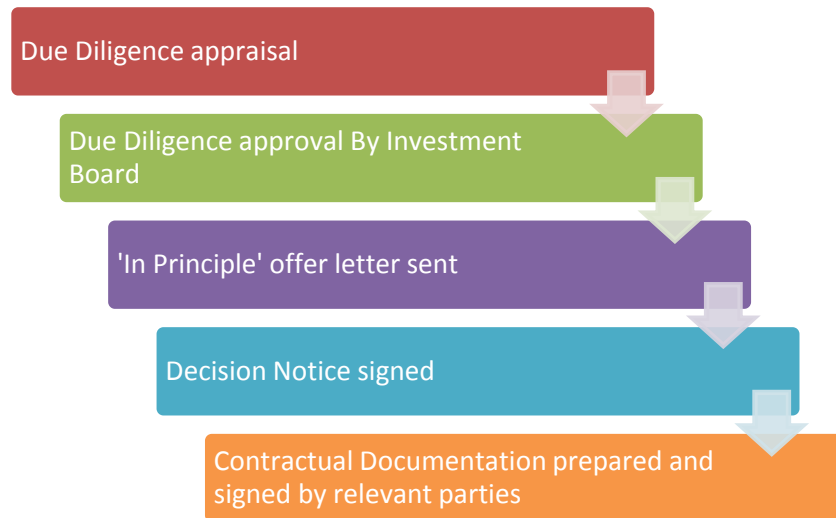
### **Cross LEP Schemes**

Schemes that involve working with one or more LEPs will undergo the same process as schemes that are working wholly within the Greater Lincolnshire area.

### Contracting and Claims Process Chart



### Contract Management



### Offer Letters

Following Investment Board due diligence approval, 'In Principle' offer letters are issued confirming the level of investment allocated to the project by the Growth Deal Programme pending contractual agreement.

### Retrospective funding

There will be occasions where projects incur essential eligible costs in advance of the contractual agreement being in place, for example, project design fees, planning fees, procurement costs, etc. These costs would be included within and considered as part of the due diligence appraisal, and if approved for funding support, would be specifically identified within Schedules 1 and 2 of the contractual agreement for the project.

### Decision Notices

All projects approved by the Investment Board also need to be signed off for approval by the Accountable Body to ensure financial compliance, before proceeding to contractual agreement stage. A detailed Decision Notice is provided to the Section 151 Officer which includes the approval process to date, contractual conditions required for the scheme, and recommendations from the Accountable Body's Commissioner for Economic Growth.

Provided that the Executive Director of Resources has no additional queries/concerns, the Decision Notice is signed and the scheme can progress. Should any specific questions emerge, these are discussed with the GLLEP/project partners and resolved accordingly, with a revised Decision Notice being drafted to include any subsequent alterations/additions. Should the Accountable Body and GLLEP not agree on a specific issue, the Chair of the LEP, Head of the Accountable Body and Section 151 Officer would determine a way forward.

### Contract Document

A standard contract document for Growth Deal Schemes has been agreed by the Investment Board which includes the necessary legal requirements of the GLLEP/Accountable Body for the provision of Growth deal funding. The Schedule sections of the contract include bespoke information relating to each project and take into account contractual obligations emerging from the appraisal process and expectations in terms of monitoring and evaluation of expenditure, outputs and outcomes. The schedule sections are broken down as follows:-

- Schedule 1 - Project description and any special grant conditions which may apply specifically to the project.

- Schedule 2 - Financial forecast tables and any other financial details/requirements which need to be highlighted.
- Schedule 3 - Lists all of the relevant outputs/outcomes relating to the project and any additional project outcomes highlighted by the project appraisal.
- Schedule 4 - Relates to project milestones and timescales. It prompts the provision of a project time plan by the applicants, providing provisional but realistic dates for key project targets, decisions and meetings.
- Schedule 5 - Refers to monitoring and evaluation of the projects in line with the GLLEP monitoring and evaluation framework. Monitoring will be carried out by the Accountable Body on a quarterly basis through the claims process, but also from a project management perspective by the GLLEP, through site visits/project meetings as required. Grant recipients need to provide details on how they will evaluate their project, consider any cost implications, and identify and agree with the GLLEP the information that will need to be gathered as the scheme progresses to enable the evaluation.
- Schedule 6 - Allows for supporting documents and historical information to be included within the contract.

### Project Claims Procedure

The claim process is an integral part of the contract management and control environment employed by the Accountable Body in managing the project, and although claims are a mechanism for grant recipients to draw down their funding it also provides key information on progress and performance.

The information provided in the claim process enables the Accountable Body to obtain assurances and carry out desk based verification on the validity of the work currently undertaken and the ongoing project delivery.

Claims provide not only a snap shot of the reporting and claim instalment periods, but also a forward look at forecast activities, expenditure and deliverables. The grant offer letter and contractual agreement sets the acceptable parameters, an agreed budget, scope of activities and the deliverable targets, for which performance must be reported within the claim, with future forecast achievement for the remaining periods of the project also to be reported.

The Accountable Body will ensure from the outset that robust and suitable systems and processes are in place locally in order to maintain adequate audit trails and manage information effectively and efficiently. Information provided will not only need to be summarised and presented with the claim but also must be made available for on the spot verifications and audits throughout delivery and post completion under the retention of documentation requirements.

The key areas to be covered and reported within the claim are broadly:

- Financial information
- Monitoring metrics
- Delivery Progress
- Procurement

The member of the Accountable Body who checks the claim will complete a Grant Claim Control Form and pass this, together with the claim to a relevant staff member authorised to approve claims, according to the scheme of delegation contained within LCC Financial Procedures.

### **Releasing funding in advance of first claim**

Funding recipients will provide quarterly claims to the Accountable Body, completing progress report information and spend/output updates on each claim. However, where a project is unable to financially cover its costs in the first quarter without the SLGF funding contribution for that period, the recipient can make a formal request to the GLLEP for an upfront initial payment. Such requests will be considered on a case by case basis, and a decision will be made by the GLLEP Investment Board/Accountable Body and relayed to the funding recipient within three weeks of the request.

### **Advanced Payment of Grant to Contracted Schemes**

Greater Lincolnshire LEP recognises that projects can experience cash flow difficulties in the early stages of delivery. Projects that have been through due diligence approval and which have contractual funding agreements in place are able to seek acceleration of funding to enable more expedient delivery and project management. Funding is for eligible capital works (only related to the project) as contractually agreed. The advanced payment of grant funding can only be sought if additional funding is available within the year of the request.

The funding will initially be treated as a loan and will be fully refundable, including interest if:

1. The scheme is not fully delivered or changes significantly.
2. The project does not spend and verify the entire loan amount through the claims process within an agreed contractual timeframe.

In order to request the Advanced Payment of Grant the scheme promotor will be required to provide a proposal to the LEP and Accountable Body explaining why the payment is needed. Officers will

then present an overview of any required advances to the LEP Investment Board.

The same approach would apply in relation to releasing annual grant allocations to projects; however in addition, more frequent monitoring meetings would have to be in place with both the Accountable Body and the LEP to ensure compliance and acceptable progress.

A variation to the existing contract is introduced to schemes receiving advance payments, clarifying terms in relation to a loan situation being triggered should agreed timeframes for balancing of the advanced payment not be achieved. The level of percentage interest will be determined on project by project basis.

Should the LEP decide that sufficient progress is not being made to repay the advanced payment within the timescales agreed, claw back of grant would be invoked.

### **Variation Orders**

There will be circumstances where projects need to declare variations to cost headings or changes to forecast levels of outputs or expenditure. Where variations to costs/outputs do not exceed 10% of the original amount allocated to the project within the contractual agreement, a Justification Form will be completed by the relevant project manager, providing a full explanation for the revision/increase, and any additional information which may help clarify the changes being requested.

The GLLEP/Accountable Body will review the justification request and either approve or reject the proposals, highlighting reasons for the decision made. A variation order can then be raised and processed by the Accountable Body. Recommended decisions on variations over 10% will be formally submitted by the GLLEP to BIS for information.

### **Approval of eligible fees prior to contract start date**

Some projects will have been allocated Growth Deal support after the land acquisition costs or planning/design fees had been incurred, as is often the case with well-developed schemes. Where eligible, these costs will be considered by the GLLEP/Accountable Body at Due Diligence stage for inclusion in the overall Growth Deal allocation. Funding recipients will be notified within the contract documentation of all elements being approved for Growth Deal funding support in relation to the project. These pre-contract costs can be submitted within the first quarterly claim for payment.

### **Clawback**

Where a project is changed from its original purpose within five years of practical completion, the Accountable Body shall be entitled to claw back any increase in the value of the project over and above the Grant amount, up to a maximum of 50%. In addition, where a project creates assets, and such assets are disposed of within five years of practical completion, the Accountable Body shall be entitled to claw back any increase in the value of the project over and above the Grant amount, up to a maximum of 50%.

### **Risk Monitoring**

All projects will be required to monitor risks associated with their delivery; however there may be instances where the GLLEP Investment Board/Accountable Body feels additional monitoring is required for a scheme due to the escalation of risk levels. In these instances, a project meeting would be called by the GLLEP/Accountable Body to discuss mitigation measures or to determine how the potential impact of these risks might best be managed.

It is also important that Greater Lincolnshire LEP considers what action it might want to take with schemes that have taken longer than expected or performed poorly to date on providing information for due diligence, progressing contracts, providing claims, achieving spend or submitting progress reports.

Poor performance by applicants will be managed as follows:

- Clear deadlines provided for signing contracts – otherwise the funding is reallocated to another project (unless a very valid reason for the delay is provided).
- If performance in terms of spend and/or outputs in more than three claims is deemed to be very poor, the funding position is reviewed and the project could lose its funding and have to repay what has already been received to date.
- If due diligence information is chased and not provided within an agreed timeframe the project is not considered for approval until the following Investment Board.

### **Monitoring and Evaluation**

GLLEP has a full Monitoring and Evaluation Framework in place which can be found on the GLLEP website (see page 33 for link).

GLLEP and the Accountable Body hold an initial meeting with all new projects once they are contracted to explain claiming procedures and reporting. Detailed guidance notes are provided to the funding recipients at the meeting.

The LEP and its Accountable Body monitor performance of all projects every quarter and organise bespoke site visits/monitoring visits to each project once a year as a minimum. If a project is not performing as expected more frequent visits and progress meetings will be held with the funding recipients. Notes of each progress meeting are recorded and filed for reference.

The ROAMEF policy approach provides a bridge between public policy and private sector delivery. The Rationale, Objectives, Appraisal, Monitoring, Evaluation, Feedback cycle is promoted by the UK Government to ensure policy makers receive evidence of whether

change programmes are achieving their aims and objectives. It is a proven, sequential, robust evaluation process.

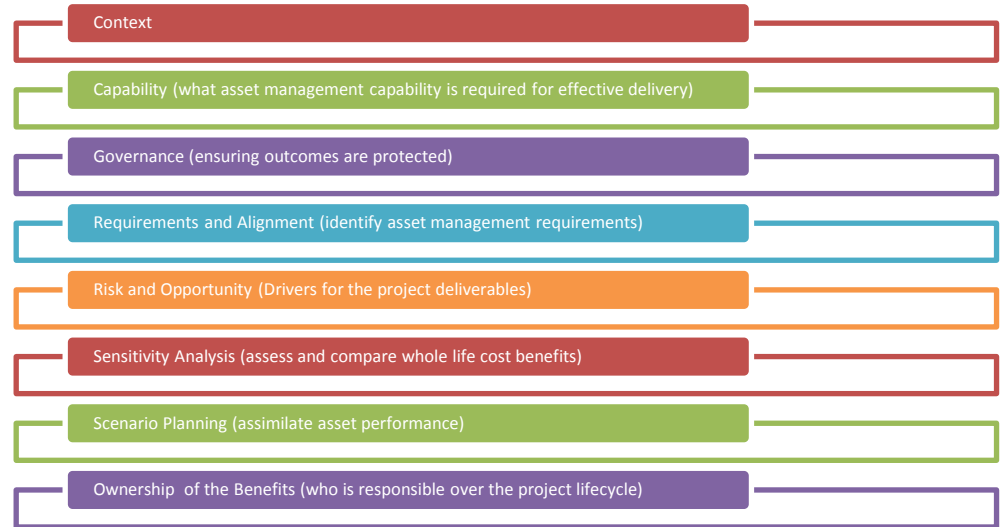


GLLEP commissioned work externally to look at the wider change impacts Growth Deal is achieving for Greater Lincolnshire and an initial report is now available.

**Effective Asset Management**

GLLEP wishes to embed asset management at the centre of project outcomes, thus ensuring that project benefits are realised over the whole life of the asset, not just upon project completion. The Project Initiation Routemap Handbook provided by the Infrastructure and Projects Authority provides a helpful process (see below) to support scoping and defining of schemes, optimise value, and deliver required

outcomes and GLLEP will endeavour to apply this approach to its projects and programmes.



**9: Part 5b: Value for money and business case development for prioritised/ funded proposals**

**Business Case (BC)**

The GLLEP has adopted a proportionate method for assessing value for money and the level of detail it will expect in a full business case. In order to align with government guidance the GLLEP will adopt the principles set out within the HM Treasury Green Book. As a minimum we would expect the full business case to include:-



## 1.0 Executive Summary

## 2.0 Background

- 2.1 Context
- 2.2 Requirement

## 3.0 Business Drivers

- 3.1 Scope
- 3.2 Alignment with SEP
- 3.3 Key Assumptions
- 3.4 Business Need
- 3.5 Why Do This Now
- 3.6 Strategic Benefits
- 3.7 Key Stakeholders
- 3.8 Major Strategic Risks

## 4.0 Options Appraisal

- 4.1 Options Overview
- 4.2 Criteria and Approach
- 4.3 Options Appraisal
- 4.4 Options Summary

## 5.0 Recommended Option

- 5.1 Strategic Risks
- 5.2 Dependencies
- 5.3 Detailed Costs, Funding and Benefits
- 5.4 Availability of Resources
- 5.5 Impact
- 5.6 Managing the Changes
- 5.7 Key Milestones

## 6.0 Reference Documents

Additional information may be required for different types of schemes and this will be advised to applicants during business case development. The level of information within the full business case will

enable further scrutiny around the key areas identified below and will support the due diligence process (see page 17).

### Business Case Criteria Descriptions

- **Strategic Case** - The proposed operation contributes to the needs/opportunities identified by the GLLEP, demonstrates delivering against relevant specific objectives, outputs and results of the relevant priority as identified within the Strategic Economic Plan and adds value to and not duplicate existing provision.
- **Economic Case** - An assessment of the economic costs and benefits of a proposal to the Greater Lincolnshire area. This will include review of options appraisals, wider impacts and rationale for option choice.
- **Financial Assessment** - reviewing cost assumptions and rationales and sources of match funding. The operation must represent value for money. In assessing value for money we will take account of:-
  - Efficiency: the rate/unit costs at which the operation converts inputs to the Fund outputs,
  - Economy: the extent to which the operation will ensure that inputs to the operation are at the minimum costs commensurate with the required quality and
  - Effectiveness: the extent to which the operation contributes to programme output targets, results and/or significant strategic impact at the local level.
- **Scheme Management** – This will scrutinise that the proposal is deliverable and has clear project management setting out

responsibility, governance and reporting arrangements. A robust delivery plan with targeted milestones. Capability to meet the financial requirements and liabilities of the programme.

- **Risk** – This looks at delivery of the service and the risks posed by the option. It looks at risk in its widest sense and covers for example, reputational risk, stakeholder engagement risk, management capability, potential conflict of interests, procurement, state aid etc.

### Value for Money

Value for money (VFM) is a cross cutting theme considered by the GLLEP at key stages of the decision making process and is also critical at each level within the Accountable body process, primarily (but not limited to) these key junctures:-

1. Business Case assessment
2. Due Diligence
3. Accountable body (decision notice)
4. Evaluation

In addition to this, the Accountable Body has in place a value for money committee called Environment and Economy Scrutiny Committee which provides impartial assurance. This Committee is made up of 11 County Councillors and meets approximately every 6 weeks.

The role of this Committee is to review and scrutinise services and their outcomes including; capital programme; customer satisfaction; performance and governance; resource management; and value for money overview.

Their remit is to:-

- Review and scrutinise performance indicators and measure related to the service areas within the remit of the Committee.
- Review and scrutinise performance indicators and measures across all Accountable Body services that fall outside expectations.
- Review and scrutinise any decision that has been made by the Executive, Executive Councillor or Officer in relation to the above services.
- Provide advice to the Executive, Executive Councillor or Officer, intending to make a decision or develop policy in relation to the above services.
- Establish time limited task and finish groups, in relation to the above services.
- Consider and respond to any proposals from the Executive as part of the development of the policy framework.
- Make reports and recommendations to the Accountable body, Executive or Executive Councillor in relation to any of the Committee's functions listed above.

The expectation is that all schemes must achieve good value for money at all stages of the approval process, and be independently verified on behalf of the GLLEP as part of the assessment process.

The GLLEP will be able to consider the approval of schemes having lower value for money, having regard to specific areas which may include:

- wider economic, social and environmental benefits,
- provide complementarity and added value to other supported schemes, the ability of the scheme to address multiple policy objectives,
- circumstances where there is a higher level of match funding being provided by the scheme,
- where the project presents a lower risk status

The LEP Director has overall responsibility for ensuring value for money for all projects and programmes and the Head of the Accountable Body will be responsible for scrutiny of and recommendations relating to each business case.

The Finance and Audit Committee seeks to maintain oversight and scrutiny of GLLEP's remuneration and financial transactions. The Accountable Body is represented at that Committee.

Overview and scrutiny of the operation of the LEP is provided by:

- Role of the Accountable Body
- Finance and Audit Committee

There is also an opportunity at the AGM each year for company members to scrutinise representatives of the GLLEP's Board and Executive Team on the basis of Annual Report on achievements.

The Accountable Body arrangement is further scrutinised by the organisations Environment and Economy Scrutiny Committee twice yearly providing assessment and checks and balances as to the operation of the partnership. Scrutiny arrangements continue to be assessed as part of peer review and Audit and may change in the future.

## 10: National Framework Compliance

As per guidance issued by DCLG October 2016, it is now a requirement for the Section 151 Officer to sign off the Framework by 28<sup>th</sup> February of each year. The signature confirms that the Framework has been agreed, requirements are being implemented and that it meets the revised standards.

Revisions applied in February 2017 have addressed key requirements of the National Assurance Framework guidance which is expected to be

revised again by Government this Spring. Changes introduced to the Framework by GLLEP following the Mary Ney Review will be audited to ensure compliance with best practice guidance provided nationally.

All boards and sub committee's detailed with the assurance framework represented the membership as at February 2017. Any updates to membership can be found on the GLLEP website.

## 11: Appendices

Links to Greater Lincolnshire LEP website for further detail at:-

[www.greaterlincolnshirelep.co.uk](http://www.greaterlincolnshirelep.co.uk)

This Assurance Framework forms one of a group of four key documents making up the Growth Deal. Links to the GD group are as follows and can be found at:-

- ***GLLEP Growth Deal Grant Offer Letter***
- ***GLLEP Growth Deal Assurance Framework***
- ***GLLEP Growth Deal Implementation Plan***
- ***GLLEP Growth Deal Monitoring and Evaluation Framework***

<https://www.greaterlincolnshirelep.co.uk/funding-and-projects/other-funding/growth-deal-single-local-growth-fund-slgf/>

Referenced Links:-

The Greater Lincolnshire Strategic Economic Plan can be accessed via the following link:

<https://www.greaterlincolnshirelep.co.uk/priorities-and-plans/strategies-and-plans/>

#### Local Government (Accountable Body)

- <https://www.lincolnshire.gov.uk/>
- <http://www.lincolnshire.gov.uk/local-democracy/information-governance/>
- <http://www.lincolnshire.gov.uk/procurement/>

#### Central Government

- <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>
- <https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy>
- <https://www.gov.uk/government/topical-events/the-uks-industrial-strategy>

#### Local Growth Fund

- <https://www.gov.uk/government/publications/growth-deals-initial-guidance-for-local-enterprise-partnerships>
- <https://www.gov.uk/government/collections/local-growth-deals>

#### Other

- <https://www.gov.uk/government/publications/improving-infrastructure-delivery-project-initiation-routemap>