

# **HERTFORDSHIRE LEP ASSURANCE FRAMEWORK**

**Final Version  
signed by Neil Hayes  
6<sup>th</sup> May 2015**

**Version updated 16.09.15**

## **Hertfordshire LEP Assurance Framework**

### **Introduction**

This Assurance Framework is one of four key documents relating to Hertfordshire's Growth Deal. The other three documents are:

- (i) the Growth Deal **grant offer letter** from central government to Hertfordshire LEP
- (ii) a **monitoring and evaluation framework**, setting out a suite of monitoring metrics to support Growth Deal monitoring and reporting, and an approach to evaluation which is proportionate but also capable of generating genuinely useful insights in relation to Hertfordshire's growth ambitions
- (iii) an **implementation summary report**, capturing all the key implementation milestones in relation to Hertfordshire's Growth Deal.

Hertfordshire County Council is the Accountable Body for the Growth Deal. Therefore, this Assurance Framework has been developed by Hertfordshire LEP, working closely with officers from Hertfordshire County Council. It is shaped by two overarching principles:

- It builds (as appropriate) on the existing Local Government system, the Local Transport Body assurance framework, and Skills Funding Agency (SFA) support offer.
- It is light touch, focusing only on those key practices and standards which are necessary to provide government and local partners with assurance that decisions over funding are proper, transparent, and that they deliver value for money.

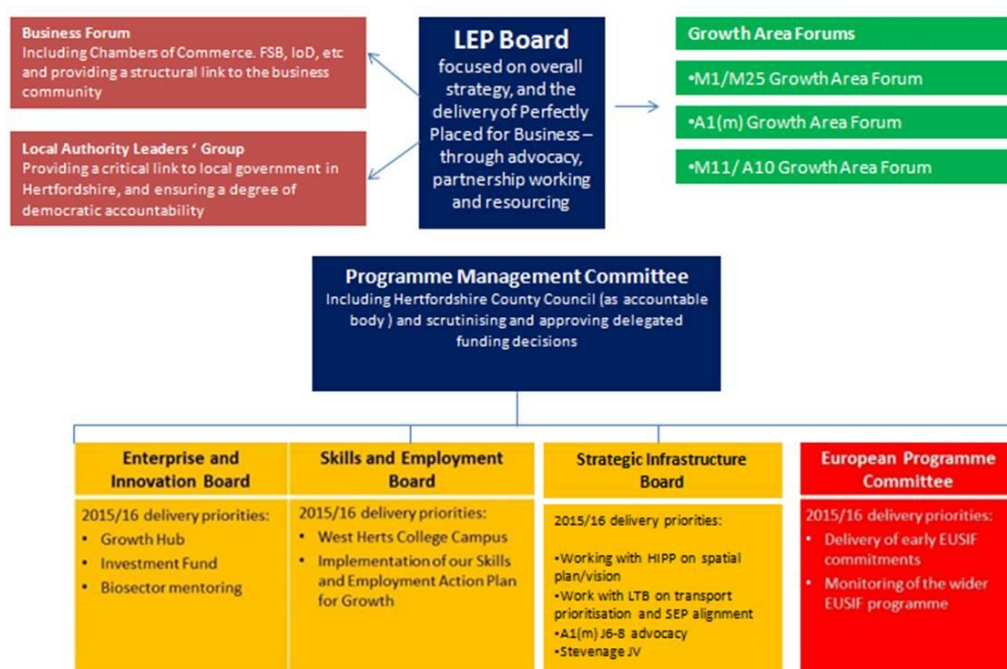
Hertfordshire County Council believes that what is proposed meets the broad intentions required by government. It and the Hertfordshire LEP have agreed that all funding decisions should be made in accordance with this Assurance Framework.

Although the need for this Assurance Framework has been prompted most immediately by the Growth Deal and the requirements of the Single Local Growth Fund (SLGF), Hertfordshire LEP's intention is to use it in relation to all future funding streams with the exception of the EU Structural and Investment Funds (EUSIF) – which have their own specific arrangements.

### **LEP Governance and decision making**

Hertfordshire LEP has a clear governance structure and appropriate processes for decision-making. The principal components are illustrated in the graphic overleaf.

**Figure 1: Governance Structure**



### **I: LEP Board – membership and responsibilities**

- There are 15 members of the Board of Hertfordshire LEP. A board of this scale allows for a strong team ethic, fully inclusive debate, and a capacity for rapid decisions.
- The composition of the Board is as follows:
  - A Chair, who is recruited from the private sector by open competition and is selected by a panel comprising senior members of the Board. The Chair, on behalf of the Board, represents Hertfordshire LEP between meetings or delegates this role to other members
  - Seven other business representatives, one of whom acts as Deputy Chair. Of these seven,
    - five are from the corporate sector
    - two are from the SME community; and these members are nominated by the Hertfordshire Business Forum (which is convened by the LEP executive with the support of the existing business organisations within the county). The Business Forum is inclusive of the various business communities in Hertfordshire
  - Two representatives from the fields of higher and further education, nominated by the community represented by Hertfordshire's FE colleges, HE institutions and Research Institutions
  - One representative from the not-for-profit commercial sector or social enterprise sector (this position is advertised within the stakeholder community)
  - Four local authority representatives. Of these:
    - One is a member from Hertfordshire County Council, nominated by the Council
    - Three are members from District Councils, who are nominated by the Hertfordshire Leaders Group.

- As of January 2015, the members of Hertfordshire LEP's Board are as per the table below

Sector	Name	Organisation
1. Chair (Business)	John Gourd	Johnson Matthey
2. Business Rep	Dan Dark	Warner Bros. Studios Leavesden
3. Business Rep	Martino Picardo	Stevenage Bioscience Catalyst
4. Business Rep	Peter O'Gorman	Santander Bank
5. Business Rep	Andrew Percival	VINCI
6. Business Rep	TBC	TBC
7. SME Rep	Graham Lane	Cheeky Munkey
8. SME Rep	Adrian Hawkins	Weldability SIF
9. Higher Education Rep	Quintin McKellar	University of Hertfordshire
10. Commercial Not for Profit Rep	TBC	TBC
11. Further Education Rep	Gill Worgan	West Herts College
12. County Council Rep	Cllr David Williams	Herts County Council
13. District Council Rep A10/M11 Growth Area	Cllr Linda Haysey	East Herts Council
14. District Council Rep M1/M25 Growth Area	Cllr Julian Daly	St Albans City & District Council
15. District Council Rep A1 (m) Growth Area	Cllr John Dean	Welwyn Hatfield District Council

- In case of an equality of votes, the Chair shall have the casting vote. No business shall be transacted at any Board meeting unless a quorum is present. A quorum shall be eight to include at least one Business/SME representative and one Local Authority representative.
  - The Board has the power at any time and subject to the agreement of its members, to co-opt further member(s), if and when appropriate candidate(s) become available and are deemed a valuable asset by the Board.

#### Urgency procedure

- There may be occasions when an urgent decision by the Board is required but within a timescale which does not allow for a Board meeting to be arranged. When this occurs the Chair may decide to seek agreement to a proposed decision via email. An email will be circulated to each Board member setting out the proposed decision and seeking the Board Member's agreement to it within a specified timescale. The responses will be collated and the majority view acted upon, provided that the total number of responses meets the requirements for a quorate meeting. All decisions taken this way will be reported to the next available Board meeting.

## Roles and Responsibilities of Board Positions

- The roles and responsibilities of the Chair, Vice-Chair and other Board members are summarised in the following table..

Role	Key Responsibilities
<b>Chair</b>	<p>To lead the Board in defining vision and direction, and in delivering the desired outputs, whilst ensuring that appropriate procedures for governance and management of resources are in place. More specifically, to:</p> <ul style="list-style-type: none"> <li>provide strategic leadership and direction to ensure that Hertfordshire LEP achieves its goals</li> <li>lead the efforts of Hertfordshire LEP in developing and implementing an effective LEP Vision, strategy and strategic economic plan that identifies and addresses the key priorities for local economic growth</li> <li>chair meetings of the LEP Board, leading it towards decisions that ensure the strategic vision and key objectives of the Partnership are delivered.</li> <li>be an effective influencer and “ambassador” for Hertfordshire, championing the LEP at local, regional and national levels working with appropriate partner organisations and individuals</li> <li>be an effective advocate on behalf of Hertfordshire LEP, the businesses and people of Hertfordshire, in particular at conferences and events/meetings with Ministers, MPs and key civil servants</li> <li>reflect the agreed policies of Hertfordshire LEP Board and its members in all discussions with partners, stakeholders, government and its agencies.</li> <li>ensure that Hertfordshire LEP (including the Board) adheres at all times to high standards of ethics and governance in public life and is an exemplar to other organisations</li> <li>ensure that all Board members participate actively in the work of the Board, encouraging their attendance and engagement and keeping regular contact with all members</li> <li>exercise a casting vote in LEP Board decisions if circumstances so require</li> <li>direct the activities and priorities of the Executive Director, setting annual performance targets and conducting reviews and appraisals</li> </ul>
<b>Deputy chair</b>	<p>The principal role(s) of the Deputy Chair are to:</p> <ul style="list-style-type: none"> <li>deputise for the LEP Chair where necessary including the chairing of Board meetings and acting as the lead representative of the LEP</li> <li>lead on the development and periodic review of LEP Board and sub-Board governance structures</li> <li>lead on developing effective relationships with local businesses, business representative organisations and appropriate business networks</li> <li>deputise for the LEP Chair by representing Hertfordshire LEP at meetings with external bodies and other organisations</li> <li>deputise for the LEP Chair in dealing with media queries as and when they arise</li> <li>develop strong relationships with central government departments and local politicians and acting as an advocate for Hertfordshire in lobbying for resources</li> <li>work with the Chair and Executive Director to review and recommend remuneration policy for the Executive Team</li> <li>chair the Programme Management Committee</li> </ul>
<b>Board members</b>	<p>The duties and responsibilities of LEP Board members are to:</p> <ul style="list-style-type: none"> <li>attend meetings of the LEP Board and to nominate an appropriate named alternative where attendance is not possible</li> </ul>

	<ul style="list-style-type: none"> <li>• reflect the agreed view of the LEP Board and its members in all discussions with partners, stakeholders, government and its agencies</li> <li>• support the Chair by leading on activities relevant to their knowledge and experience by representing the interests of the LEP in meetings with partners, stakeholders, government and its agencies</li> <li>• actively develop an effective business-public sector partnership</li> <li>• contribute to the setting of the overall strategy, priorities, business planning, budget and the monitoring of performance and risk management</li> <li>• contribute knowledge and expertise to identify the economic and demographic issues facing the area the strengths and opportunities and the initiatives which should be taken to drive economic growth</li> <li>• formally represent Hertfordshire LEP in meeting other bodies and partner organisations as required</li> <li>• provide feedback to stakeholders on LEP decisions and activities</li> <li>• lead for the Board on particular issues and activities including serving on or chairing programme board and sub-groups</li> <li>• elect, from their number, a Chair and Vice Chair</li> </ul>
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## II: Sub-Groups of the LEP Board

- There are various Sub-Groups of the LEP Board. In relation to the Growth Deal – and its governance, accountability and assurance – the three most important are the **Programme Boards** (of which there are three); the **Programme Management Committee**; and the **three Growth Area Forums**. In addition:
  - there are a number of “task and finish” groups (linked to the Programme Boards)
  - a LEP Area European Union Strategic Investment Funds Committee has been established to oversee the delivery of these EU Structural and Investment funds.

### (a) Programme Boards

- Working in support of the Board are three Programme Boards. These are concerned with:
  - Enterprise and Innovation;
  - Skills and Employment; and
  - Strategic Infrastructure.
- These are tasked by the LEP Board with driving forward the delivery of specific parts of the LEP’s Business Plan. Each Programme Board is chaired by a LEP Board member to ensure that there is a clear link to the LEP Board and that individual Programme Boards do not operate in silos. Each Programme Board also brings in expertise from the wider businesses community. Meetings are held on a quarterly basis.
- The three Programme Boards have a number of common functions. Of these, the most important in relation to this assurance framework is that of considering and prioritising project concepts in line with delivery plans (developed by the Programme Boards) and the overall Growth Strategy/SEP. The Programme Boards’ role is to make recommendations to the Board in relation to funding priorities (although funding *decisions* are made by the Board). Within this context, the Strategic Infrastructure Board fulfils this function for non-transport infrastructure only [as both recommendations and decisions in relation to transport schemes are made through Hertfordshire LTB – see Annex B].
- In addition, each of the Programme Boards will:
  - have an input into LEP consultations

- have an input into the LEP Growth Plan and Strategic Economic Plan
- operate as a sounding board to the main LEP Board on specific items
- act as an advocate for Hertfordshire LEP
- oversee implementation of relevant Single Local Growth Fund, Growing Places and European funded projects
- An outline Terms of Reference for each Board is provided at Annex A.

**(b) Programme Management Committee (PMC)**

- The role of this committee is to ensure that the proper processes and procedures are in place; that they are being used to secure delivery of the Growth Deal; and that they are providing value for money.
- As the Single Local Growth Fund (SLGF) is public money, the LEP must meet the financial and contractual regulations set out by the accountable body and ensure that due diligence is carried out on contractors. It will also oversee that the LEP's aims and objectives are being delivered through the selected and supported projects through its commissioning arrangements.
- Chaired by the Deputy Chair of the LEP Board and supported by the Programme and Performance Manager, the Programme Management Committee includes key partners, including Hertfordshire County Council's section 151 Officer, representing the accountable body of Hertfordshire LEP.
- The role of this sub-group is to:
  - monitor financial spend against profile and delivery of milestones against agreed timescales
  - scrutinise the contractual arrangements relating to SLGF and approve appointment of external contractors or contractual arrangements with project sponsors
  - agree changes in the allocation of SLGF between agreed projects up to a variation of £250,000
  - agree allocations to new/reserve projects up to £250,000
  - provide views on variations over £250,000 and refer these to the main LEP Board for decision
  - monitor the risk register for SLGF, ensuring that appropriate mitigation actions are in place
  - be appraised when projects are not meeting time, cost or risk milestones and agree changes/delays/reductions in funding
  - approve the release of SLGF funds if milestones are met
  - hold Project Sponsors to account for delays/slippages/under and overspends/under estimation of risk
  - provide advice to LEP Executive Team on appropriate programme and project management arrangements for SLGF, GPF and EU SIF programmes
  - ensure projects are managed correctly within the accountability framework
  - Ensure compliance with legal requirements with regard to equalities, social value, environment, State Aid and procurement.

- Membership of the Programme Management Committee will consist of:
  - Deputy Chair of Hertfordshire LEP
  - Hertfordshire County Council's section 151 Officer, or nominee, as Accountable Body representative
  - Head of Major Projects, University of Hertfordshire (TBC)
  - One Local Authority Chief Executive
  - 4-5 Members of main LEP Board

### **(c) Growth Area Forums (GAF)**

- As a result of the Strategic Economic Plan, three Growth Area Forums (GAFs) will be established in 2015/16 based around three transport corridors across the county to drive forward economic growth:
  - M1/M25 – including Hemel Hempstead, Watford and the London overspill settlement of South Oxhey
  - A1(M) – including Stevenage and Hatfield
  - A10/M11 – including Bishop's Stortford and Broxbourne
- The focus of the Growth Area Forums is to develop an economic vision for the sub-areas of the County. The proposed format of the Forums is for biannual large, multi-stakeholder events which will include Local Authorities (from the Forum geographical location), local businesses, key stakeholders such as HE Colleges, Research Institutes and Government Agencies. Each Forum will be chaired by a Local Authority LEP Board member and will report directly back to the main LEP Board.
- The GAF will also be a mechanism for the LEP to update stakeholders on its performance annually including progress in relation to SLGF projects. Task & Finish Groups will also be established to progress key priorities between each GAF where necessary.

### **“Project Pathway”**

- Within this structure, the process for making decisions in advancing project development, approval and delivery is critical – and it sits at the heart of this Assurance Framework. The overall “project pathway” builds in a number of checks and balances; it is summarised in the graphic overleaf (Figure 2). In relation to projects, it is the LEP Board that has final approval of funding decisions. However the Programme Boards have a key role in recommending project priorities (in the light of strategic fit and overall deliverability) and the Project Management Committee has a major scrutiny role, particularly in relation to detailed value-for-money considerations once outline approval has been given.
- There will be some exceptions to this project pathway. The most significant is that relating to transport projects where Hertfordshire LTB has a critical role to play. Where Hertfordshire County Council is the Project Sponsor for single Local Growth Fund projects, the process set out in the LTB Assurance Framework (Annex B) will be followed. Additional support from the Skills Funding Agency in the assessment of skills proposals will also be used and reported to the Programme Management Committee.

**Figure 2: Hertfordshire Assurance Framework: Project Pathway**





## **Strong supportive local authority partnership working across the LEP**

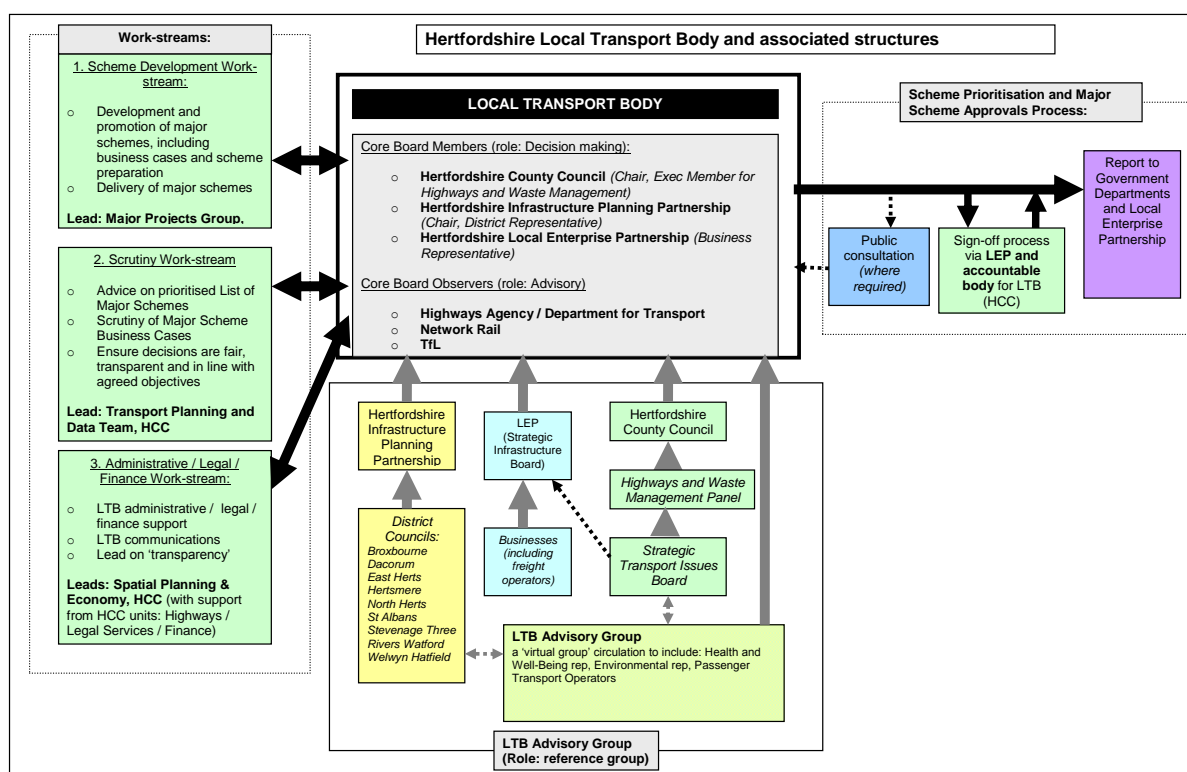
- Within Hertfordshire, relationships between the LEP and the eleven local authorities are very important. Every six months, **the LEP’s Executive Director and a Board member meet each local authority individually** to discuss issues of particular relevance to the implementation of the Growth Deal. There are also very strong informal relationships with politicians and officers from Hertfordshire County Council.
- In addition, and more formally, across Hertfordshire, we benefit from strong local authority partnership arrangements, many of which pre-date the LEP. Through these there are strong – and well established – working relationships between the LEP and local authorities in Hertfordshire. In particular:
  - **Hertfordshire Leaders’ Group** – comprising the leaders of ten district councils and Hertfordshire County Council. This group meets regularly and has paid close attention to the development of the Strategic Economic Plan for Hertfordshire, and has provided an invaluable “sounding board”. The Chair of Hertfordshire LEP and senior officers are invited to attend meetings when there are relevant substantive issues to consider.
  - **Hertfordshire Chief Executives’ Coordinating Group** – comprising chief executives from the eleven local authorities and other public sector bodies in Hertfordshire. This advises the Leaders’ Group. The LEP’s Executive Director is invited to meetings when there are issues of relevance to consider
  - **Hertfordshire Infrastructure and Planning Partnership (HIPP)** is a Member Forum of all eleven Hertfordshire Local Authorities Planning portfolio holders. A representative of the

Hertfordshire LEP attends each meeting and there is a standing agenda item for LEP business. It is supported by the **Hertfordshire Planning Group (HPG)** which includes all Heads of Planning and there is also a link to **Hertfordshire Economic Development Officers Group (HEDOG)**. Both meetings are attended by representatives of the Hertfordshire LEP on a regular basis. HIPP sits on the Board of the Local Transport Body (LTB) and over the recent past, it has completed a refresh of Hertfordshire's Infrastructure and Investment Strategy (HIS) and it has advised on Community Infrastructure Levy (CIL) charging schedules. It has also taken a lead in pushing forward the Duty to Co-Operate within Hertfordshire and recently agreed to the production of a shared spatial statement covering the whole County.

- **Hertfordshire Local Transport Body (LTB)** is a voluntary partnership, the full members of which are Hertfordshire County Council, Hertfordshire LEP and HIPP; it is supported by an Advisory Group on which all ten district councils are represented (alongside transport operators, businesses and others), as well as Hertfordshire LEP. The LTB is itself in a period of transition. Its role has been redefined to:
  - act as the transport advisory body for the LEP
  - provide the necessary governance arrangements to facilitate the identification, prioritisation, funding, scrutiny, programme management and monitoring of the programme of transport schemes funded through the Growth Deal.

The delivery structure for Hertfordshire LTB is shown in the graphic below. The LTB has its own comprehensive Assurance Framework. This will provide the basis for transport-related spend through the Growth Deal. Further details are provided in Annex B.

**Figure 3: Hertfordshire LTB and associated structures**



## Transparent decision making

- Hertfordshire LEP recognises the importance of having clear arrangements in place which enable effective and meaningful engagement of local partners and the public. It also acknowledges the importance of having transparent practices in place which give people confidence that decisions made are proper, based on evidence and capable of being independently scrutinised.
- For both reasons, Hertfordshire LEP has a range of arrangements to ensure transparency.

#### **(a) Website**

- Hertfordshire LEP has a dedicated website through which local partners and the public can keep in touch with progress on implementing the Growth Deal and access key documents. The URL is <http://www.hertfordshirelep.com/>.

#### **(b) Making and recording decisions**

- The agendas and papers for – and minutes of – **meetings of the LEP Board** are generally published on the LEP's website. The only exception to this relates to material of a confidential or commercially sensitive nature. The LEP will:
  - publish agendas and papers at least two clear days before the meetings
  - produce and publish minutes within three weeks of meetings.
- Meetings of the Programme Boards, Programme Management Committee and Growth Area Forums are similarly transparent and papers will be published to the same timetable.

#### **(c) Transparency and Freedom of Information**

- Hertfordshire LEP will adhere to the processes established by its Accountable Body, Hertfordshire County Council in relation to freedom of information and environmental information requests. The LEP will deal with any complaints in line with its published complaints policy.

#### **(d) Conflicts of Interest**

- The LEP will deal with conflicts of interest as set out below. The following provisions shall apply to members and member representatives from the LEP Board, the three Programme Boards (and the European Programme Committee) and the Programme Management Committee:
  - If a member is present at a meeting at which an item of business in which they, or the organisation they represent, has an interest is considered they shall immediately declare the nature of the interest and not participate further in any discussion of the matter. Whenever a person has an interest in a matter to be discussed at a meeting the person concerned will not be:
    - entitled to remain present at the meeting during discussion of that matter
    - counted in the quorum for that part of the meeting
    - entitled to vote on the matter
- Notwithstanding the above, Hertfordshire LEP Board may, at any time, authorise a person who has or may have a direct or indirect interest in a matter to remain in the meeting during discussion of that matter provided that they immediately declare the existence and nature of the

interest at or before consideration of the item of business or as soon as the interest becomes apparent and does not vote on it.

- All members of the LEP Board must notify Neil Hayes, LEP Executive Director of their interests and a Register of Board Members' Interests will be maintained and published on the website.

#### **(e) Local engagement**

- Hertfordshire LEP has a number of different mechanisms to ensure high levels of local engagement. Many of these are embedded in the key LEP structures outlined above. In addition:
  - **Communications** – Hertfordshire LEP has a member of staff whose role is communications and the purpose of this role is to ensure that the aims, decisions and achievements of Hertfordshire LEP are publicised through a range of media channels
  - **Growth Area Forums** – These are a vehicle for driving forward economic growth in each of the three Growth Areas and ensuring wider engagement.
  - **Other Board Groups** – the composition of the different Board groups has been informed by the need to “design in” appropriate local engagement.
- In addition, Hertfordshire LEP intends to refresh its Growth Strategy (which underpins its Strategic Economic Plan) every three years. This process will be overseen by the LEP Board with inputs from all of the other Board Groups. The draft Growth Strategy will be published and there will be a 6-week window for public consultation. During this time, the LEP will organise at least two consultation events – one focused on the business community and a second focused on local stakeholders. The Growth Area Forums will also play a key role in shaping and commenting on the draft strategy. The expectation is that the draft strategy will also be discussed with the Hertfordshire Leaders' and Chief Executive Groups.

#### **(f) Developing, prioritising, appraising and approving projects**

- The intention is to use two main mechanisms for **developing** projects:
  - From time to time, the LEP will issue a “general call” for projects. This will be published on the website and partners will be given a minimum of a month to respond. Generally, this will be in response to specific funding opportunities
  - In parallel – and increasingly – the LEP will move to more of a “strategic commissioning” process whereby it will develop (through the Programme Boards and Growth Area Forums, and with Board approval) detailed specifications for interventions and will then invite a response from delivery partners
- Both of these processes will be underpinned by the on-going work of the LEP's sub-groups, which will be working with partners and stakeholders in a (broadly) developmental manner.
- The Hertfordshire LEP will use a wide range of different mechanisms for **prioritising, appraising and approving projects**:
  - **Transport projects** will be prioritised, appraised and approved through the LTB route. The LTB has its own Assurance Framework and a rigorous approach to scrutiny, including the DfT retained approval process.

- **Skills capital projects** will be considered through the Skills and Employment Programme Board. Where possible and appropriate, it will dovetail with SFA appraisal and approval processes
- **Other projects** will be subject to a range of internal processes, led by the LEP. These will include independent technical appraisal for all project proposals at two stages (see Figure 2 the “project pathway” on page 8 ):
  - At stage 4, a “first sift” appraisal will be conducted by the LEP’s Executive Officers, prior to consideration by the relevant Programme Board. This will check (in broad brush terms) strategic fit, deliverability and value for money. The Executive Officers will filter out weaker projects and/or seek more information if this is needed
  - At stage 5, once an indicative funding decision has been made, a robust independent appraisal will be completed. Principles of proportionality (reflecting the scale, complexity and risk profile of the project) will be applied in relation to the scale of the appraisal, but it will be consistent with Green Book principles. The appraisal will be conducted by an independent third party, but it must be funded by the project sponsor and the results will be considered in detail by the Programme Management Committee (stage 6) before final funding awards are made by the LEP Board (stage 7)

#### **(g) Social value for investment**

- Hertfordshire LEP will consider how additional social value could be obtained through its procurement activities, which will primarily focus on how its economic objectives can be achieved through each project e.g. employment and skills requirements in construction projects. Part of the remit of the Programme Management Committee is to ensure compliance with social value requirements.

#### **Accountable decision making**

- Local Growth Fund resources will be paid via a section 31 grant determination to Hertfordshire County Council as the accountable body. The proper use and administration of this funding will be set out through the grant funding letter/agreement, this assurance framework and the wider implementation plan. Hertfordshire County Council will not use this funding for its own purposes without a clear mandate from the LEP.
- Hertfordshire County Council (through its Responsible Financial Officer - the Section 151 Officer) is accountable for ensuring that grant income received, payments out and any applicable repayments are accounted for and administered correctly (these will fall under the annual audit of Hertfordshire County Council’s accounts). Hertfordshire LEP will have a vital leadership role to play. It will be responsible for developing and maintaining the Strategic Economic Plan and determining the key funding priorities to which SLGF and other resources should be directed. Democratic accountability for the decisions made by the LEP are provided through local authority representation on the LEP Board, with accountability to the business community flowing through the business leaders.
- Hertfordshire County Council is the accountable body for the Single Local Growth Fund and other funding sources received from Government
  - being responsible for the decisions of the LEP in approving projects
  - supporting the LEP in meeting legal requirements and compliance with Hertfordshire’s contract and financial regulations

- use of resources will be in accordance with Hertfordshire County Council's established processes including financial regulations and contract regulations
- the LEP will be responsible for ensuring that Hertfordshire County Council's requirements are adhered to, including:
  - ensuring decisions and activities of Hertfordshire LEP conform with legal requirements with regard to equalities, social value, environment, State Aid, procurement etc. The Programme Management Committee will ensure compliance with these issues.
  - ensuring that the funds are used appropriately, and in a manner that is consistent with the contents of the offer letter from government
  - ensuring that this assurance framework is adhered to
  - maintaining the official record of LEP proceedings
  - holding copies of all relevant LEP documents relating to LGF funding
  - ensuring compliance with HCC's contract regulations and financial regulations.
- Hertfordshire LEP and Hertfordshire County Council have agreed operating practices to support the effective implementation of decisions. These include:
  - clear arrangements for monitoring delivery with reporting to the Programme Boards and Programme Management Committee
  - clear expectations in relation to the information required from scheme promoters and delivery agents; these will be set out in offer letters
  - ensuring that before funds are released to a project there is a 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 LEP will be subject to scrutiny through the County Council's existing Overview and Scrutiny Committee arrangements.
- Audit arrangements will be put in place through the following processes to ensure compliance with the National Assurance Framework:
  - The LEP will compile records of each project throughout the year as the PMC approves spend on individual projects.
  - At the end of each financial year, the LEP will compile an annual assurance report based on the information collected through the year and will submit this to HCC by no later than the end of April each year.
  - The Hertfordshire Shared Internal Audit Service (SIAS) will determine audit requirements in consultation with the section 151 officer and the Executive Director of the LEP. The LEP will ensure that SIAS are given access to any document, information or explanation that they require from employees or members of the LEP Board in order to carry out their duties. This right of access includes, but is not limited to, financial information and accounting records.
  - Audit reports will be addressed to the Section 151 Officer and shared with the LEP who will draw up any necessary action plan(s) for agreement with the section 151 officer and approval by the Programme Management Committee.

## **Ensuring value for money -prioritisation, appraisal and business case development**

Building on the arrangements for Growing Places Fund and Growth Deals, and drawing on the experience of the Hertfordshire Local Transport Board, Hertfordshire LEP has robust arrangements in place to ensure value for money and effective delivery, through strong project development, project and options appraisal, prioritisation, and business case development. These arrangements are encapsulated in the “project pathway” which is summarised in Figure 2 on page 8.

### **Options appraisal and prioritisation**

- Hertfordshire LEP has developed a clear and transparent basis against which projects and programmes are initially identified / commissioned, appraised and prioritised. The overarching process is the “project pathway”.
- Underpinning all of this is a substantial body of evidence. This is distilled in the Strategic Economic Plan Evidence Base, and an accompanying technical document which summarises high level market failures and intervention rationales, and a series of logic chains. It will be updated regularly and is available on the Hertfordshire LEP website.
- Project concepts may be “bottom-up” (derived from a call for projects) or “top-down” (through a strategic commissioning route). In each case, the LEP’s Executive Officers will complete a “first sift” appraisal based on broad considerations of deliverability, value for money and strategic fit. There will then be a dialogue with the project sponsor to discuss – informally – whether and how the project might be developed. If appropriate, sponsors will be asked to complete a more detailed application form.
- The outline application(s) will then be considered formally by the relevant Programme Board. The Programme Board will seek to prioritise the range of project applications, producing a ranked list of recommendations for the LEP Board to consider. This process of prioritisation will again reflect considerations of deliverability, value for money and strategic fit, but the judgement will be made across the project portfolio within the relevant domain (i.e. skills and employment; enterprise and innovation; or strategic infrastructure).
- In the light of Programme Board recommendations, it will then be for the LEP Board to make a decision on funding priorities. It will need to look across the piece and agree the appropriate balance between very different types of projects; some will be large, complex and long term projects and others may well be smaller and likely to achieve impact more quickly, but it will form a rounded view. Its composite prioritised list will form the basis for funding bids to, for example, future rounds of LGF.

### **Value for Money and Business Case Development for Prioritised/Funded Proposals**

- Once projects have received conditional approval (from the LEP Board) and the outcome of any bidding process is known, they will then be appraised independently and more formally (at the expense of the sponsor) in a proportionate manner. The methodology used to assess value for money and the degree of detail to which business cases are developed in support of particular projects or programmes will be proportionate to the funding allocated and in line with established Government guidance including the HM Treasury Green Book. Typically Hertfordshire LEP would expect business cases to address, in a proportionate manner, the 5 cases (strategic, economic, commercial, financial and management) set out in supplementary guidance to the Green Book.
- Full Green Book principles will apply to larger and riskier projects. For transport projects, business cases will be developed in line with Local Transport Board (LTB) Assurance Framework

and progress through the agreed project gateway process or alternative process agreed with DfT as part of the “retained approval” process. The LEP will consider whether business cases produced by Project Sponsors to meet the requirements of majority project funders will meet the requirements and may accept an approach different from the Green Book but which still addresses fundamental value for money assessment. In all cases, however the LEP will consider whether:

- there is a clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan
  - the proposal has clearly defined inputs, activities, outputs and anticipated outcomes, which are additional, ensuring that factors such as displacement and deadweight have been taken into account where appropriate
  - the benefits exceed the costs of intervention
  - deliverability and risks have been appropriately considered and if there are likely to be clear mitigations for them
- The Programme Management Committee will take an overview of the pipeline of viable projects and it will provide a regular report to the LEP Board on progress, bottlenecks, achievements and concerns.
  - Most of the projects included within the 15/16 Growth Deal have adopted existing methodologies – e.g. Local Transport Board practices for transport projects, and Skills Funding Agency practices for skills capital projects.
  - Given their importance to achieving local growth, the LEP will not focus purely on the value for money aspects of business cases but also ensure that the commercial, financial and management arrangements are appropriate for quick and effective delivery.
  - For all projects and programmes, the LEP will ensure that there is a named individual with overall responsibility for ensuring value for money and named individuals (not necessarily the same person) responsible for scrutiny and recommendations on each business case.
  - The LEP will ensure that arrangements are in place which support the active management and mitigation of risk across all matters for which the LEP is responsible, including but not limited to propriety and value for money issues.
  - These responsible individuals should ideally be independent of the promoting organisation or where this is impractical, should sit outside the management unit responsible for developing and promoting the business case.



**Outline Terms of Reference for the three Programme Boards**

<b>Programme Board</b>	<b>Description</b>
<b>Enterprise and Innovation</b>	<p>The Enterprise and Innovation Programme Board is responsible for developing and monitoring activities which contribute to the delivery of LEP's objective of "Accelerating Business-led economic growth". It is charged with identifying priority actions to encourage innovation and enterprise throughout the county including:</p> <ul style="list-style-type: none"> <li>• preparing and implementing an evidence based Enterprise and Innovation Strategy to support the LEP's strategic objectives for SME growth</li> <li>• identifying actions to support the LEP's priority industry sectors and clusters</li> <li>• coordinating business support in Hertfordshire , identifying and minimising areas of service duplication and overlap</li> <li>• briefing the LEP board on policy implications of initiatives and activities affecting innovation and enterprise in Hertfordshire</li> <li>• identifying issues affecting the competitiveness of SMEs in the county and inform relevant programme boards of areas of concern</li> <li>• providing input and direction to the allocation of ERDF and SLGF opportunities.</li> </ul>
<b>Skills and Employment</b>	<p>The Skills and Employment Programme Board main focus is to identify key priorities which will support the improvement of the Skills and Employment prospects of the workforce and residents.</p> <p>The Board's role is to provide:</p> <ul style="list-style-type: none"> <li>• input into the LEP Board with regards to strategic direction for the skills and employment agendas in Hertfordshire in relation to driving the growth needs of employers, individuals and communities</li> <li>• influence over the allocation/procurement of skills and employment related Government funding for Hertfordshire and for setting SMART targets/expectations in relation to such funding (in partnership with the SFA)</li> <li>• input and direction to the prioritisation of EUSIF, Single Local Growth Funding and other funding opportunities</li> <li>• the voice of employers and other key stakeholders in order to better influence Government policy relating to improvement of skills &amp; employment in Hertfordshire</li> <li>• assurances that skills and employment is integrated as part of broader LEP strategic fit relating to capital projects</li> <li>• input and ownership of a Skills Strategy for Hertfordshire in partnership with Herts County Council and DWP</li> </ul> <p>The Programme Board will achieve all this by;</p> <ul style="list-style-type: none"> <li>• offering itself as an advisory body to the LEP and other appropriate organisations</li> <li>• engaging with partners to respond to local economic and skills priorities and to influence outcomes</li> <li>• establishing more employer led skills provision</li> <li>• developing and monitoring a Hertfordshire Apprenticeship Strategy in partnership with other key stakeholders including the SFA</li> <li>• co-ordinating Hertfordshire's approach to STEM related issues</li> <li>• addressing employment related issues such as tackling youth unemployment and up skilling of older workers</li> </ul>

<b>Strategic Infrastructure</b>	<p>The main focus of the Strategic Infrastructure Board is the identification, co-ordination and enabling the provision of infrastructure, including key sites, needed for smart economic growth. Its main focus is on utilities, development and regeneration as the Local Transport Body has responsibilities in relation to the prioritisation of transport proposals. The Board's role is to provide:</p> <ul style="list-style-type: none"> <li>• a steer on the LEP priorities in relation to infrastructure, key development sites and regeneration</li> <li>• influence the funding allocations for infrastructure, development and regeneration</li> <li>• work to identify the key barriers to development and regeneration and how the LEP can work to address these</li> <li>• an interface between private sector and the Hertfordshire Infrastructure and Planning Partnership and the Hertfordshire Local Transport Body;</li> </ul> <p>The Board – which consists of members from sectors involved in the planning and delivery of strategic infrastructure including utility companies, commercial property agents, major developers, local authorities, registered social landlords and the Homes and Communities Agencies – will achieve this by:</p> <ul style="list-style-type: none"> <li>• providing advice to the LEP and other appropriate organisations</li> <li>• supporting research that identifies infrastructure capacity issues and potential solutions to influence funding priorities in the future</li> <li>• supports the development of a shared spatial statement for Hertfordshire</li> <li>• monitors Single Local Growth Fund and Growing Places Fund projects falling within its remit</li> <li>• develop alternative funding and co-ordination mechanics for the delivery of strategic infrastructure</li> </ul>
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## Hertfordshire LTB and links to LEP Growth Deal Governance Arrangements

It was proposed within the Strategic Economic Plan submission to the Government in March 2014 that the LTB would become part of the wider LEP Growth Deal Governance arrangements.

The revised role of the LTB going forward will be twofold, namely the continued provision of assurance and governance to oversee local major transport scheme prioritisation and delivery; and a new role to provide strategic advice to the LEP on future transport strategy to support the Strategic Economic Plan delivery, including for the new packages of 'non-major' schemes funded through the Growth Deal.

Within this updated LTB role, the key elements will be as follows:

### **A. Continued governance of major transport schemes**

- The LTB will make formal recommendations to the LEP Board (and HCC as Accountable Body) regarding the prioritisation and funding of Local Major Transport Schemes in Hertfordshire (currently defined in the Assurance Framework as projects over a £4.3m threshold) and ensure the portfolio of LTB major schemes adheres to the LTB Assurance Framework.
- The LTB will continue to provide the DfT and local partners with a recognisable transport-focused partnership in Hertfordshire that provides an overview of the DfT-sponsored elements of the Growth Deal in accordance with DfT requirements for local major schemes.

### **B. Provision of strategic advice to the LEP on future SEP transport strategy**

- The LTB will assume a new role of advising the LEP on prioritisation and delivery of all other transport projects that are included within the Growth Deal, as well as advising on the transport content of future revisions to the Strategic Economic Plan and associated bids for funding.
- The LTB Assurance Framework will be updated to apply the robust principles to the other (non-major) transport schemes within the Growth Deal, and promoters will be required to demonstrate compliance with the Assurance Framework requirements, so that this can be reported to the LEP and the Accountable Body.
- The LTB will also act as an advisory body to the Local Enterprise Partnership with regard to all other strategic transport matters in Hertfordshire.

With regard to the existing transport projects in the Growth Deal, the LTB's role is set out in Table B1.

**Table B1: Clarification on LTB remit regarding existing Growth Deal transport projects**

Project categories and LTB Role	Example Projects
<b><u>1. Local Major Schemes:</u></b> <ul style="list-style-type: none"> <li>• LTB will be responsible for funding governance on behalf of the LEP, and report directly to the LEP Programme Board</li> <li>• All schemes to follow full LTB Assurance Framework</li> </ul>	<ul style="list-style-type: none"> <li>• <b>A120 Bypass (Little Hadham)</b></li> <li>• <b>A602 Improvements (Stevenage to/from Ware)</b></li> <li>• All other emerging local major transport schemes (currently &gt; £4.3m), including projects on the LTB contingency list not yet funded</li> </ul>
<b><u>2. Packages of smaller-scale schemes</u></b> <ul style="list-style-type: none"> <li>• LTB will have an advisory role to LEP for these projects</li> <li>• Scheme promoters must follow the LTB Assurance Framework Gateway Process and report progress on a proportionate basis.</li> <li>• Scheme promoters are responsible for providing evidence of compliance with the LTB gateway process, either directly to the LEP</li> </ul>	<ul style="list-style-type: none"> <li>• <b>A1 Transport Package</b> (a package of individual local Integrated Transport Schemes and resilience / maintenance projects)</li> <li>• <b>A10/M11 Transport Package</b> (local Integrated Transport schemes and resilience / maintenance projects <b>but not the A120 and A602 major schemes</b>)</li> <li>• <b>M1/M25 Transport Package</b> (local Integrated Transport schemes and resilience / maintenance projects)</li> </ul>

Programme Management Board or to the LTB (as agreed for each project) that governance is in place and that LTB AF Gateway requirements have been met.	<ul style="list-style-type: none"> <li>Any future packages comprising schemes below £4.3m</li> </ul>
<p><b><u>3. Schemes already subject to existing processes</u></b></p> <ul style="list-style-type: none"> <li>Projects within the SEP that are a continuation of existing processes</li> </ul>	<ul style="list-style-type: none"> <li><b>Croxley Rail Link</b> - whilst this is a 'major scheme' the project is being overseen by DfT as part of their 'tail-schemes' approval arrangements from the previous national major scheme programme funding regime. The LTB will be updated with progress on this scheme.</li> </ul>

In order to facilitate this transition of the LTB in the LEP's Growth Deal governance structure, the following broad areas within the LTB Assurance Framework (originally endorsed in 2013) have been updated:

- The LTB will continue to be the body which provides a governance mechanism for major transport scheme expenditure within the Growth Deal.
- The LTB will continue to provide the DfT-required governance and assurance mechanism for scrutiny of major scheme progress by scheme promoters.
- As endorsed at the April 2014 LTB meeting, the transport project Gateway process will be inserted into the Assurance Framework to provide a clear set of criteria that transport projects have to achieve to secure Growth Deal funding.
- The LTB will also now act as an advisory body for the LEP Growth Deal going forward. There are many 'non-major' transport schemes in the Growth Deal, in the form of packages of smaller-scale projects within the SEP's three growth areas. The LTB Assurance Framework will set out the governance gateways required for these projects.
- The existing LTB Assurance Framework included a requirement for the LTB to consult on the technical aspects of the initial business case. This has subsequently been deemed to duplicate existing processes and runs the risk of confusing the public. All consultation on scheme development is now the responsibility of the scheme promoter, to be undertaken through the statutory processes.



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06.05.15