



Local Assurance Framework

October 2019

1.1 Version Control

Version	Author	Date	Changes
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Contents

1.1	Version Control.....	2
2	Introduction.....	5
2.1	Role of the Heart of the South West Local Enterprise Partnership.....	5
2.2	Purpose of the Assurance Framework.....	6
2.3	Equality and Diversity.....	7
3	LEP Governance.....	8
3.1.1	The Board.....	9
3.1.2	Strategic Investment Panel.....	9
3.1.3	Finance and Resources Committee.....	11
3.1.4	Theme Leadership Groups.....	11
3.1.5	Local Transport Board.....	12
3.2	Board Member Recruitment and Succession Planning.....	12
3.3	Chair and Deputy Chair of the Board.....	12
3.4	LEP Staff and Independent Secretariat.....	12
3.5	Induction, Training and Development.....	13
3.6	Code of Conduct.....	13
3.7	Conflicts of Interest.....	13
3.8	Complaints and Whistleblowing.....	13
3.9	Data Management, Protection and Freedom of Information.....	13
3.10	Publication of Meeting and Agenda Items.....	14
3.11	Publication of Accounts and Financial Information.....	14
3.12	Procurement and Contract Management.....	14
4	Accountability and Transparent Decision Making.....	15
4.1	Scheme of Delegation.....	15
4.2	Accountable Body and Section 151 Officer.....	15
4.3	Stakeholder Engagement and Collaboration with Others.....	17
4.4	Scrutiny.....	19
4.5	Risk Management.....	19
5	Investment Programme.....	20
5.1	Local Growth Fund.....	20
5.1.1	Business Case Development.....	20
5.1.2	Release of Funding, Cost Control and Approval Conditions.....	21
5.1.3	Monitoring and Evaluation.....	21

5.2 Growing Places Fund22

5.3 Enterprise Zones22

5.4 Non-Compliance of Agreement22

Appendix A: Scheme of Delegation24

Appendix B: Local Growth Fund Governance Process Flow Charts31

Appendix C: Business Case Checklist34

2 Introduction

2.1 Role of the Heart of the South West Local Enterprise Partnership

The Heart of the South West Local Enterprise Partnership (HotSW LEP) – covering Devon, Plymouth, Somerset and Torbay – is one of the 38 LEPs in England. We are a business-led partnership between the private sector, local authorities, universities and colleges.



Our vision is to create a dynamic, highly prosperous region with high living standards and an outstanding quality of life; and our mission is to raise productivity and ensure prosperity for all.

As a thought leader influencing economic development, the LEP aims to deliver a transformational rise in productivity; step change in strategic connectivity; raised productivity through inclusive growth; and natural capital that surpasses our current levels.

What we do:

- Identify common priorities, influence and shape policy
- Attract resources and investment
- Make a difference to productivity and prosperity

A thorough analysis of the opportunities for economic prosperity in the Heart of the South West were presented in the [Strategic Economic Plan \(SEP\)](#) published in 2014 which set out the rationale to generate growth and attract inward investment from business and UK and EU government. Building upon the SEP; the LEP and the Heart of the South West [Joint Committee](#) published the [Productivity Strategy](#) in 2018, and in 2019 the LEP is working on its [Local Industrial Strategy](#) which will align with the Government's National Industrial Strategy. Throughout this Framework these collective documents will be referred to as our "strategies".

Further information about the HotSW LEP is available at <https://heartofswlep.co.uk/about-the-lep/>

2.2 Purpose of the Assurance Framework

LEPs are business led public-private partnerships entrusted with, and responsible for, a significant amount of public funding to drive inclusive growth, increase prosperity and improve productivity. As a legal entity we are required to follow relevant legislation and governance arrangements which align to the model we adopt. The type of legal entity which LEPs can adopt varies such as they may be part of a Combined Authority, a company limited by guarantee or a community interest company; the Heart of the South West LEP is a Community Interest Company (CIC) and further details are contained within the Governance section. In addition to any corporate governance we need to embed as a CIC, LEPs are required to develop their own Local Assurance Framework based on Government requirements and guidance.

The 2019 National Local Growth Assurance Framework, developed by the Ministry of Housing, Communities and Local Government (MHCLG) supersedes all previous guidance and implements the recommendations of the Non-Executive Director Review into LEP Governance and Transparency (the Mary Ney Review) including those addressed by the LEP Governance and Transparency Best Practice Guidance (published in January 2018) and the recommendations from Strengthened Local Enterprise Partnerships following the Ministerial review into LEPs. It takes on board the recommendations of the Public Accounts Committee Report into the governance of the Greater Cambridge Greater Peterborough Local Enterprise Partnership which followed the National Audit Office investigation. This Local Assurance Framework (the Framework) has been developed in line with the National Framework.

This Framework is underpinned by the Seven Principles of public Life (the [Nolan Principles](#)). LEPs must comply with the spirit of these principles and must uphold the highest standards of conduct and, operating according to these principles, ensuring robust stewardship of the resources at their disposal. This Framework provides the tools to establish a culture in line with them.

This Framework sets out, in one document, all the policies, rules and processes needed to provide MHCLG, Government and the public with the necessary assurances around the use and management of public money. It sets out:

- Arrangements for taking and accounting for all decisions and ways of working – ensuring effective public engagement, with key documents, decisions etc made public in line with the requirements placed on Local Authorities, and an agreed means to manage conflicts of interest
- A clear description of roles and responsibilities within the governance structures
- Responsibilities of the Accountable Body and the role of the Section 151 Officer with regards to governance and financial oversight

- Arrangements to ensure value for money providing a clear and transparent basis against which projects, programmes and portfolios are identified, appraised and prioritised

2.3 Equality and Diversity

In order to drive inclusive growth, increase prosperity and improve productivity the LEP aims to remove all barriers to achieving economic performance, resulting in tangible economic benefits to our businesses, residents, visitors, workforce and diverse communities. Our diverse communities will benefit from strong economic growth and no community will be excluded from full participation in economic life and progress.

The competitive advantage arising from local diversity will be harnessed to drive growth. We aim to integrate equality into all that we do, and the work that others do on behalf of the LEP.

Our Equalities and Diversity Policy is available [here](#).

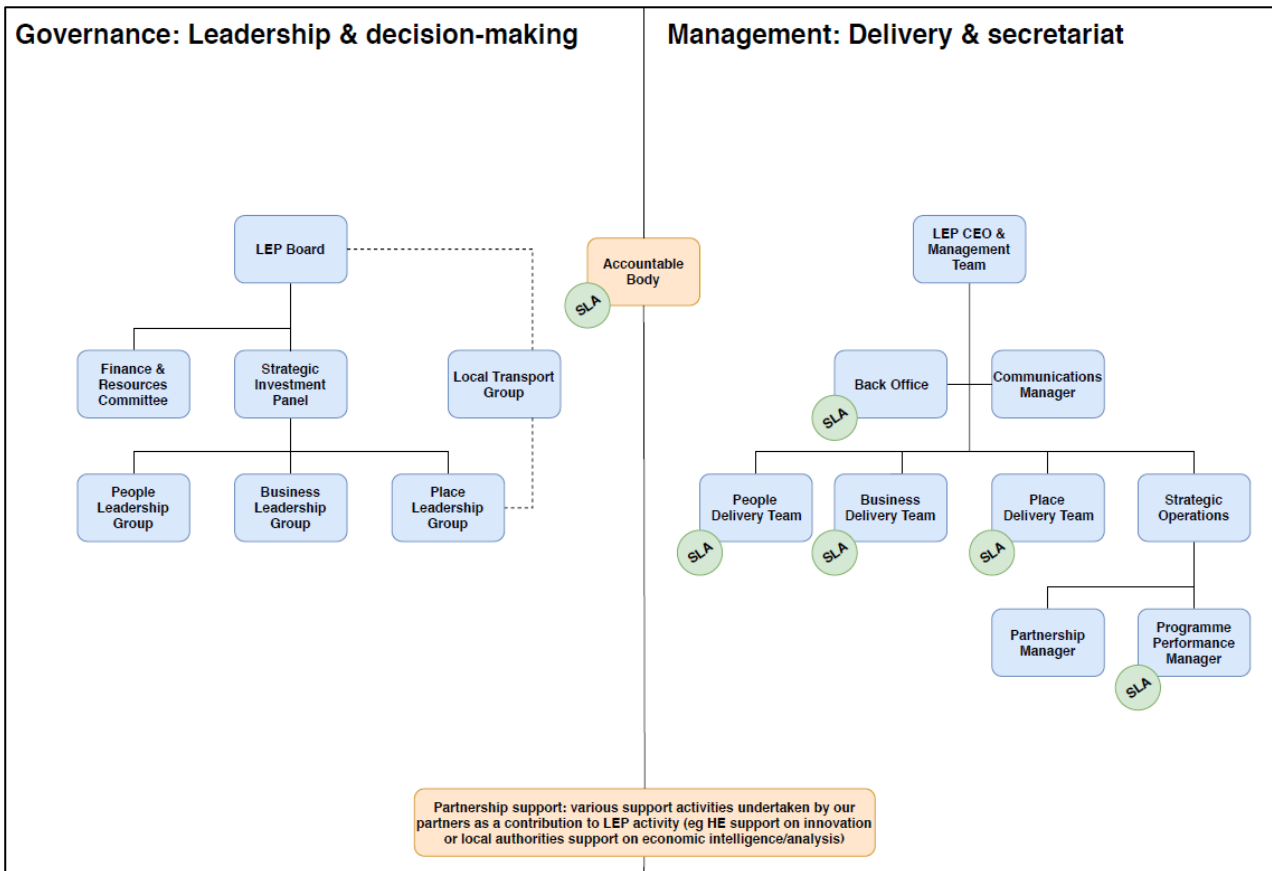
The Board will receive an annual report discussing progress in encouraging diversity and how improvements can be made. The Board will also nominate a diversity champion to ensure compliance with our diversity policy.

3 LEP Governance

The LEP is a business-led partnership between the business community and local government. It is formally constituted as a Community Interest Company (CIC), led by a Board of Directors and supported by a range of sub-groups.

The LEP must have regard to the standards and best practice associated with its incorporated model and must meet the required legislation governing companies, as well as consider corporate governance best practice. Whilst the LEP is a business-led partnership, Government entrusts us with significant public funds and as such we are required to have the necessary systems and processes in place to provide assurance that we are operating transparently, with accountability and providing value for money. The accountable body is an essential part of the system. It is therefore imperative that the LEP demonstrates the highest standards of conduct when carrying out our responsibilities.

In line with corporate governance we have clear systems, rules, practices and processes to ensure that decisions are made on a transparent basis by the appropriate method. All those involved in making decisions must work within the governance structures set out in this Framework. Our governance structure is set out below and further information on the decision-making process, roles and responsibilities is contained within the Accountability and Transparent Decision-Making section.



3.1.1 The Board

The Board comprises of public and private sector members who work collaboratively to ensure that decisions are made in the interests of promoting inclusive growth, prosperity and improved productivity across the Heart of the South West. The Board has delegated some decisions to its sub-groups, however, the Board has the ultimate decision-making authority and remains responsible and accountable for all LEP decisions.

The LEP Chair and Board work to strengthen the LEP's role as the main thought-leader influencing economic development in the HotSW area and deliver the strategies.

The LEP's Board is made up of members who hold/have held senior leadership roles across our key sectors and/or have experience of running a small/medium enterprise (SME) and therefore understands the opportunities, challenges and infrastructure needed to make them prosper. The Board contains representatives from different parts of the community and at least two thirds of the Board are from the private sector. Local Authority representatives on the Board ensure democratic accountability.

Board Directors are identified through the following means:

- Private sector Board Directors, including the Chair, are recruited through an open application process
- Local authority Board Directors from each of the four upper tier or unitary authorities are nominated by those authorities
- One local authority Director is nominated by the District Councils – one each from the Somerset and Devon county areas
- Two Board Directors are nominated by the Higher Education sector
- One Board Director is nominated by the Further Education sector
- An SME Board Director has been designated from private sector members

The Board Directors above are also the CIC's company 'members'. However, in order to embed democratic accountability, in the case of local government Directors, the [Articles of Association](#) of the CIC designate the four-upper tier / unitary local authorities themselves (Devon County Council, Plymouth City Council, Somerset County Council, Torbay Council) as the 'Members' of the Company – rather than the individual Directors from those authorities. This provides a route for democratic accountability via the local authorities, whilst protecting the requirement under company law that all Board Directors must act only in the interests of the CIC, when acting in their role as Board Directors.

Board membership details can be found on the website [here](#).

3.1.2 Strategic Investment Panel

The Strategic Investment Panel (SIP) is a LEP Board Sub-Group which has been given delegated powers by the Board to deliver the LEP's investment programmes. It is established in accordance with the Articles of Association of the LEP CIC and in compliance with Local Authority legal requirements. It is chaired by a private sector Board

member; other members, voting rights and quorum are detailed in the Terms of Reference which can be found [here](#).

In addition to the Framework, SIP decisions are subject to the terms and conditions of contracts with public and private sector investors, including, but not limited to:

- Growth Deal Funding Agreement and contractual arrangements with national Government
- Growing Places Fund contractual arrangements with national Government
- Conditions of the national Operating Programme and European Commission requirements in respect of European monies
- Terms and conditions of local government and other LEP partner funding
- Terms and conditions of private sector investors, for example banks or other institutional investors

Where a matter put before the SIP is novel and contentious it will be referred to the Board for decision. This will include but is not limited to:

- Where rejecting a business case would have a major impact on the LEP's ability to deliver the strategic priorities and business plan
- Where project scope and decisions could have a significant impact on the LEP's reputation
- When the contractual conditions to be set for projects are novel and contentious
- Where an increase in LEP funding over £250k is requested

The SIP will initially manage the Growth Deal programme and Growing Places Fund, but will perform this role for all new funding programmes to be managed by the LEP.

The Board has agreed that the SIP may itself delegate various programme management and delivery responsibilities to other LEP delivery teams in accordance with this Framework.

The main purposes of the SIP, as delegated by the LEP Board, are:

- Lead responsibility for programme delivery, performance and quality
- Making decisions on the investment programme to meet the Board's objectives set out in the strategies. These will include:
 - Approving an initial pipeline of projects based on advice and outline business cases from the Leadership Teams and Local Transport Board (LTB). Giving the projects in-principle approval and setting conditions to be met in the final business case
 - Approving the final business case for projects and setting the conditions to be included in Offer Letters
 - Approving changes to the programme and projects including spending and output profiles in accordance with the Change Policy in the Framework and subject to limits in the government contract

- Approving variations to Offer Letters and actions to deal with defaults and clawback
- Working with the accountable body to ensure the standards in the Framework are met
- Directing the LEP Management Team and Programme Management Office (PMO) who are the executive for programme management
- Delegating responsibility for delivering sub-programmes to the People, Place and Business Leadership Groups and the LTB
- Receiving reports on financial progress, programme and outputs and preparing monitoring reports for government
- Commissioning research to create an evidence base to support project selection and prioritisation. Commissioning evaluation reports to measure programme and project effectiveness which will inform revisions to the Strategies and Business Plan
- Act on conditions and advice given by government and the accountable body on the programmes
- Keeping the Framework under review and adapting it to meet the requirements of new funding programmes

Further information about the Strategic Investment Panel is available [here](#).

3.1.3 Finance and Resources Committee

The Finance and Resources Committee has been established to provide strategic advice and guidance to the Chief Executive and Board on the effective and efficient financial management of the LEP. It maintains oversight of the LEPs governance and resourcing management ensuring compliance with business regulations and this Framework. The Committee also reviews risks, issues and their mitigations and has an oversight of business continuity. It is chaired by a private sector Board member. Further information on its role, membership, voting rights and quorum can be found [here](#).

3.1.4 Theme Leadership Groups

The LEPs priorities for growth are set out under three Leadership themes: Place, People and Business. Each Theme is overseen by a Group, made up of partners from across the sectors, which is chaired by a private sector Board member.

- The Business Leadership Group provides the strategic lead in the delivery of all business elements of the LEP's strategies and delivers the LEP's vision to businesses throughout the South West and beyond. Further details can be found [here](#).
- Skills and Employment Activity within the LEP is governed by two organisations; the HotSW Skills Advisory Panel, which provides strategic oversight of relevant priorities and intelligence within the LEP area, and the Employment and Skills Programme Group, which provides oversight of specific project activity related to employment, skills and training. Further details can be found [here](#).

- The Place Leadership Group provide the strategic lead on all place (infrastructure, place shaping and strategic planning) elements of the LEP's strategies. Further details can be found [here](#).

3.1.5 Local Transport Board

A Local Transport Board (LTB) has been set up by partner organisations to manage funding that is likely to be devolved from the Department for Transport, either directly or to the LEP, for major local transport schemes across Devon, Somerset, Plymouth and Torbay. The LTB is independent body that works closely with the LEP and Local Authorities to secure funding for transport schemes across the HotSW area. Further information can be found [here](#).

3.2 Board Member Recruitment and Succession Planning

The LEP has a [policy](#) for the rolling replacement and/or retirement of Board members. Board members receive no recompense for their work with the LEP, however expenses will be paid for exceptional expenditure for LEP commitments outside of our area. Private sector members are recruited through an open advertising and interview process to encourage a broad cross-section of candidates. All vacancies are published on the LEP website.

Board members hold office for an initial period of 3 years, but can re-apply to extend their term by a further 3 years providing that their total term in office is less than 6 consecutive years.

Board members may elect to extend the term of the Chair by a further 3 years, up to a maximum of 9 years, but only in exceptional circumstances.

Further details can be found in the [Articles of Association](#).

3.3 Chair and Deputy Chair of the Board

The Chair of the Board is central to the success of the LEP. The Chair must be from the private sector to ensure the LEP is business-led. The Chair represents the LEP at key events and media opportunities in the Heart of the South West area and at meetings in London with MPs, ministers and stakeholders. A Deputy is appointed to support the Chair and a small salary is offered for the role of Chair.

Further information in relation to the responsibilities of the Chair and Board members can be found [here](#) and within the [Articles of Association](#).

3.4 LEP Staff and Independent Secretariat

To ensure the LEP Board can access impartial advice and support, the LEP Chief Executive and the Chief Operations Officer are both exclusively under the direction of the LEP Board. The LEP also contracts support from staff across local partners on specific work programmes. It is an explicit requirement of this support that in providing advice to

Board members, due regard will be given to ensuring and evidencing that the advice is independent of local authority and political interests.

3.5 Induction, Training and Development

All Board members and officers are inducted into their roles within 3 months. Training is offered on an ongoing basis, as appropriate, to ensure that all understand their roles and responsibilities.

3.6 Code of Conduct

All Board members and officers have signed up to a [Code of Conduct](#) which is based on the Seven Principles of Public Life.

3.7 Conflicts of Interest

The LEP ensures that there is a clear conflicts of interest policy, that Board members and staff register interests and that gifts and hospitality are declared in line with LEP policy. These policies are available on the LEP website:

- [Conflicts of Interest Policy](#)
- [Register of Interests](#)
- [Gifts and Hospitality Policy](#)

3.8 Complaints and Whistleblowing

The LEP ensures that there are clear complaints and whistle blowing policies. These are available on the website:

- [Complaints Policy](#)
- [Confidential Complaints Policy](#)
- [Whistleblowing Policy](#)

3.9 Data Management, Protection and Freedom of Information

All Freedom of Information, Environmental Impact Regulations or other queries and requests that directly relate to funding programmes will be dealt with by the Accountable Body.

The LEP handles and processes all personal data in accordance with the UK Data Protection Act (2018) and the PECR regulations.

Further information is available on the website:

- [Freedom of Information](#)
- [Privacy Policy](#)

3.10 Publication of Meeting and Agenda Items

The LEP is committed to publishing minutes, agenda and papers for Board meetings and any sub-groups which involve decisions about public funds. The LEP only has three such groups; the Board, Strategic Investment Panel (SIP) and Finance and Resources Committee. Further details are included within the Accountability and Decision Making section. Our [Policy](#) also sets out how we will manage confidential items.

3.11 Publication of Accounts and Financial Information

The LEP publishes its annual accounts, within its Annual Report, on its website [here](#).

3.12 Procurement and Contract Management

All contracts and services are commissioned and procured, on behalf of the LEP, via the Accountable Body following appropriate procurement legislation. Contract management is undertaken in accordance with the Accountable Body terms and conditions.

The Funding Agreements for Local Growth Fund projects includes a condition that the applicant must ensure the scheme is State Aid compliant and that all relevant UK and EU procurement law has been complied with. This is also considered at the business case development stage.

4 Accountability and Transparent Decision Making

The LEP is responsible for identifying and developing investment opportunities; prioritising the award of Local Growth Funding; and monitoring and evaluating the impacts of its activities to improve productivity. This section sets out the LEP's decision making processes demonstrating our commitment to transparency and accountable decision making.

The LEP has a vital leadership role to play, responsible for developing and maintaining the Heart of the South West's economic strategies and determining the key funding priorities to which resources should be directed. A high degree of transparency is an important element for the LEP in determining its strategic priorities. Through embedding this Framework the LEP will be able to provide assurance that decisions over public funding are proper, transparent and deliver value for money.

4.1 Scheme of Delegation

As detailed within the governance structure, the LEP Board has ultimate decision-making authority. However, the Board is authorised to publish a scheme of delegation under this Framework to enable sub-groups to support the Board to deliver the LEP's investment programme. The Board have delegated decision making authority and programme management to the Strategic Investment Panel and the Finance and Resources Committee. The [Scheme of Delegation](#) (attached at Appendix A) shows the financial limits, decision making authority and programme management remit.

Changes may occur to projects during the business case process or be proposed by applicants and these will be managed in accordance with the programme's Change Management Policy. The Change Management Policy is part of the Scheme of Delegation, attached at Appendix A, and ensures that all changes are properly recorded, appraised and approved. Changes from the outline business case stage could include material changes to project scope and objectives, grant required and match funding, and outputs and outcomes.

4.2 Accountable Body and Section 151 Officer

The LEP governance structure is the strategic body responsible for taking decisions on LEP business and programme activity as set out above. The Accountable Body, however, is responsible for overseeing the proper administration of financial affairs within the LEP when related to public funds.

Somerset County Council (SCC) acts as the key Accountable Body for the LEP and receives funds on its behalf. In conjunction with the LEP, and in accordance with the Scheme of Delegation, the Accountable Body will be responsible for the proper use and management of funding and will ensure that decisions are made in accordance with this Framework. The Accountable Body holds copies of all relevant documents relating to funding and will ensure that local audit arrangements are in place.

The processes and systems expressed within this Framework ensure that the Accountable Body is able to meet legal and financial responsibilities. The processes will ensure proper, transparent decisions which deliver value for money but also support timely decision making by the LEP. It will ensure that decisions and activities of the LEP conform to legal requirements with regard to equalities, social value, environment, State Aid and procurement.

The Accountable Body will support the groups within the governance structure to ensure the timely delivery of projects and ensure suitable arrangements are in place for monitoring and evaluating the delivery of projects, with the Programme Management Office (PMO). They will develop appropriate written agreements with delivery partners to ensure clear understanding of appropriate separation of duties and will include adequate provisions for the protection of public funds.

The Accountable Body may withhold funding if it is not satisfied that the LEP has worked in accordance with this Framework and those decisions made do not meet legal and statutory requirements. The Accountable Body has veto over decisions to approve funding that does not meet minimum legal and statutory requirements.

Should the LEP deem the Accountable Body to have acted outside the requirements of this Framework, the LEP's Finance & Resources Committee reserves the right to commission an independent audit of the Accountable Body.

In either of the above instances, the LEP and the Accountable Body will work constructively to rectify issues, however, may wish to refer issues to the LEP Board for resolution.

The S151 officer (an officer appointed under section 151 of the Local Authority Government Act 1972 which requires every local authority to appoint a suitably qualified officer responsible for the proper administration of its affairs) fulfils the roles and maintains the responsibilities to instil good and proportionate financial governance, in accordance with the developed five principles determined by Chartered Institute of Public Finance and Accountancy (CIPFA) and MHCLG.

This is done this through the following means:

- Holds a standing agenda item on the Strategic Investment Panel to record an opinion if required on the financial implications and assessment of risks.
- Consults directly with the LEP Chief Executive on matters arising.
- Signs all grant funding acceptance letters required as Accountable Body for the LEP. Has sight of, and signs off all funding agreements, having foresight on the projects.
- Reviews the draft forward year budget before it is finalised, having a key focus to ensure adequacy of funds and highlights financial risks.
- Engages and sets required audit plans. Resulting actions plans are reported and monitored through the audit committee.

- Ensures sufficient resourcing, skills and expertise are available to advise the LEP on finance and governance matters.
- Understands the S151 role to report to Cities and Local Growth Unit on exceptional or unresolved concerns.
- Maintains the treasury function within the Accountable Body remit.

Delegates to a senior finance officer within Somerset County Council (but retains responsibility):

- to attend the Strategic Investment Panel. Holding no individual voting rights but maintains a veto right should there be concerns with good governance and proper financial practice not being followed.
- to attend the Finance and Resources Committee with voting rights.
- to monitor and administer financial affairs throughout the financial year.

The Accountable Body function is delivered under a Service Level Agreement.

4.3 Stakeholder Engagement and Collaboration with Others

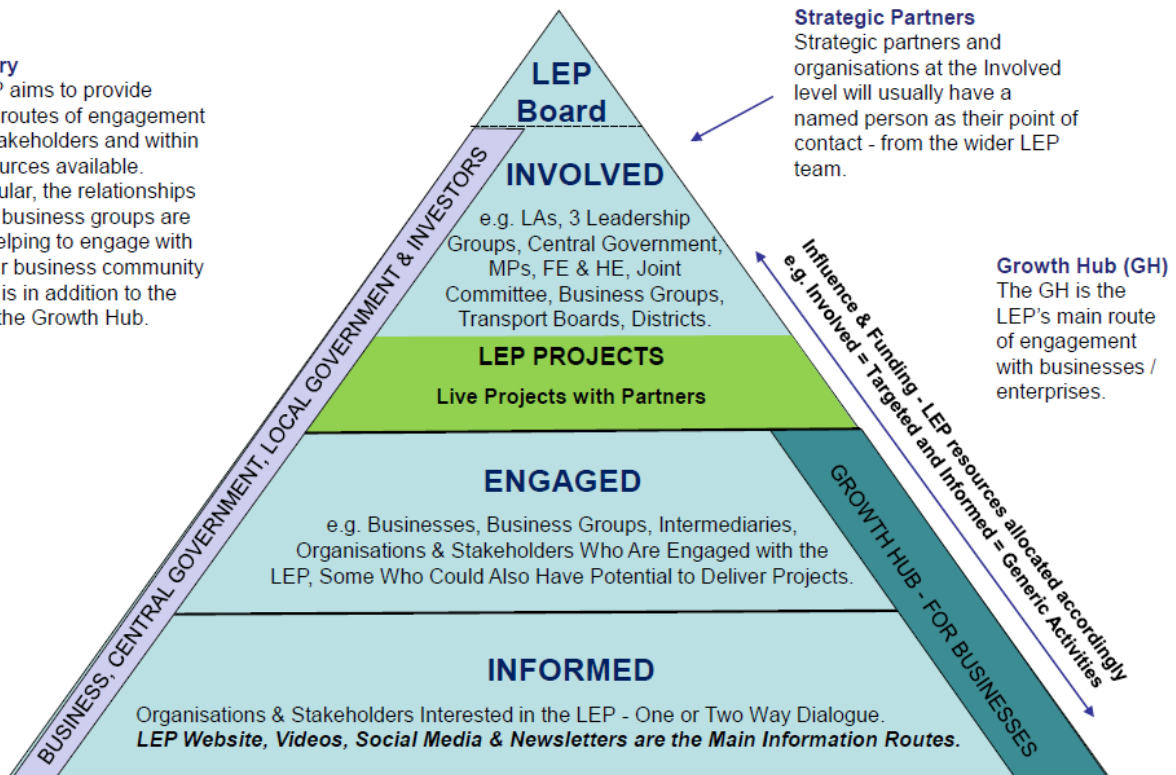
The LEP has put arrangements in place to facilitate effective and meaningful engagement of local partners and the public. The LEP is committed to transparent and open decision-making.

The LEP's communications and stakeholder engagement approach uses an Informed/Engaged/Involved matrix (see diagram on page 18) to ensure that relevant public and private stakeholders are appropriately involved and able to participate, where appropriate, in LEP decision-making. The LEP website will be a key tool in this regard and will be kept up to date with current information on programme management and associated key decisions. See [doing business in our area](#).

Stakeholder Engagement - HotSW LEP (2019 - 2021)

Summary

The LEP aims to provide suitable routes of engagement for all stakeholders and within the resources available. In particular, the relationships with our business groups are key in helping to engage with the wider business community and this is in addition to the work of the Growth Hub.



The LEP has strong 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. All local authorities actively play a part in ensuring the delivery of growth priorities by aligning strategic plans and through the pooling and aligning of local resources and efforts.

The LEP is committed to meeting Governments branding guidelines, including projects that are funded through the Local Growth Fund and are a requirement within the Funding Agreements. Our guidelines ensure that correct branding is used for websites, signage, social media, press notices and other marketing materials.

We are also very aware that to develop strategies that maximise the impact of investment across local geographies, we should consider working closely with others. We have developed close working relationships with other LEPs both geographically nearby or where there are common themes.

The HotSW LEP is also a member of, and commits to working with, the National LEP Network.

The LEP holds an Annual General Meeting. Further details can be found on the website [here](#).

4.4 Scrutiny

The Joint Scrutiny Committee provides strategic overview and scrutiny of the activities of the LEP, reinforcing democratic oversight and challenge of LEP work. In meeting its purpose, the Joint Scrutiny Committee will be specifically charged with:

- The review of strategic decisions made by the LEP
- The review of progress of programmes under the management of the LEP to identify barriers to progress, good practice and possible improvements to the LEP's programme management function, notwithstanding the ability of Local Authorities to scrutinise individual programmes of delivery which impact on their communities
- Scrutiny of the delivery of the Strategic Economic Plan and the Productivity Strategy
- To review LEP performance and consider any comparative data the Joint Committee deems necessary

Further information can be found [here](#).

4.5 Risk Management

Risks, issues and mitigations are overseen by the Finance and Resources Committee. They are operationally managed by the LEP Management Team and escalated to the LEP Board as required.

5 Investment Programme

The LEP oversees the following investment funds and programmes:

- Local Growth Fund
- Growing Places Fund
- Enterprise Zones

The governance process for each is detailed within this section.

5.1 Local Growth Fund

The LEP has secured a significant amount of Growth Deal funding and is working with partners to deliver an investment programme. The governance process is based on three key stages:

- Identifying and maintaining a register of projects seeking funding, which are relevant to the aims of the strategies
- Prioritising these registered projects against relevant criteria such as impact, strategic fit and deliverability, to develop a project pipeline (which can then be used to inform funding bids for Government, for example)
- Managing the LEP's Investment Programme once investment in pipeline projects has been secured.

The flowcharts in Appendix B summarise these processes.

The flowcharts show the ideal process to be followed wherever possible, when time and resources allow. The LEP Board and the Strategic Investment Panel may from time to time vary this process to ensure the LEP is responsive and proactive in its decision-making, whilst ensuring at all times that the principles set out in this Framework are maintained.

The Board have delegated management of the investment programme to the Strategic Investment Panel with support from the Theme Leadership Groups.

5.1.1 Business Case Development

Projects must meet 2 gateways for approval:

- Approval of Expressions of Interest are required before any project can be considered
- Approval of Final Business Case and signing of Funding Agreement

Project Business Cases will be prepared and appraised in accordance with the HM Treasury Green Book and the 5 Case Method. A proportionate approach will be used depending on the stage in the investment programme and scale of funding. Guidance has been prepared for applicants and appraisers and is attached at Appendix C.

The Thematic Leadership Groups, supported by Local Authority officers with expertise in business case appraisal, are responsible for reviewing business cases for their themes. They will ensure that their local authority assessors are independent of the organisations promoting the project to avoid conflict of interests; where a conflict does arise the Leadership Group will appoint an independent consultant to undertake the assessment. If local authority assessors require additional specialist or technical advice on business cases they will appoint consultants to provide this. The Accountable Body will be engaged in the appraisal process to ensure that legal and statutory requirements are being met.

5.1.2 Release of Funding, Cost Control and Approval Conditions

Grant claims will normally be paid quarterly in arrears against eligible expenditure and will normally be made at an intervention rate based on the ratio of the grant to overall project expenditure, determined through the application process. The Accountable Body may modify this rate depending on the cashflow requirements of projects and this will be considered on merit.

A discretionary retention of 5% of the total grant will be included as a condition in the Funding Agreement. This will be paid after the project has achieved practical completion and all conditions have been met to the satisfaction of the accountable body.

The Funding Agreement will contain a schedule of eligible expenditure and costs which qualify for the grant. Applicants will certify that eligible costs have been incurred in the claim form. They will need to retain copies of invoices and architects/engineers' certificates which may be inspected by the Accountable Body at regular audits/sample inspections.

5.1.3 Monitoring and Evaluation

The [Monitoring and Evaluation Framework](#) is used for all LEP funding programmes and was designed with reference to government guidance on monitoring and evaluation. This provides guidance for the programme managers and projects on the monitoring and reporting requirements, key metrics and evaluation methods to be used for the programme.

A list of core metrics (jobs, houses, and commercial floorspace), supplementary outputs and bespoke metrics have been agreed by the LEP and will be monitored and reported to the LEP Board. The information will also be provided to Government where required. The LEP may also use additional outputs and outcomes to be reported in assessing the effectiveness of programmes.

It is a requirement in the Funding Agreement that the project has a monitoring plan which sets out how milestones and outputs will be reported at quarterly and annual intervals and the methods to be used for monitoring, and the management and resources for undertaking the monitoring. The contractual requirement for monitoring will last for the life of the programme.

The management of monitoring at Programme level will be led by the Strategic Investment Panel, supported by the Local Transport Board and Thematic Leadership Groups.

Evaluation work to measure the policy effectiveness of the programme and gather evidence of outcomes and impacts will be undertaken, and may be jointly commissioned with Government. The evaluation framework allows for work to be undertaken at different scales depending on the level being examined, such as project/programme level, LEP-wide level, or national funding programme level.

It is recognised that the LEP's Monitoring & Evaluation Programme will cover a range of LEP interventions, and not be limited to Local Growth Funding secured under the Growth Deal. For example, European Funding, Growing Places Fund, and City Deals are all areas where the LEP has an important role to play and a strong interest in assessing the effectiveness of these programmes.

5.2 Growing Places Fund

Growing Places Fund decision-making is via the SIP in the same way as the Growth Deal funding above. This is a smaller programme of £22.2m with the accountable body as Devon County Council but in essence is managed in the same way as Growth Deal.

Growing Places Funding is a loan fund with each project funding agreement including a repayment profile. Future funding rounds will be held at appropriate times when a sufficient amount has been repaid to make a call for projects worthwhile for potential applicants. A pipeline will be developed and appraised for decision making at the Strategic Investment Panel in the same way as Growth Deal.

5.3 Enterprise Zones

The Heart of the South West offers investment and growth sites of every type, size, price and location. The area has 3 sites offering Enterprise Zone status and a Food Enterprise Zone. Enterprise Zones offer simplified planning, business incentives and support.

Further details and the governance process for each is available [here](#).

5.4 Non-Compliance of Agreement

All funding awarded is done so under a legally binding Funding Agreement. The Funding Agreement includes provision for breach of contract.

The SIP will consider, discuss and agree appropriate action where a funding recipient has not met its contractual obligations as contained within its Funding Agreement. This could include claw-back of funding.

The Accountable Body will progress any contractual issues on behalf of the LEP if such a decision is taken.

Appendix A: Scheme of Delegation

Heart of the South West LEP Board

Scheme of Delegation

1. Board Authority

- 1.1. The Board is authorised to publish a scheme of delegation under the LEP Assurance Framework to enable its sub groups and other groups to support the Board to deliver the LEPs investment programme.
- 1.2. The scheme is in accordance with offer letters for funding received for the current investment programme and has been prepared with the intention of being fit for purpose for any and all current and future funding managed by the LEP.
- 1.3. The LEP Assurance Framework agreed by the LEP and Somerset County Council (the 'accountable body') sets out the governance for the investment programme and the roles of the Board and its sub groups in programme management and the Heart of the South West Joint Committee.
- 1.4. Board decision making sub groups are:
 - the Strategic Investment Panel,
 - the Finance and Resources Committee.

The People, Place, and Business Theme Leadership Groups provide specialist advice to SIP and F&R as required
- 1.5. The Local Transport Board (LTB) delivers the transport component of the investment programme and its role has been formalised in a partnership agreement with the LEP and in this scheme of delegation.

2. Board Decisions

The Board will make the following key decisions relating to the Investment Programme:

- 2.1. Approve and adopt the strategic framework and LEPs investment programme

2.2. The Strategic framework is defined as all plans and strategies the LEP adopts to govern its overall priorities and direction which will also be subject to dual sign off with the Heart of the South West Joint Committee and as a minimum includes:

- Strategic Economic Plan / Productivity Strategy/ Local Industrial Strategy
- Business Plan
- Investment Framework to deliver the Strategic Economic Plan / Productivity Strategy/ Local Industrial Strategy
- EU Strategic Investment Framework

2.3. Make all key decisions relating to the LEPs investment programme.

2.4. For the purposes of this scheme of delegation a key decision is defined as:

- Financially significant: decisions which result in a significant amendment to the agreed investment programme. The Board has agreed that a significant amendment to the investment programme is defined as a change of over £250,000. The change management policy forms part of this scheme of delegation and sets out further guidance on how changes to the investment programme are managed. See below.
- Significant Impact: decisions deemed significant in terms of their impact on communities or businesses in the Heart of the South West.
- Any other decisions deemed novel or contentious by Board Directors, and/or decisions referred to the Board by the Strategic Investment Panel, Leadership Teams and LTB.

2.5. The Board will also be responsible for the following decisions in relation to the investment programme, as a minimum:

- Approval of any prioritised pipeline of projects seeking investment to support delivery of the SEP/ Productivity Strategy/ Local Industrial Strategy
- Approval of any funding bids seeking investment in the LEP's approved pipeline. This includes bids to national Government or any other public or private sector funder.
- Approval of any re-prioritisation of the project pipeline and investment programme.
- Approval of the budget for the investment programme
- Reviewing and approving the scheme of delegation for the investment programme

- Note that ‘Investment Programme’ refers to any and all current or future funding programmes and projects under the responsibility of the LEP.

3. Strategic Investment Panel (SIP)

3.1. **The LEP Board delegates authority to the SIP to:**

- *Recommend* to the Board a single prioritised pipeline of projects seeking funding from the investment programme.
- *Recommend* to the Board the funding envelopes for the investment programme.
- Manage the investment programme subject to this scheme of delegation and the change management policy (see below).
- *Recommend* to the Board a budget for investment programme administration costs.
- Approve final business cases for all (non-transport) projects. There is no financial limit to this responsibility provided projects are already approved for pipeline or investment programme entry and are within the agreed funding envelope.
- Take decisions, or refer to the Board decisions, any issues escalated by the Leadership Groups and Local Transport Board – in accordance with this Scheme of Delegation.
- Direct and advise the investment programme ‘team’, i.e. LEP Programme Management Office and LEP Management Team, in their programme management role
- Novel and contentious matters and decisions will be referred to the Board

4. People, Place & Business Leadership Groups

4.1. **The LEP Board delegates authority to the People, Place and Business Leadership Groups to:**

- Provide strategic advice and guidance on the delivery of the People, Place & Business themes set out in the strategies.
- *Recommend* to the SIP a prioritised pipeline of projects for their respective themes
- Review and recommend expressions of interest and outline business cases for their themes.

- Review and *recommend* final business cases to the SIP
- *Recommend* to the accountable body any required conditions for the Funding Agreement and recommend for signature by the accountable body.
- Novel and contentious matters and decisions will be referred to the Board

5. Local Transport Board

5.1. The Board delegates authority to the LTB to:

- Recommend to the Place Leadership Group a prioritised pipeline of projects for the transport sub programme, within the Place delivery theme.
- Manage the investment sub programme subject to the scheme of delegation and the change management policy.
- Approve final business cases for all transport projects. There is no financial limit to this responsibility provided projects are already approved for pipeline or investment programme entry and are within the agreed funding envelope.
- *Recommend* to the accountable body any required conditions for the Offer Letter and recommend for signature by the accountable body.
- Novel and contentious matters and decisions will be referred to the Board

6. Finance and Resources Committee

6.1. The Board delegates authority to the F&R Committee to:

- Provide strategic advice and guidance to the Chief Executive and the Board on the effective and efficient financial management of the partnership.
- Maintain oversight of the LEP's governance and financial management. This will relate to all core activity not included in a People, Place or Business delivery theme, including:
 - Approval and recommendation to the Board on behalf of the LEP, the Service Level Agreements for core costs and programme management costs.
 - Recommendation to the Board of annual budget and accounts.

- Advice and guidance to the Chief Executive on business planning and other 'corporate' matter.

7. LEP Chief Executive & Management Team

7.1. The Board delegate authority the Management Team to:

- Manage routine programme management functions and decisions.
- Make any other necessary decisions to ensure the efficient and effective management of the LEP and delivery of programmes required and not formally within the delegated responsibility and any of the above LEP sub groups.

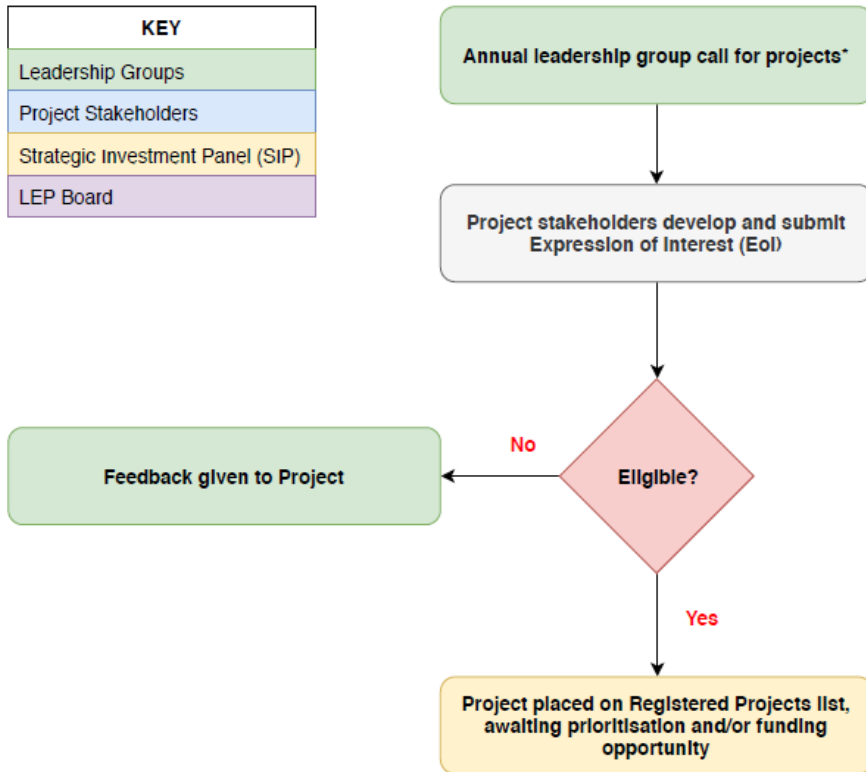
The scheme of delegation includes the following Change Management Policies for the investment programme:

Change Management Policy GROWTH DEAL PROGRAMME	
Type of change	Financial limit
Board approves	
1. Changes to the Investment Programme and project grants	Increases over £250k
3. Changes to the prioritised project pipeline	All changes
SIP approves	
4. Changes to project grant	increases over 10% up to £250k
5. Changes to project scope, objectives, match funding, timescales, other material change. Novel and contentious matters and decisions to be escalated to the Board.	All changes(up to £250k where applicable)
7. Increase in project grant	Projects can have their grant increased by up to 10% subject to a cap of £250k. This increase must be funded from the investment programme.
8. Project cost reductions and reductions in grant	Where projects make cost reductions the project's private sector match funding should be maintained at the same level. The Growth Deal and public sector contributors should share the saving pro rata to their match funding.
9. Match funding variations	Subject to being compatible with point 8 above on cost reductions, match funding can be reduced on individual projects by up to 10% per project subject to a cap of £250k, providing the overall private and public match funding targets for the sub programme are not reduced. Teams should assess the minimum level of match funding required to ensure project scope and outputs will remain the same.
10. Other material changes to projects	The above variations can proceed providing there are no other material changes to project business cases e.g. project scope and objectives, outputs and outcomes, timescales. If there are other material changes the business case must be reviewed and a new approval obtained
11. Changes to the project Funding Agreement	Changes to the standard Funding Agreement template should be avoided. If changes are required Teams should obtain approval from the accountable body; once signed changes should be managed in accordance with the conditions. Variations must be approved by the accountable body.

Change Management Policy GROWING PLACES FUND	
Type of change	Financial limit
Board approves	
1. Changes to the Investment Programme and project grants / loans	Increases over £250k
2. Changes to the prioritised project pipeline	All changes
SIP approves	
3. Changes to project grant / loan	Increases up to £250k
4.Changes to project scope, objectives, match funding, timescales, conditions in funding agreement, other material change. Novel and contentious matters and decisions to be escalated to the Board.	All material changes, affecting the project delivery and outputs
5. New projects and spending headroom, including from repaid loans, within GPF funding envelope	All new projects
SIP Chair approves	
6.Project cost reductions and reductions in grant / loan	Where projects make cost reductions the project's match funding should be maintained at the same percentage. The Growing Places Fund should share the saving pro rata, thereby releasing funds for reallocation to further projects.
7.Minor changes to project, timescales, outputs, conditions in funding agreement, other minor change	These variations can proceed with approval from Place Group Chair providing there are no other material changes to project business cases e.g. project scope and objectives, outputs and outcomes, timescales or terms of funding agreements. If there are other material changes a new approval obtained from the SIP. In the case of doubt of impact the Place Chair to refer to the SIP.
8. Very minor changes to project, timescales, conditions in funding agreement, value less than £10k or small impact on project delivery.	These variations can proceed with decisions by the GPF Programme Management team (DCC) , providing there are no material changes. In the case of doubt the refer to the Chair of SIP

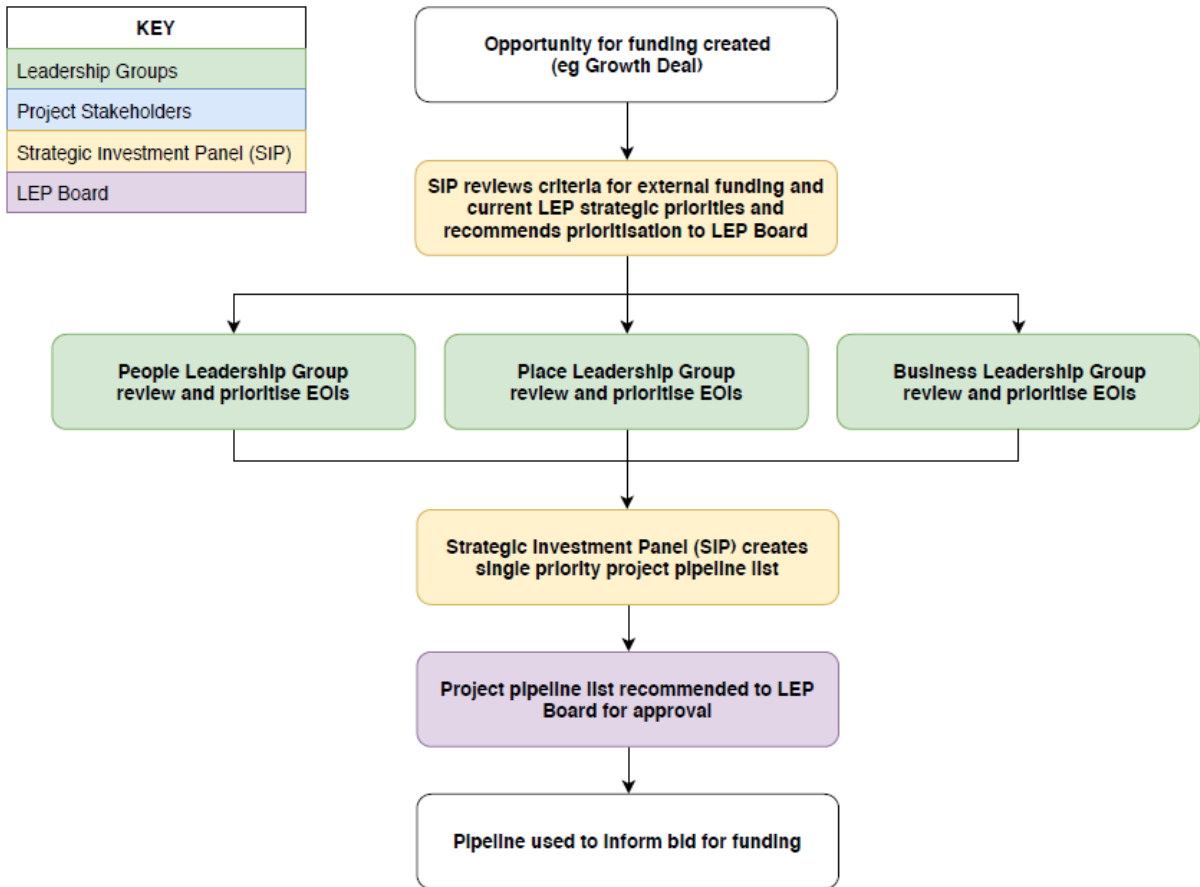
Appendix B: Local Growth Fund Governance Process Flow Charts

LEP Investment Pipeline - Expression / Registration of interested projects Application, Appraisal and Decision Flowchart

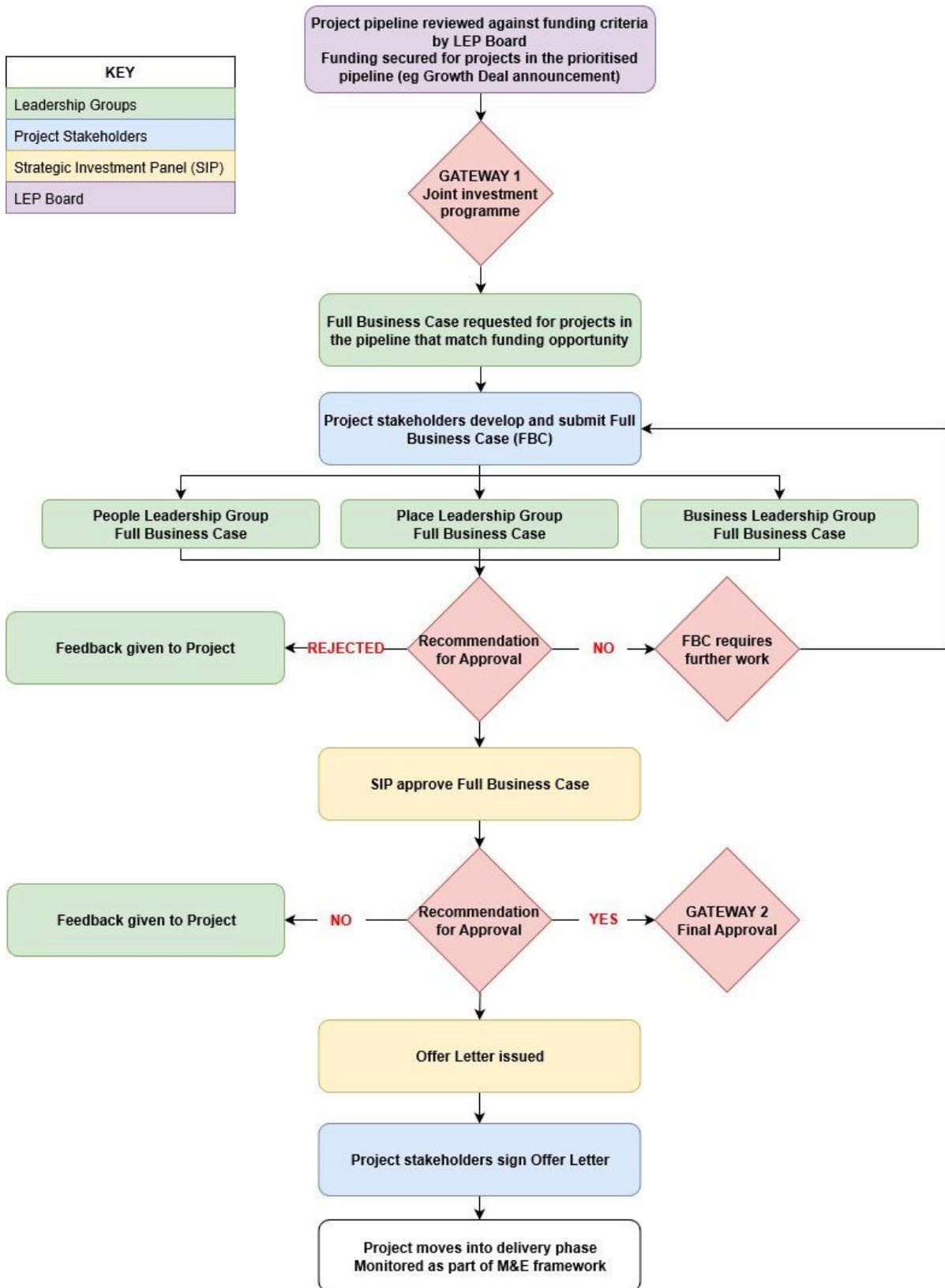


* Projects may submit at any time, but there will only be one proactive "call" for projects each year

LEP Investment Pipeline - Prioritisation Application, Appraisal and Decision Flowchart



LEP Investment Programme Application, Appraisal and Decision Flowchart



Appendix C: Business Case Checklist

Growth Deal Business Case

Business cases should be prepared and appraised in accordance with HM Treasury Green Book guidance and by applying the 5 case models which is commonly used for economic development and transport projects. These can be summed up as follows:

- The strategic case-is it needed?
- The economic case-is it value for money?
- The commercial case-is it viable?
- The financial case-is it affordable?
- The management case-is it deliverable?

Business cases should be proportionate and appropriate for the size and type of project and the guidance applied accordingly.

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

This website includes templates for business cases, detailed guidance on how to develop a business case and what needs to be included. There is also a useful checklist for assessors, which highlights the key points to consider when putting the case together.

Checklist for business case

Business cases should normally include the following items. The level of detail should be proportionate to the project.

1. Strategic case –project rationale, policy context, strategic fit
2. Value for money and options assessment –
 - a. Project inputs and costs and outputs and outcomes – ensuring these are additional and net outputs and benefits (see additional guidance below)
 - b. Assessment of Options – for example:
 - i. do nothing
 - ii. the preferred option
 - iii. less ambitious
 - iv. more ambitious
3. Cost/Benefit analysis – level of analysis depending on scale and complexity of project
4. Sensitivity analysis – ditto
5. Risks and Impacts assessment
6. Financial Summary
 - a. Capital Expenditure Breakdown. Cost Plans should normally be developed at least to RIBA stage D (Planning submission). Plans and drawings for scheme.
 - b. Project Funding (profiled annually or quarterly) – sources e.g. Growth Deal, other public, private. Is the match funding secured?

- c. Operational funding – is the project financially viable once built? Is all revenue funding secured?
 - d. Cashflows and accounts to support capital and revenue expenditure
- 7. Management and Deliverability
 - a. Project implementation plan including project governance arrangements
 - b. Project management resources and key personnel and their experience and track record. Techniques to be used e.g. PRINCE2. Professional team appointments and advisors.
 - c. Risk Management – risk register, mitigation measures.
 - d. Programme - Key milestones and delivery dates
- 8. Commercial feasibility- procurement strategy, charging mechanisms
- 9. Key dependencies e.g. land acquisition, planning and statutory consents, funding deadlines and conditions.
- 10. Legals - State aid compliance. Funding conditions and contract terms.
- 11. Sustainability and equalities assessments–level of detail depends on scale of project and its impact. Typical sustainability standards will be BREEAM, green travel plan, renewables, local labour and supply chain initiatives. Equalities should assess equal opportunities and access beyond statutory minimums
- 12. Monitoring and evaluation plan –including annual profile of outputs and benefits, who is undertaking monitoring, techniques, cost of monitoring.
- 13. Specialist information and procedures required in business cases by Growth Deal partners such as SFA, DfT, LTB.
- 14. Stakeholder engagement including consultation process and project PR and Comms plan.

Notes for appraisers reviewing business cases

1. Independent appraisal – the Leadership Group LA teams responsible for business case reviews must ensure these are undertaken by an independent appraiser. LA teams can undertake appraisals themselves providing they are not promoting the project and have no interest in it. Where there is a conflict of interest teams should arrange for the appraisal to be undertaken by another Leadership Group team or appoint an independent consultant
2. Project Additionality – it is good practice in the business case review to assess the additional impact or additionality of the project i.e., the extent to which something happens as a result of an intervention that would not have occurred in the absence of the intervention, and to calculate the net additional benefits as part of the VFM assessment. The HCA have published 2 useful guides which are available on their website <http://www.homesandcommunities.co.uk/ourwork/best-practice-and-guidance> the Additionality Guide 4th Edition 2014, and the Employment Densities Guide 2nd Edition 2010.