

DERBYSHIRE COUNTY COUNCIL

**CABINET MEMBER FOR STRATEGIC POLICY, ECONOMIC
DEVELOPMENT AND BUDGET**

5 May 2015

Report of the Director of Finance

LOCAL ENTERPRISE PARTNERSHIP - ACCOUNTABLE BODY

1 Purpose of the Report

To inform the Cabinet Member of the decision of the D2N2 Local Enterprise Partnership to appoint the Council as the Accountable Body for the Local Growth Fund (LGF) grant.

2 Information and Analysis

The D2N2 Local Enterprise Partnership (LEP) is a locally owned partnership between the public and private sectors. It is, managed by a Board made up of the constituent councils, including Derbyshire County Council, and private sector representatives.

The LEP's key role is to decide local economic priorities and undertake activities that drive economic growth and deliver local jobs within Derbyshire and Nottinghamshire.

Due to the legal status of the LEP, it cannot hold funds so requires a public sector organisation to manage and coordinate the finances on its behalf, effectively acting as the Accountable Body for a specific funding stream. The Council has made a successful bid to be the Accountable body for the LEP's Local Growth Deal grant.

As Accountable Body, the Council will need to work within the LEP's Assurance Framework (see below) of decision making, ensuring that decisions and activities conform with legal requirements regarding equalities, social value, environment, State Aid, and procurement.

LGF grant is approximately £180m over the next six years.

Service Level Agreement

The Council has agreed a Service Level Agreement with the LEP initially for three years with an option to extend up to a maximum of 3 years.

The services to be provided are:

- (1) The provision of a Chief Financial Officer
- (2) Financial Management
- (3) Audit Arrangements
- (4) Risk Management
- (5) Value Added Tax (VAT)
- (6) Treasury Management and Banking Facilities
- (7) Programme Management, Monitoring and Administration

The Council will provide regular reports to the LEP board and, Infrastructure and Investment Board. The reports will provide details of programme progress and cash flow projections. The Council will be responsible for the financial management of the Local Growth Fund ensuring that all financial activities are in accordance with the Council's Financial Regulations and Standing Orders.

In respect of the treasury management function, all funding received on behalf of the LEP will be invested at a rate which provides the most advantageous rate for funds of this type. The Council guarantees payment of the funds held to the appropriate organisations following the LEP's decision to award funding.

Specialist advice on contracts and state aid may be required in order to minimise risks to the Council.

Local Assurance Framework (LAF)

The LAF provides assurance about the way the LEP's LGF is allocated and managed, and that robust systems are in place to ensure resources are spent with regularity, propriety and meet value for money tests.

The Government issued a single assurance framework in December 2014 which covers all Government funding flowing through LEPs, to ensure it has robust value for money processes in place. It sets out what Government expects LEPs to cover in their own LAFs.

The Council has drafted a LAF which has been agreed with the Chief Executive of the LEP. The Council is required to provide a copy of the LAF to the Government confirming that the LAF has been agreed by both the D2N2 LEP and the Council. This was submitted on 26 March 2015.

3 Financial Considerations

The LGF from Government will be approximately £180m over the next six years. The Council will charge the LEP £0.069m per annum for the services it provides as Accountable Body to the LEP.

4 Human Resources Considerations

The Council has employed a qualified accountant given the nature, scale and complexity of the projects to ensure that the Council meets all of the statutory accounting practices and financial procedures, in ensuring the conditions of the grant are met.

5 Other Considerations

In preparing this report the relevance of the following factors has been considered:- Legal and Human Rights, equality of opportunity, health, environmental, transport, property and crime and disorder considerations.

6 Officer's Recommendation

That the Cabinet Member notes the appointment of the Council as the Accountable Body for the D2N2 Local Growth Fund and the details of the Local Assurance Framework.

PETER HANDFORD

Director of Finance

14 April 2015