

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member for Policy and Resources
<b>Date:</b>	12 March 2015
<b>Title:</b>	Enterprise M3 Local Enterprise Partnership Governance Agreement (Procurement)
<b>Reference:</b>	6487
<b>Report From:</b>	Director of Economy, Transport and Environment

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### 1. Executive Summary

1.1. The purpose of this paper is to secure approval for appropriate governance arrangements in relation to Hampshire County Council's role as Accountable Body for the Enterprise M3 Local Enterprise Partnership (LEP), compliant with recently issued national guidelines from Central Government.

1.2. This paper seeks to:

- a) Briefly explain the purpose and content of the national LEP Assurance Framework;
- b) Describe the proposed governance arrangements to be put in place between Hampshire County Council and the LEP, in relation to the County Council's role as Accountable Body for the LEP;
- c) Clarify the procedure to be adopted when Hampshire County Council, as the LEP's Accountable Body, is to commence procure and spend processes on behalf of the LEP.

### 2. Enterprise M3 Local Assurance Framework

2.1. On 27 October 2014, Cabinet considered a report on Local Growth Deals (Enterprise M3 and Solent LEPs) which summarised the initial Growth Deals secured by the two Hampshire LEPs. The report also outlined the concept of local assurance frameworks as a mechanism by which Government could ensure resources are deployed via the LEPs with regularity, propriety and achieve value for money.

- 2.2. According to Government guidance, published in December 2014, the purpose of the national LEP Assurance Framework is to aid confidence in delegating funding from central programmes and budgets to the LEPs.
- 2.3. Key aspects of the national LEP Assurance Framework are as follows:
- a) LEP governance and decision making – including structure, roles and responsibilities of LEP boards and any subsidiary boards;
  - b) Local authority partnership working across the LEP area – to ensure that all local authorities in the LEP area collaborate and have a role to play in joint decision making;
  - c) Transparent decision making – sharing and publishing of information, local engagement, etc to match the transparency of other public sector organisations;
  - d) Accountable decision making – to ensure the proper use and administration of funding, underpinned by democratic accountability through local authority leader representation and accountability to the business community through the business leaders;
  - e) Value for money – processes and procedures to ensure both value for money and effective delivery, including project appraisal, prioritisation and business case development.
- 2.4. To accord with the national LEP Assurance Framework, the LEP Board should agree the finalised Enterprise M3 Assurance Framework. Hampshire County Council, as the Accountable Body for the LEP, must also sign off the finalised Enterprise M3 Assurance Framework. It is also required to confirm to the Department for Communities and Local Government that the agreed Enterprise M3 Assurance Framework meets the standards articulated in the national LEP Assurance Framework and is being implemented.
- 2.5. Hampshire County Council supports the principle of democratic accountability for LEPs, and the ongoing work of the Enterprise M3 LEP and the Joint Leaders Board in developing a robust approach to scrutinising the LEP's decisions.
- 2.6. As the Accountable Body for the Enterprise M3 LEP, Hampshire County Council acknowledges the work the LEP has already undertaken around transparent decision making. Hampshire County Council welcomes the ongoing work to enhance public engagement within the Enterprise M3 Assurance Framework, including the advance publication of LEP Board papers and the development of an effective mechanism for the public to make representations to the Board.

### **3. Proposed Governance Arrangements – Enterprise M3 LEP**

- 3.1. The proposed revised governance arrangements for the LEP are encompassed in two key documents:
- a) Enterprise M3 Assurance Framework (Appendix 1) – this follows closely the format and content summarised above in Section 2.3. It includes:
    - governance structure for the LEP Board and all sub-boards;
    - roles and responsibilities of the LEP and Hampshire County Council, in particular in relation to the prioritisation, approval and deployment of funding;
    - the LEP Project Development and Assessment Methodology.
  - b) Memorandum of Agreement (Appendix 2) – this sets out key aspects of the relationship between the LEP and Hampshire County Council, as the Accountable Body for the LEP, including services and support provided by Hampshire County Council to the LEP, and provision for employment of staff by Hampshire County Council on behalf of the LEP.

### **4. Procurement by Enterprise M3 LEP**

- 4.1. The Enterprise M3 LEP is not a legal entity. Funding can only be paid to a local authority nominated to act as the Accountable Body for the purposes of audit and transparency. Hampshire County Council acts as the Accountable Body in respect of all funding streams secured by the LEP.
- 4.2. The majority of the funding streams secured by the LEP will be allocated, via grants or loans, to delivery partners (both public and private sector) for the delivery of specific prioritised projects across the LEP area.
- 4.3. A standard template for 'legal funding agreements' is being developed by Hampshire County Council on behalf of the LEP to facilitate such arrangements. The individual legal funding agreements will be substantially in the same form as the draft legal funding agreement attached to the Enterprise M3 Assurance Framework set out in Appendix 1.
- 4.4. Where Hampshire County Council is the required delivery partner for a project funded wholly or in part by Enterprise M3 LEP funding, agreement shall be reached, including appropriate terms and requirements for the project delivery, by letter. This will be agreed and signed off by the relevant Hampshire County Council department and the LEP's Director.
- 4.5. However, there will also be occasional cases when the LEP needs to spend and commence procurement itself, using funding from Government to contract directly with a third party to deliver projects or services. In these

circumstances, it is proposed that, by means of delegated authority, the Head of Legal Services is able to give approval to spend and commence the procurement process and to complete appropriate contractual documentation on behalf of the LEP. This would be subject to adequate funding provision being made by the LEP Board and compliance with the Enterprise M3 Assurance Framework.

- 4.6. The approval to spend and commence the procurement process is compliant with Hampshire County Council's Contract Standing Orders. In order to avoid any potential conflict, it is recommended that approval is delegated to the Head of Legal Services rather than to the Director of Economy, Transport and Environment (ETE).
- 4.7. Failure to obtain the necessary approvals would result in Hampshire County Council being unable to award the contract.

## **5. Recommendations**

- 5.1. That the Executive Member for Policy & Resources notes the need for the Enterprise M3 LEP and Hampshire County Council, as the Accountable Body to the Enterprise M3 LEP, to develop and agree a local assurance framework, compliant with Government guidelines and the national LEP Assurance Framework.
- 5.2. That the Executive Member for Policy and Resources delegates authority to the Head of Legal Services to finalise and agree both the Enterprise M3 Assurance Framework and the revised Memorandum of Agreement, on the basis of documents set out in Appendix 1 and 2 of this report.
- 5.3. That the Executive Member for Policy & Resources approves the proposed roles and responsibilities of the County Council as set out in the Enterprise M3 Assurance Framework and the revised Memorandum of Agreement, specifically in relation to its role as Accountable Body to ensure use of resources managed by the Enterprise LEP are compliant with local authority legal, procurement and financial procedures.
- 5.4. That the Executive Member for Policy and Resources delegate authority to the Head of Legal Services to give approval to spend and commence the procurement process and to complete the appropriate contractual documentation on behalf of the Enterprise M3 LEP, where the LEP Board has authorised the County Council in its role as Accountable Body to approve such spend and procurement processes. This would be subject to adequate funding provision being made by the Enterprise M3 LEP Board and compliance with the Enterprise M3 Assurance Framework.
- 5.5. That, in relation to any funding administered by the Enterprise M3 LEP, and subject to the LEP providing instructions on the terms and conditions of the legal contracts, the Executive Member for Policy and Resources delegates authority to the Director of Economy, Transport and Environment to finalise

and agree the details of the legal contracts with the individual funding recipients.

- 5.6. That the Executive Member for Policy and Resources delegates authority to the Director of Economy, Transport and Environment to authorise payments to funding recipients in relation to any funding administered by the Enterprise M3 LEP, subject to satisfactory monitoring compliance undertaken by Enterprise M3 LEP.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	Yes
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	Yes
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	Yes
Corporate Improvement plan link number (if appropriate):	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u> Local Growth Deals (Enterprise M3 and Solent LEPs) <a href="http://www3.hants.gov.uk/councilmeetings/advsearcmmeetings/meetingsitemdocuments.htm?sta=0&amp;pref=Y&amp;item_ID=5993&amp;tab=2&amp;co=&amp;confidential=">http://www3.hants.gov.uk/councilmeetings/advsearcmmeetings/meetingsitemdocuments.htm?sta=0&amp;pref=Y&amp;item_ID=5993&amp;tab=2&amp;co=&amp;confidential=</a>	<u>Reference</u> 5993	<u>Date</u> 27 October 2014
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u> LEP Assurance Framework <a href="https://www.gov.uk/government/publications/local-enterprise-partnership-lep-national-assurance-framework">https://www.gov.uk/government/publications/local-enterprise-partnership-lep-national-assurance-framework</a>		<u>Date</u> 12 December 2014

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

The decision relates to the governance arrangements for Enterprise M3 LEP and will have no impact on statutory groups.

### **2. Impact on Crime and Disorder:**

2.1. The Growth Deals secured by the Enterprise M3 LEP will bring significant capital investment into Hampshire, primarily through transport and further education projects. These strategic investments are designed to facilitate increased economic activity, greater levels of employment and enhancement of the employability of local people. It is therefore envisaged that indirectly the Growth Deals would support reduced crime and disorder.

### **3. Climate Change:**

3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

The transport schemes invested in through the Growth Deals should lead to

reduced congestion and more efficient use of fuel.

In addition, a proportion of the funding is to be directed at improving the quality of more sustainable forms of transport, including rail, bus and cycling.

- 3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

As stated above, a proportion of the funding is to be directed at improving the quality of more sustainable forms of transport, including rail, bus and cycling.