

D2N2 Infrastructure Investment Board (IIB) Cover Sheet – 21st March 2019

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Meeting and Date	Thursday 21 st March 2019		
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Author	S Wainwright/T Goshawk	Total no of sheets	38

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Summary and Recommendation(s)
<p>A revised National Assurance Framework was issued in January 2019 and each LEP has been asked to make sure their own Local Assurance Framework (LAF) has been reviewed and incorporates all the requirements within the national guidance.</p> <p>D2N2's LAF was last updated in June 2017. Due to the increased requirements within the national guidance it was decided to restructure our own document to have a similar structure.</p>

INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

21st March 2019

Revised Local Assurance Framework (LAF)

The Ministry of Housing, Communities and Local Government (MHCLG) issued a revised National Local Assurance Framework in January 2019.

Within this is a requirement to comply with the national guidelines by 1st April 2019. D2N2 has reviewed the previous LAF and decided to incorporate elements of this into a new document which will also contain all the new requirements. The basic decision making/approval process of projects will stay the same but the document will cover areas wider than the Local Growth Fund now including LEP Board information and processes around Growing Places Fund and Enterprise Zone funding.

The revised LAF is attached in appendix 1.

Below is the checklist provided by MHCLG showing progress on achieving each requirement.

Below is a checklist of all the points of compliance that D2N2 needed to meet in order to be consistent with the new National Assurance Framework, D2N2 is now fully compliant.

Requirement	Description	Page
1	A clear description of the roles and responsibilities.	
2	Arrangements for taking and accounting for all decisions and ways of working.	
3	Responsibilities of the Accountable Body.	9/10
4	The arrangements to ensure value for money.	20/21
5	Publish their Local Assurance Framework on their website.	
6	N/A	
7-13	N/A	
14	LEPs must have a legal personality.	4
15	Provide information on how the LEP manages its programmes, funding streams and any associated contracts, including Local Growth Fund, City Deals and Enterprise Zones (where applicable).	16
16	Provide information on the LEPs' arrangements for ensuring value for money.	20/21
17	Set of the LEPs' approach to risk.	22
18	Set out how calls for bids or projects are advertised openly and that selection criteria and selection processes are transparent.	16
19	Ensure the transparent publication of financial information.	7
20	Ensure appropriate succession planning and arrangements for resignation of Board Members.	4
21	Implement an induction process.	5
22	Set out the processes the LEP has put in place in regard to the handling on data.	7
23	Provide information on LEP scrutiny arrangements.	24
24	Have a dedicated website.	
25	Set out how the LEP will conduct ongoing local engagement.	12
26	Set out how the LEP will evidence effective engagement.	12
27	Set out how the LEP ensures open recruitment processes.	4
28	Set out the appointment process for Board members (Public and Private sector), Chairs and Deputy Chairs.	4
29	Set out the LEPs commitment to diversity, including a diversity statement.	5
30	Set out the expenditure and/or remuneration policy for Chairs and Board Members clear on their websites.	6
31	Have a code of conduct which all Board Members and LEP Officials sign up to.	6
32	Set out how the LEP manages conflict of interest, including having a conflict of interest policy.	6
35	Set out the LEPs overarching approach to dealing with complaints and whistleblowing.	6
36	Have a Complaints Policy.	6
37	Set out the confidential reporting arrangements.	6
38	Have a Whistleblowing Policy.	6
39	Commit to the publication of meeting agendas, papers and minutes.	6

40	Set out the process for handling information which is not to be placed in the public domain.	6
41	Set out how the LEP or its nominated party, will manage contracts related to the delivery of its programmes and how the LEP Board will be kept informed of progress.	8
42	The LEP should commit to meeting the Government branding guidelines for projects.	8
43	Set out the LEP's structure, and decision making processes.	14
44	Confirm the accountable body arrangements for funding received.	9
45	Confirm that public resources are managed appropriately.	9
46	Confirm where applicable, investment decisions will be made for all funding with reference to statutory requirements, conditions of funding, local transport objectives and through formal MCA or CA involvement where required.	21
47	Describe the arrangements for enabling effective meaningful engagement of local partners and the public to inform key decision and future strategy development.	11/12
49	Roles and responsibilities of the Chair, LEP Board, Sub-boards, Accountable Body and Section 151 Officer.	13,8, 10/11
50	Membership requirements of the Board and sub-boards.	4
51	Clear scheme of delegation.	5
52	LEPs in MCA areas agree and publish a joint statement which sets out their respective roles and responsibilities.	
53	Specify that a decision which is made in contravention of the process will be invalid.	5
54	Openly advertise funding opportunities, assess applications make the award through a formal agreement, monitor progress for the lifetime of the project, and maintain a robust audit trail to demonstrate compliance.	16
55	The LEP Board consists of at least two-thirds private sector.	14
56	A LEP Board member designated as a Small and Medium Enterprise, which is published on the website.	14
57	The LEP Board should have a maximum of 20 people, with the option to co-opt an additional five Board Members.	4
58	The LEP Chair must come from the private sector.	14
59	The LEP must have a Deputy Chair.	14
60	The LEP Chair and Deputy Chair have a defined term limit of three years with an optional extension of three years.	14
61	Outline how the independent secretariat will function.	15
62	Commit to working with the LEP Network.	13
63	The LEP should outline the dependencies or relationships with other LEPs as appropriate.	13
64	The LEP has a single Accountable Body.	9
65	Outline the agreement between the Accountable Body and the LEP.	9
66	The S151 officer should provide a letter by the 28 February each year.	11
67	Describe the decision making process.	17-20
68	A commitment from all LEP board and sub group members to making decisions on merit having taken into account all of the relevant information available at the time.	20
69	Clear lines of accountability to the LEP Board and, where applicable, the Accountable Body.	Appendix 1
70	Describe the process for recording decisions and communicating these to the Accountable Body, CA or MCA.	7,8,9,10

71	Information on the LEP's decision making procedures, including the arrangements for ensuring decisions are taken at meetings which are quorate.	Appendix 1
72	A link to the current schemes of delegation.	5
73	The person (or name of the position) responsible for providing the final sign off for funding decisions.	11
74	Describe the process by which the Accountable Body confirms receipt of the information and can report back when the direction is completed.	9
75	The process allowing decisions, by exception, to be made by the LEP Board in the absence of a formal meeting.	5
76	A system for promptly considering complaints.	5
77	A system showing how investment decisions must be subject to a proportionate	21
78	<p>A statement setting out the documents which shall be made available to the LEP board in advance of making decisions which should include:</p> <ul style="list-style-type: none"> • The application made for funding • An appraisal of the application • A view by a legal expert • A recommendation as to whether to fund the proposal • A recommendation about conditions which should be attached to the proposal. 	20
79	<p>Set out the LEPs role in recovering funding where there has been non-compliance, mis representation or underperformance, this should include, the LEP Board or delegated sub-group receiving reports providing information on projects which have received funding, including:</p> <ul style="list-style-type: none"> • A description of projects where concerns have been identified • Relevant details including the amount of funding awarded and the sum at risk due to the concerns • Where recovery of funds is considered, a legal opinion which sets out the legal basis for recovery and likelihood of success. 	21
80	Set out the arrangements to recover non-compliant funding.	21
81	Describe the agreed scrutiny and audit arrangements.	24



D2N2

Local Assurance Framework

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Introduction

Local Enterprise Partnerships (LEPs) are locally-owned partnerships between the public and private sectors.

D2N2 is the LEP for Derby, Derbyshire, Nottingham and Nottinghamshire and is one of the largest LEPs in England, covering a population of over 2.2 million people with an economic output of over £46.6 billion.

D2N2's vision is a more prosperous, better-connected and increasingly resilient and competitive economy; its ambition is to be one of the most respected LEPs, known for its professionalism and effectiveness. Its purpose is to support and encourage economic growth across the D2N2 area.

The Strategic Economic Plan (SEP) presents the LEPs strategy and delivery priorities for boosting the local economy and provides the basis for determining the key funding priorities to which available resources should be directed. The D2N2 Strategic Economic Plan is available on line at; www.d2n2lep/sep.

This Local Assurance Framework (LAF) sets out how D2N2 will continue the process of ensuring value for money, prioritisation, appraisal, business case development and risk management. It identifies the roles to be taken by D2N2 and its constituent Boards, by the Accountable Body and by the promoters of projects. It also sets out the process to be followed in selecting priorities for the Local Growth Fund and other funding programmes.

D2N2 is fully committed to ensuring the highest standards of governance, accountability and transparency across all aspects of its activities.

D2N2 will review the LAF annually and make any changes in line with changes made to the National Assurance Framework to ensure consistency and full compliance.

The Accountable Body for D2N2 is Derbyshire County Council which has responsibility for ensuring this LAF is in place, meets the standards set out by Government and that all funding decisions are made in accordance with it.

D2N2 will notify the Ministry of Housing, Communities and Local Government (MHCLG) of any significant changes made to the LAF.

LEP Governance

D2N2 have clear systems, rules and practices and processes in place to ensure that decisions are made on a transparent basis, by the appropriate persons or groups and on merit.

Members of the LEP Board and other sub groups will work within these agreed governance structures and will at all times demonstrate the highest standards of conduct. Any third party involved with the LEP or who is providing a service to the LEP will be made aware they are expected to act within the governance system and that their conduct is expected to be consistent with the standards applicable to members of the LEP.

The Nolan Principles of Public Life underpin the LAF and all board and sub- board members are expected to adhere to them, these are:

Selflessness: Holders of public office should act solely in the public interest.

Integrity: Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends. They must declare and resolve any interests and relationships.

Objectivity: Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Openness: Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.

Honesty: Holders of public office should be truthful

Leadership: Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

D2N2's Structure and Board

D2N2 will become a company limited by guarantee on the 1st of April 2019.

The LEP Board is responsible for determining economic strategy for the region and setting the priorities for funding.

The LEP Board has 18 members, 6 from the public sector (Local Authorities) and the remaining 12 from the private sector. It has the option to increase this to a maximum of 20 members and also to co-opt an additional 5 board members with specialist knowledge on a one year basis, unless there are exceptional circumstances.

The Chair of the D2N2 LEP is appointed using an initial open invitation exercise which is published through LEP channels outlining the job description for the role as well as a person specification. Following the open advert a Nominations Committee will shortlist the potential applicants and an interview process by the Nominations Committee will be held to select the Chair of the Board. Chair appointments will be listed on the Centre for Public Appointments website.

The Deputy Chair of the LEP is selected by the incumbent Chair at that point in time, any decision made by the Chair must be formally ratified by the rest of the Board.

The remaining memberships are decided in the following way;

- Public. All four leaders of the Upper Tier Authorities are invited to be Board Members. The remaining 2 members are appointed by the respective economic prosperity committee's of the District/Borough Councils every two years with one from Derbyshire and one from Nottinghamshire.
- Private:
 - Higher Education (HE).The Universities from the area share the board position on a rotating membership basis and change every two years.
 - Further Education (FE) membership is decided on a bi-annual basis
 - Social Inclusion representative is decided on a bi-annual basis and nominated by the sector representatives
 - Remaining private sector representatives. Private sector members of the Board are appointed through an open selection process including a Small and Medium Enterprise (SME) Representative. This is by advertising all vacancies openly on the D2N2 website and wider channels with clear job descriptions and person specifications for the role. A nominations committee appointed by the LEP Board is then responsible for shortlisting and selecting the potential candidates led by the LEP Chair.

The LEP keeps a register of appointments for all its Private Sector board members which indicates when their current tenure expires. Board members are notified with six months of their term left and given the option to reapply for a one term extension. Should the board member choose not to reapply the position is advertised through the process described above.

Each Board member is given an induction pack including the Code of Conduct policy and Declarations of Interest Policy, with a formal induction process undertaken within the first quarter of

the appointment of new board members. D2N2 is reviewing the current board induction process and working alongside the LEP network to co-design a national programme to support all future LEP board induction processes.

Additional governance information such as Terms of Reference and membership lists for all of the LEP's supporting boards and advisory groups are also published, alongside information on future board meeting dates and schedules of when information is made available on the website. The appointments process for each individual board/group will be included in its Terms of Reference.

Any decision that needs to be made by the LEP Board/Investment Board that does not fit within the timeframe of the scheduled meetings can be decided by written procedures. All members of the relevant board will be written to with the appropriate documentation that would be presented in the same manner as it would be to The Board. Each member will then be able to reply with any concerns and their approval/rejection to the chair, who will confirm the process can compliantly sign off a project. Any decision coming forward by written procedures will be done so at the discretion of the Chair of the Board.

Scheme of Delegation

The current scheme of delegation is for decisions to be made by the LEP Board. The LEP Board may from time to time delegate decisions to its sub boards or the chief executive which are outlined in the terms of reference for each board.

Where a decision is required on funding within the LEP's control or influence, generally the Investment Board would make the decision, unless otherwise agreed by the LEP board.

A decision which is made in contravention of the process will be invalid on the basis on non-compliance unless the LEP Board has given prior approval for variation in the decision making process.

Diversity Statement

D2N2 has an Equality and Diversity Policy which is published on its website. This explains how the LEP ensures representation at Board and Sub Board level which is reflective of the local business community, the steps D2N2 are taking to ensure diversity in its engagement with local communities and businesses and how diversity will be monitored at Board level.

A report will be taken annually to the Board discussing progress in encouraging diversity and how improvements can be made.

The D2N2 has a diversity champion which is published on the website.

Board Remuneration and LEP officer salaries

Senior LEP officers and Board Members remuneration will be included within D2N2's Annual Financial Report.

The Chair of the LEP Board does not receive any remuneration for the role and LEP Board members are only able to claim expenses for their role.

Complaints Policy and Whistleblowing Policy

D2N2 have both a Complaints Policy and Whistleblowing Policy, which are published on the D2N2 website and are regularly checked and updated. Both policies are consistent with the Best Practice guidance issued to LEPs following the Ney Review.

We also have a confidential reporting policy following best practice guidance, which is also published on the website.

Conflicts of Interest and Code of Conduct

D2N2's Conflicts of Interest Policy, which is published on the website outlines the process for Board members and officers to declare and report interests, ensuring impartiality and the avoidance of perceptions of bias.

It includes guidance on pecuniary and non-pecuniary interests individuals must declare, outline the process that Board members follow for declaring interests and explains the process for requesting an exemption.

Individual registers of Board members are published on the website.

D2N2's Code of Conduct Policy, which is published on the website, outlines the expectations of Board members when acting in capacity as a Board member of the LEP.

All D2N2 staff are also required to sign the code of conduct policy.

Publications of reports and information

LEP Board papers are published on the D2N2 website and Investment Board papers are published through the Derbyshire County Council website. (A link on the D2N2 website to the Investment Board papers is also provided)

These are published in line with the Best Guidance Practice Guidance in accordance with the Local Government Act 1972, meeting agendas and papers are published 5 clear working days before the meeting takes place and draft minutes of the meeting are published within 10 clear working days of the meeting taking place.

Any declaration of interest made at the meeting will be included in the minutes.

The LEP follow its accountable body - Derbyshire County Councils' document classification policy in terms of how documents are classified as public, controlled or restricted.

Information which is not to be placed in the public domain is treated under The Local Authorities- Executive Arrangements Meetings and Access to Information Regulations 2012 using one of following 7 exemptions:

- (1) Information relating to any individual.
- (2) Information which is likely to reveal the identity of an individual.
- (3) Information relating to the financial or business affairs of any particular person (including the Authority holding that information).
- (4) Information relating to any consultations or negotiations, or contemplated consultation or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
- (5) Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
- (6) Information which reveals that the authority proposes:
 - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
 - (b) to make an order or direction under any enactment.
- (7) Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

D2N2 will publish their annual accounts on the D2N2 website. The accounts will be reported to both the LEP Board and Investment Board. An annual financial statement will be published each year within the annual report including:

- The total amount of funds within the LEP's direction or control at the start and end of the financial year.
- The total amounts committed by the LEP to external organisations through grants and risk finance.
- The total amounts committed to suppliers to purchase goods, works or services
- The total amounts incurred in running the LEP

The accounts of the LEP will be published by Companies House and a link to them alongside the Accountable Bodies accounts will be published on the LEP's website.

LEP resources are subject to the usual Local Authority checks and balances through Derbyshire County Council's Financial Regulations and Standing Orders.

The LEP have in place appropriate data protection arrangements in line with the Data Protection Act 1998, the General Data Protection Regulations (GDPR) and the Data Protection Act 2018. The data provided by promoters is the responsibility of the promoters to make sure it complies with the appropriate legislation and that the data is accurate and correct. The LEP is the data controller for Board Members data and any other data they collect including data around projects and programmes.

Contracts

The LEP terms a 'contract' as a grant offer agreement for its grant programmes and a loan agreement for its loan programmes.

A regular programme overview is given at every Investment Board meeting to update the Board on the performance, any issues and risks and mitigations of each project.

On a quarterly basis the Board is updated on outputs with each project RAG rated to highlight any projects which are an area of concern to the LEP's delivery targets. Any formal requests of changes over 10% to change grant profiles or output profiles are taken to the Investment Board for approval.

The LEP board also receives regular updates on performance from the Investment board.

Government Branding

The LEP will continue to meet any branding requirements set by MHCLG including the Midlands Engine branding information

Each project is given the D2N2 branding guidance document which includes details for press and publicity and marketing and branding materials. This guidance adheres to the standards issued by the Cities and Local Growth Unit.

Each project is contractually obliged to confirm to the branding guidance as set out in the grant offer agreement.

This is followed up as part of the monitoring returns from each project, with projects required to provide details of forthcoming milestones linked to publicity opportunities to enable D2N2 to co-ordinate an appropriate marketing approach including engagement with MHCLG.

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LEP accountability and transparent decision making

The Accountable Body

Derbyshire County Council was appointed as the LEP's single accountable body in January 2019 and entered into a Service Level Agreement (SLA) with D2N2 to provide these services for a period of 2 years. This details the operating practices and the checks and balances that exist between the LEP as decision makers and the Accountable Body.

The Accountable Body, through the Section 151 Officer, is accountable for the proper use and administration of funding, all of which falls under the annual audit of the Derbyshire County Council's accounts, and for ensuring that decisions are made in accordance with this LAF or any other framework which may instead apply.

These responsibilities include:

- Ensuring the decisions and activities of the LEP conform with legal requirements with regard to equalities, social value, environment, State Aid, procurement etc.;
- Ensuring that funds are used in accordance with the conditions placed on each grant;
- ensuring (through the Section 151 Officer) that the funds are used appropriately;
- ensuring that this Assurance Framework (or any other which may instead apply) is implemented and adhered to;
- maintaining the official record of LEP proceedings and holding copies of all relevant LEP documents relating to any funding streams the Accountable Body is responsible for;
- ensuring LEP decisions at formal meeting are recorded by way of minutes, and the minutes of each meeting are reported to the subsequent meeting to ensure accuracy. Minutes, agendas and reports are published on the Accountable Body's and LEP's website
- Responsibility for the decisions of the LEP in approving projects (for example if subjected to legal challenge);
- ensuring there are arrangements for local audit of funding allocated by LEPs at least equivalent to those in place for Local Authority spend. An audit is conducted on an annual basis and the recommendations are reported to the Investment Board and LEP board. In addition, the LEP and the Accountable Body have agreed timescales and operating practices to support the effective implementation of decisions. This will also include a process for monitoring delivery and specification of what information is required from scheme promoters.

Awards of funding will be accompanied by a written agreement between the Accountable Body and the promoter, setting out the split of responsibilities and specifying provisions for the protection of public funds, such as arrangements to suspend or claw back funding in the event of non-delivery or mis-management.

The use of resources are subject to the usual local authority checks and balances – including the financial duties and rules which require councils to act prudently in spending; these are overseen and monitored by the Section 151 Officer. As part of the Accountable Body's statutory requirements it publishes a monthly report on its website showing any expenditure over £500.

While it may put in place procedures and promote proper practice, and monitor and report on the effectiveness of these, the Accountable Body is not responsible for any deficiencies in the administration of public monies among funding recipients and partner bodies. In the event of any shortcomings coming to light it will seek to safeguard, and recover where appropriate, the relevant monies through either the LEP mechanisms or its own channels as it considers most suitable in the circumstances.

The Accountable Body would only refuse a decision of the LEP Board and/ or the Investment Board if it was:

- Not procedurally valid, or
- Illegal, or
- would lead to the available budget being exceeded.

If a situation did occur whereby the Accountable Body had significant concerns about a decision the LEP had taken, or proposed to take, then an urgent meeting with 5 working days would be convened by the Section 151 Officer of the Accountable Body with key stakeholders from both the LEP and the Accountable Body.

There will be a clear separation between scheme promoters (i.e. Derbyshire County Council led schemes) and those advising on decision-making (the Accountable Body role), to ensure the LEP is acting on impartial advice on the merits of potentially competing business cases.

The Accountable Body (through the LEP) will appoint an independent support team to work with the LEP to progress and approve projects. The support team will consist of the Capital Projects Manager, a finance officer and a legal officer.

Awards of funding by the LEP will be accompanied by a written grant offer agreement between the Accountable Body and the promoter setting out the split of responsibilities and specifying provisions for the protection of public funds, such as arrangements to suspend or claw back funding in the event of non-delivery or mismanagement.

As a minimum, these agreements will include:

- Details of the project and outputs to be delivered in a specified timescale
- Arrangements for payment (up front or in arrears, quarterly or other)
- Arrangements to suspend or claw back funding in the event of non-delivery or mismanagement
- Monitoring requirements, including the metrics and frequency of reporting
- Publicity obligations and arrangements

The agreement will be signed by the Section 151 Officer (or equivalent) of the promoting organisation and by the Section 151 Officer of the Accountable Body on behalf of the D2N2 LEP, who has the final sign off on funding decisions.

Section 151 officer

The LEP and Accountable Body will ensure they address the five principles of the CIPFA guidance:

- Embed a corporate position for the Section 151 officer in LEP assurance
- Create a formal/structured mandate for the Section 151 officer
- Embed good governance onto decision making
- Ensure effective review of governance
- Ensure appropriate skills and resourcing

All LEP Board and sub board documents which have a financial implication will be provided to the Section 151 officer/delegate, and where decisions are being made the Section 151/delegate will have the opportunity to comment.

The Section 151 officer will ensure their oversight of the proper administration of financial affairs within the LEP continues throughout the year. They will provide an assurance statement as part of the Annual Performance Review and attend the review as support to the LEP. They will provide a letter to the Accounting Officer at the MHCLG by 28th February, which will include

- Details of the checks that the S151 officer has taken to assure themselves that the LEP has in place the processes that ensure proper administration of financial affairs in the LEP.
- A statement outlining whether, having considered all the relevant information, the Section 151 officer is of the opinion that the affairs of the LEP are being properly administered (including consistently with the National Assurance Framework and this LAF)
- If not, information about the main concerns and recommendations about the arrangements which need to be implemented in order to get the LEP to be properly administered.

Engagement

D2N2 is committed to effective engagement and collaboration with all its partners and stakeholders to effectively undertake its role as a LEP and advocate for its area.

The revised governance model is built around improving engagement across all partners in a more effective way.

D2N2 uses multiple channels of engagement to effectively communicate with local stakeholders (public, private and the general public), both on a continuing basis and to inform specific pieces of work (for example the SEP).

Examples of recent D2N2's engagement activities include:

- Consultation events for the new SEP
- The local media regularly cover the LEPs work.
- LEP Board members and members of the LEP team regularly speak at local events, such as those organised by business membership organisations.
- Regular social media updates and website coverage of LEP activity

Several events were held across the D2N2 area as part of the consultation process for the new SEP. Feedback from across the sectors including, public, private and voluntary was received and informed the process.

The LEP holds an Annual General Meeting which is attended by representatives from the public and private sectors as well as members of the public.

The Chair and Chief Executive of the LEP regular engage with local Members of Parliament, local Councillors and key business leaders.

Within D2N2 this engagement is being used to inform key decisions and future strategy development.

The SEP, together with local economic development plans and capital programmes of the constituent local authorities provide the context, rationale and up to date evidence base for project and programme development.

Calls for potential projects are published on the LEP's website and circulated via all of the LEPs channels of communication. An application form and guidance, which vary between programmes, are published with clear deadlines and contact information. The LEP encourages early discussion about project ideas so it can help organisations decide which funding route is most suitable, and avoid them undertaking unnecessary work.

The decision-making process and criteria for each call is included in the guidance. This will often include at the appropriate stage review by a panel with relevant specialist knowledge and/or an external organisation (for example a specialist consultancy or the Skills Funding Agency) to ensure decisions are fair and robust.

The primary aim of the LEP is economic growth, but within the context of both inclusive growth and sustainable development objectives. To this end, the LEP's prioritisation, appraisal and evaluation processes build in Social Value, environmental impacts and indirect benefits. The LEP is looking to pilot models that enable the social return on investment and local multiplier benefits to be quantified both in developing and appraising the business case and in evaluating the impact of its interventions.

The LEP will consider how projects might improve the economic, social and environmental well-being of the D2N2 area, and how equality issues might be considered, and how such improvements might be secured in the procurement process itself. Social value seeks to ensure that the collective benefit of a community is considered when contracts are awarded and this is an essential part of the D2N2 LEP's ethos.

D2N2 works closely with neighbouring LEPs including Sheffield City Region, Greater Manchester, Leicester and Leicestershire, Stoke-on Trent and Staffordshire and Greater Lincolnshire. Wherever possible, projects which seek support from more than one LEP will be appraised jointly with the appropriate LEP.

Each LEP has a different focus; this is often complementary although in some areas there can be an overlap. In practice, the D2N2 LEP regularly works with other LEPs on joint concerns, for example on developing policy for supporting key economic sectors and on the commissioning of research. There is regular communication across the LEPs at Chair, board member and local authority officer level to ensure collaboration and reduce duplication, particularly in relation to accessing shared funding streams

The role of the LEP Network is to share best practice, convene training for LEP Board members and LEP officers and to represent LEP's interests to Government and promote their role in businesses. D2N2 is committed to working with the LEP Network and regularly attends and contributes to LEP Network events and initiatives.

D2N2 also works closely with the Midlands Engine LEPs on sharing best practice and improving cross-regional collaboration.

The LEP Board

The LEP Board is the LEP's ultimate decision making body. It is comprised of public and private members who work collaboratively to ensure that decisions are made in the interests of promoting inclusive growth, prosperity and improved productivity in the local area and beyond. As the ultimate decision making body, even when the LEP Board puts in place a scheme of delegation, the LEP Board remain responsible and accountable for the delegated decision.

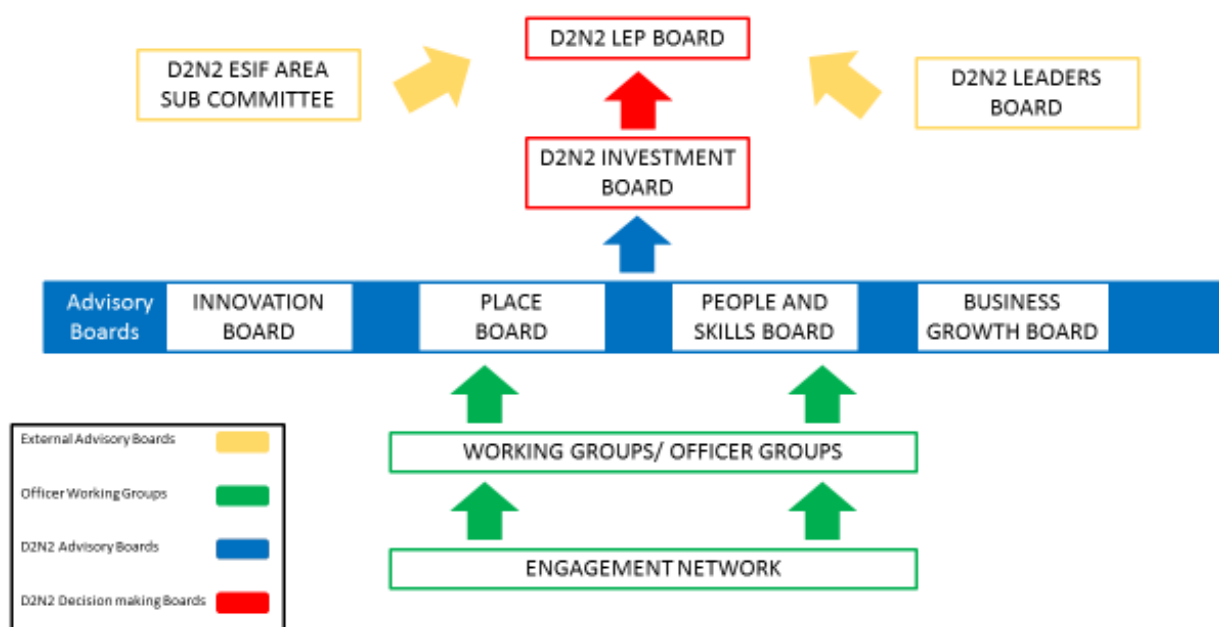
The LEP Board contains representatives from different parts of the community, with two thirds of its representatives from the private sector as defined by the National Accounts Sector Classification. The remaining third is represented by Local Authorities.

The Board has an identified member to represent and engage with the Small and Medium Enterprise (SME) business community as well as a member to represent the further education/ training sector.

Both the Chair and Deputy Chair are from the private sector and have a defined term of three years with an optional extension of three years. The LEP Chair should be from the private sector.

Meetings of the LEP Board are held in public and as such, agendas, papers and minutes are published on the D2N2 website to ensure transparency and accountability.

The governance structure of the LEP is as follows:



The LEP manages its programmes through discussions at officer level through the advisory sub groups as listed above with any financial decisions being taken at the Investment Board.

The LEP Board has delegated its power to make financial decisions to the Investment Board. This includes decisions relating to the Local Growth Fund, Growing Places Fund, Enterprise Zone Business Rates Recycling and other appropriate LEP funding streams. The Investment Board will continue to monitor the associated contracts of its investment decisions with a quarterly board update.

The Terms of Reference for the LEP Board and Investment Board are shown appendix 2. Any Terms of Reference relating to the Sub Boards/Groups will be published on the LEP's website once approved and also incorporated within the LAF.

All LEP officers are employed by the East Midlands Chamber of Commerce, with the Chief Executive directly responsible to the Chair of the LEP board. A Service level Agreement is in place between the LEP and the Chamber of Commerce to provide payroll services for D2N2 staff.

D2N2 staff are therefore independent from any Local Authority or individual organisation and therefore able to provide impartial advice to Board members.

Business Case Development

Proposing and prioritising projects

The D2N2 LEP is committed to maximising its impact by funding, commissioning, or enabling, the best projects that have the greatest economic impact. Openness and competition are at the heart of this approach.

The D2N2 LEP's SEP, together with the economic development plans and capital programmes of the constituent local authorities provide the context, rationale and up-to-date evidence base for project and programme development.

All open and targeted calls are publicised on the LEP's website with guidance to applicants and details of the appraisal and decision-making process, and circulated through the LEP's communication channels.

Projects may be sought in response to a specific opportunity, or to build up the pipeline of projects the LEP wishes to see developed with a view to potentially providing resources in the future.

An application form and guidance, which vary between programmes, are published with clear deadlines and contact information. The LEP encourages early discussion about project ideas so it can help organisations decide which funding route is most suitable, and avoid them undertaking unnecessary work.

The decision-making process and criteria for each call is included in the guidance. This will often include at the appropriate stage review by a panel with relevant specialist knowledge and/or an external organisation to ensure decisions are fair and robust and the selection process is transparent.

The primary aim of the LEP is economic growth, but this must also contribute to wider sustainable development objectives. To this end, the LEP's prioritisation, appraisal and evaluation processes build in Social Value, environmental impacts and indirect benefits. The LEP is looking to pilot models that enable the social return on investment and local multiplier benefits to be quantified both in developing and appraising the business case and in evaluating the impact of its interventions.

The LEP will consider how projects might improve the economic, social and environmental well-being of the D2N2 area, and how equality issues might be considered, and how such improvements might be secured in the procurement process itself. Social value seeks to ensure that the collective benefit of a community is considered when contracts are awarded and this is an essential part of the D2N2 LEP's ethos.

Pipeline Development

Pipeline Development is critical to the functioning of the LAF. The goal of the pipeline is to prioritise a longlist of projects that are required to submit a Business Case, if selected, for progression in the LAF.

The pipeline will be open once per year, all projects will be aligned to this cycle irrespective of their source, though D2N2 will also consider projects that are critical but whose timings fall outside this call window in fast tracking procedures. The pipeline will remain open for a period of 3 months, whereupon the projects will be assessed and reviewed according to the procedures in this LAF. The

pipeline will be monitored by a designated D2N2 officer and urgent potential projects can be identified and enter the LAF fast track process.

The Approval Process

The project promoter is required to provide a detailed business case setting the rationale for investment funding and how the project aligns with the LEPs SEP objectives.

The approval process is in two stages, which requires the promoter to provide a detailed business case at each stage identifying how the project has progressed and providing assurance and evidence that the outputs identified in the original submission can and are to be delivered.

The LEP will liaise with the promoter throughout the process, ultimately taking a recommendation to the Investment Board and the LEP board (when applicable) for approval and release of the funds. A report is taken to the Investment Board, which includes a summary of the project and a checklist evidencing compliance with the LAF.

The Accountable Body will issue an offer letter to the promoter detailing how and when the grant will be paid and the conditions of the grant and any claw back.

The LEP will monitor the project and its delivery against the agreed final business plan.

Expression of Interest (EOI) – A high level business case is to be submitted to the LEP using the Infrastructure Pipeline Application Form. This form needs to include the following:

1. A description of the project.
2. Identification of why the funds are required (Development Funding Viability Gap)
3. Justification of the Strategic, Economic, Financial and Delivery case for the project.
4. Details of the intervention required.
5. Identification of the source of match funding.
6. Details of the outputs and outcomes to be delivered by the project and the projected delivery date.

EOI submissions will be available to submit on an annual basis as detailed in the Pipeline Development section.

Outline Business Case (OBC) – An outline business case is required to be submitted by the promoter to the LEP when the project has reached the following milestones.

1. All the land required to deliver the project is in the control of the promoter (and/or in the hands of legal due diligence awaiting exchange/ completion).
2. A planning application has been submitted and verified by the local planning authority with a determination date or permitted development for the project is approved.
3. Match Funding - All other sources of funding must be identified. Letters of support from the sources of funding are to be annexed to the business case.
4. Internal approvals have been met – A letter or minute of the approval is required to be annexed to the business case.
5. The promoter is required to justify the amount of funding being sought and where possible a RICS viability report is required to support the identified intervention/viability rate. For major infrastructure projects being delivered by public sector bodies (i.e. Local

Authorities, Network Rail etc) the promoter needs to demonstrate why the funding cannot be found through other sources of income.

6. Details of the outputs and outcomes that the project will deliver and their timing.
7. Evidence of need – A report identifying the need for the project and how it aligns with the LEPs SEP.
8. Procurement of a contractor/ developer commenced. The promoter is required to provide details on how the process aligns with Government procurement rules and how the project will address:
 - Sustainability
 - Employment of Graduates
 - Economic and social charter
9. A detailed project programme is to be provided including the proposed start and finish dates and all phases of the development cycle.
10. A financial proposal setting out all the funding required by quarter in each of the financial years. It is a requirement for release of funding that the promoter will need to demonstrate capital expenditure
11. A risk register identifying:
 - The Single Responsible Officer delivering the project
 - Details of the risks which are scored
 - Mitigations to address the risk and a new score taking mitigations in to account.
12. A State Aid compliant report is to be provided by a suitably qualified UK lawyer with a duty of care to the promoter and LEP/AB. The project is required to be State Aid compliant before it is progressed and the report is required to be annexed to the business case.

The LEP and Accountable Body will carry out an assessment of the business case in line with the EO1 submissions and the requirement of the LAF and report back to the LEP officers group that meets monthly. Once approved by the LEP CEO, D2N2 will inform the promoter of this approval and allow them to progress to the final submission of the approval process.

Final Business Case (FBC) - The final submission requires a full business case to be submitted by the Section 151 officer or equivalent (CEO, MD, FD) of the promoter. The business case needs to be submitted to the Chief Executive of the LEP and the Accountable Body. The final stage of the approval process is submitted when the project has met the following milestones.

1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model. 'The Checklist'¹ published by HM Treasury is a useful one page guidance paper.
2. A VFM assessment must be completed. This VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.
3. Details confirming that all planning consents have been granted and that all pre-start conditions have been met.

1

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/190603/Green_Book_guidance_checklist_for_assessing_business_cases.pdf

4. Confirmation that any 'Section 106' or other agreements have been entered into.
5. Confirmation of the results of the procurement exercise detailing:
 - The tenders received (along with the detailed costs)
 - The tender accepted (along with timescales/ conditions)
6. Details of the construction contract to be entered into by the promoter detailing:
 - Start date
 - Completion date
 - Liquidated damages/ cost over runs
7. Confirmation that the promoter will be responsible for any variations to the contract price and that once entered into, the contract will be completed in line with the details submitted.
8. Confirmation that the project has been designed to RIBA Stage 4 or its equivalent.
9. Details of any outstanding points preventing/ delaying the start-up of the construction contract.
10. Details of any changes for the project from the initial EOI and OBC submissions with reasoning behind these changes. Including an updated viability report as submitted in point 5 of the OBC.
11. Confirmation that all funding is now in place with details of the sources of funding, please include letters from third party funders confirming any conditions and timescales. (To be annexed to the business case)
12. Confirmation that all land/ legal agreements have been completed and are in the control of the promoter to deliver the entire project.
13. A phasing plan identifying the start and completion elements of the project along with costs associated with each phase and the outputs/outcomes that will be delivered on a quarterly basis.
14. An updated risk register identifying the key risks and the project manager responsible. The risk register needs to be scored and include a mitigation plan.

The promoter is required to address all the points above, failure to supply this information may delay any recommendation being put forward to the Investment Board.

The LEP and the Accountable body will progress the projects to the Investment Board as follows:

1. The LEP and the Accountable Body support team will appraise the business cases.
2. The Value for Money (VFM) business case will be reviewed by an appropriately qualified external firm of consultants
3. The LEP/Accountable Body will feedback any concerns/shortfalls and request additional information if required.
4. Once the submission has been approved by the Chief Executive of D2N2 and the Accountable Body, the Accountable Body will draft a report to the Investment Board and this report will be presented at the next available Investment Board. This report will include the application made for funding, an

appraisal of the application, and view by legal expert (where appropriate), a final recommendation whether to fund the project or not including any conditions which would be set.

5. Promoters will be required to attend the Investment Board and present their business case.
6. The Investment Board will approve, reject or request additional information.
7. In exceptional circumstances the Investment Board may refer a recommendation to the LEP Board. These circumstances may be for example, where the outputs of the project differ from those in the original submission.
8. The Accountable Body will issue a grant offer agreement detailing all conditions and the timing of payments. The offer agreement will require promoters to sign up to the delivery of the project and the outputs, which will be subject to claw back.
9. The Accountable Body and LEP to monitor and carry out an audit processes on the delivery of the project and the outputs.

Investment decisions will be made for all funding applying statutory requirements, conditions of funding or local transport objectives where applicable. All investment decisions are made the 3 stage process as described above with no proportionality applied.

All LEP Board and sub board members will make decisions on merit having taken into account all of the relevant information available at the time.

Pursuit of recovery of funds is at the discretion of the Investment Board based on the evidence presented to them in the event that the project is not fully delivered in line with the original submission.

Value for Money

The LEP and the Accountable Body will need to assure themselves that projects are deliverable and represent 'High' value for money. It is the promoter's responsibility to provide sufficient independent evidence that the project delivers at least a 'High' value for money score in line with HM Treasury Green Book principles. The LEP and the Accountable Body will use appropriate external consultants to consider the VFM and make recommendations to the Investment Board and LEP board.

The evidence and information provided will vary from project to project due to the nature and priorities of the project.

Transport schemes, defined as those which are reliant upon 'transport' outcomes (such as time savings) to demonstrate value for money, are required to follow WebTAG guidance. For the avoidance of doubt, the provision of infrastructure such as a road which is intended to produce non-transport outcomes such as job creation may be assessed against these outcomes. However, where this infrastructure would also impact upon existing users of transport networks the LEP and AB may require WebTAG-compliant analysis to determine the degree to which these impacts affect the overall case for the project.

Skills projects should make reference to the Skills Funding Agency guidance which provides methodology to calculate Net Present Value for a project.

For projects which are regeneration or housing led, promoters will need to provide a clear statement of the objectives of the project and evidence that there is market demand for the scheme. This should be expressed as projected take-up but, must be supported by evidence that the market will actually take this up within the projected time. This evidence can comprise correspondence, notes of meetings and any independent assessment of demand or advice from specialist consultants

This will certainly need to go beyond demonstrating a policy fit – for example, that the scheme will meet a D2N2s SEP objective or that the site is allocated within a Borough local plan. If updated or additional research needs to be undertaken to provide a robust evidence case, promoters should outline the scope/scale of this and any plans that are in place/timescales to acquire the necessary evidence, which would then be completed at the Final Business Case stage.

The LEP Chief Executive will be responsible for ensuring value for money for all projects and programmes. The Finance Officer at the Accountable Body will be responsible for scrutiny of and recommendations for each business case.

Part Delivery of the Project and Pre compliance Funding

It is accepted that certain projects may be delivered in phases and that not all of the requirements for the Final Business Case stage would be met at the time of when the project is commenced.

In these exceptional circumstances the LEP requires a full detailed Business Case to be submitted in line with the above approval process. The promoter is required to provide a detailed programme to support the project identifying the phases of delivery for the project and when the outstanding requirements will be satisfied. This could be for example if some of the funding is to be provided by land sales or if the project is subject to multiple planning applications and where some of the applications will not be submitted until after commencement.

The promoter is required to identify the risks in the detailed business case for the delivery of the wider project and the potential outputs delivered at each stage if the additional approvals/funding is not forthcoming.

The project will be submitted to the Investment Board for approval and this will be subject to any future funding only being released once evidence of the outstanding requirements to satisfy the LAF are provided to the LEP and Accountable Body. Projects may also be asked to update the Investment Board on a bi annual basis.

It is also accepted that for some projects investment is required for developing them through to full compliance with the OBC and FBC of the LAF.

Projects which have been allocated LGF and have passed the OBC of the LAF are able to seek acceleration of funding to enable the project to meet full compliance. Funding is for capital works (only related to the project) and can therefore only be used for purposes such as the purchase of assets or purchase of resources to enable full compliance.

The grant acceleration funding can only be sought if funding is available within the year of the request.

The funding will initially be by way of a grant and will be fully refundable (100%) including interest at a commercial rate if:

1. The project does not meet the FBC stage by October of the following year or to a date agreed with the LEP and AB.
2. If the project has changed significantly or is not approved by the Investment Board

The grant given may require some form of security for example, a charge on the land.

In order to request the grant acceleration funding the promoter will be required to provide a detailed proposal to the LEP and AB. If accepted a report will be provided to the Investment Board where the promoter will be required to attend and present their case.

Risk

A risk register is maintained of all projects and this is updated on a regular basis. The risks of each project are rated using a scoring matrix based on likelihood and impact that each risk presents. A set of mitigations is also included.

Based on the risk register and as part of the programme overview report, high risk projects are highlighted to the Investment Board. The named individual who is responsible for the identification and management of risk is the Chief Executive

Where a project is seen as High Risk the LEP will write to the promoter on behalf of the Investment board setting out the risks and requesting a written response outlining how the risks will be mitigated. If the Investment Board are not satisfied with the response then they can remove the project from the programme.

In the event that a project has, in the opinion of the Investment Board or the LEP Board, significantly changed (by 10% or more) from what was originally proposed (i.e.: spend profile, outputs and outcomes, or delivery) the LEP will write to the promoter requesting a written response detailing why the project has changed.

Following receipt of the response the Investment Board may decide to proceed with the amended project, may request that the project revert back to what was originally approved, release only part of the funding or delete the project from the programme.

If a project has not commenced within 3 months of the Investment Board meeting at which the project was approved, the project will be reported as a High Risk project. In this instance the LEP will write to the promoter requesting a written response detailing why the project has been delayed. If the Investment Board are not satisfied with the response, they can remove the project from the programme.

The Investment Board will be provided with quarterly performance reports by the project monitoring officer. If it is reported that a project is delayed (commencement/completion/outputs/outcomes) by 3 months or more then the project will be reported as a High Risk project. In this instance the LEP will write to the promoter requesting a written response detailing why the project was delayed.

If the Investment Board are not satisfied with the response then they can request that the funds already paid are repaid to the LEP or decide not release any future years funding.

Monitoring and Evaluation

The LEP will manage the programme and will report principally to the Investment Board who oversees the programme management for LGF.

Programme management will be through the monitoring process, the terms of this will be defined each project's grant offer agreement. The agreement will determine the payment profile, the output and outcome profile and milestones.

Programme monitoring will be according to the milestones and outputs in the business case and reviewed on a quarterly basis based on the grant offer agreement.

The principles of programme management will be for D2N2 to manage the key programme risks, through proactive engagement with promoters and developing a system of regular reporting. A programme overview including high risk projects will be presented at every Investment Board meeting.

D2N2 has the right, in conjunction with the Accountable Body, to withhold funding if the project delivery expectations, defined at inception are not met within the current agreed funding period.

Projects will be required to submit quarterly monitoring reports (financial and narrative) explaining their progress to spend and delivery targets and noting specific changes to the project and challenges in delivery. A variance of 10% or more on spend and delivery targets will trigger a review by D2N2 and the Investment Board will write to the promoter requesting a written response detailing why the project has changed.

D2N2 reserves the right to recover or withhold all or part of the funding supplied for a project in these circumstances:

- The project is not delivered within agreed dates
- The project delivered differs from that specified
- The outcomes demonstrated through post-delivery evaluation fall short of those on which the value for money assessment and business case were based
- The outputs identified in the Business Case are not delivered.

Monitoring reports will be summarised for consideration on a quarterly basis at the Investment Board, using a RAG rating system. In line with good practice and to support effective and robust decision making, monitoring reports to the Board will typically summarise good progress and areas of good practice. The report will also highlight risks to the delivery of the programme.

If projects are highlighted as high risk due to poor output delivery then the process as listed in Appendix 1 of the Terms of Reference will be applied. If the Investment Board considers it appropriate, promoters will be invited to the Investment Board to explain the slippage. The Infrastructure and Investment Board will take local circumstances into account in taking decisions over whether funding should be withheld or recovered.

For the LGF, D2N2 is committed, as agreed with the Ministry of Housing, Communities and Local Government (MHCLG), to undertake an evaluation programme, the purpose of which is to aid

learning, policy development and practice to improve the delivery of the LGF, or any grant or funding programme.

All projects will be subject to a post-project completion report; this will ensure D2N2 follows best practice using recognised project and programme management techniques to ensure sound decisions have been made.

Each projects evaluation report will be defined by the outputs, outcomes and interrelationships to the wider programme.

Scrutiny and Audit Arrangements

The LEP will utilise both Scrutiny and Audit committee arrangements within Derbyshire County Council, this will also be extended to the chairs of the scrutiny committees across D2N2 to take in the process.

The LEP's audit report will be presented annually to the Investment Board. The Scrutiny Committee will review the annual performance of the LEP's governance and its funding streams. The LEP will also make an open offer to attend other Local Authority Scrutiny Committees in their area and attend when requested.

Appendix 1 – LEP Board Terms of Reference

D2N2 BOARD

13/03/19

TERMS OF REFERENCE

Purpose of the Board

The Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP) is a strategic partnership of the public and private sector which aims to deliver drive economic prosperity across its area.

The LEP aims to increase economic growth and productivity in the area by:

- Developing and approving an evidence-based Local Industrial Strategy that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across their area.
- Identifying and developing investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of its activities to improve productivity across the local economy.
- Using its convening power, for example to co-ordinate responses to economic shocks; and bringing together partners from the private, public and third sectors
- Collaborating with a wide-range of local partners to act as an informed and independent voice for their area.

Delegation and Decision Making

The LEP board will be responsible for approving the overall strategy for the LEP and for agreeing overall priorities for investment.

It may delegate decisions on its behalf to the Investment Board or other groups as it determines.

Memberships and appointments of Board Members

The LEP Board will have at least 15 members of the Board at any one time with a maximum of 20 members at one point in time. The board must be at least two thirds represented by Private sector board members and this can be inclusive of the Higher Education Further Education and Voluntary sector.

The board shall comprise of the following members:

- 12 Private Sector Board Members (Including the Higher Education, Further Education and Voluntary sectors and an SME Representative)
- Four Upper tier Authority Members
- One district authority member from Derbyshire authorities
- One district authority member from Nottinghamshire authorities

The LEP Board is required to have at least one third representation by female members by 2020 which will increase to at least half by 2023.

Public Sector Board Members

The members for the Upper Tier Local Authorities assume their position on The Board as the leaders of their respective councils.

The District/ Borough representatives of The Board to will be nominated to their membership position by their respective colleagues in both Derbyshire and Nottinghamshire, and will be rotated every 2 years

Private Sector Board Members

All private sector board members will be selected as Board members through an open recruitment process, all vacancies will be widely advertised, including on the D2N2 website with clear job descriptions and personal specifications for the role.

A nominations committee appointed by the LEP Board, led by the D2N2 LEP Chair will then be in charge of shortlisting and interviewing the potential candidates.

Terms of Private Sector Board Members

Higher Education Board Members will fulfil their role on the board for a maximum one of atwo year term, this membership position will then be transferred to the next constituent Higher Education authority in the area on a rotational basis as agreed by the Higher Education authorities

Further Education (FE) members can be represented on the board for a two year period and then will be rotated with a different FE representative as agreed by the Further Education authorities from across D2N2.

All remaining Private Sector Board Members shall serve terms of three years once appointed to the board, should a board member wish to extend this term they will reapply to serve a second term on the board. Each Private sector board member can serve a maximum of two terms on the board.

D2N2 is also committed to having a Small and Medium Enterprise Member on its board at all times. The SME representative will be nominated by the board following any recruitment process should the previous SME representative leave post.

Appointment Process for Chair and Deputy Chair

The Chair of the D2N2 LEP will be appointed using an initial open invitation exercise which will be published through all LEP channels outlining the job description for the role as well as a person specification. Following the open advert a Nominations Committee will shortlist the potential applicants and an interview process by the Nominations Committee will be held to select the Chair of the Board.

Following the nominations committee to appoint a new Chair of the Board, the Chair will then subsequently select a Deputy Chair from the private sector board members.

The Chair will select the member and then it is the decision of the remaining Board members to ratify this decision before the said member is elected as Deputy.

Representation and Attendance

In order to make sure that attendance of the board is kept to the most senior level possible, only voting members of the board will be invited to take part at board meetings and vote on matters of the LEP Board.

Members of the Board are the nominated representative and therefore no substitutions will be allowed at the meetings. It is at the discretion of the chair to allow any substitutions to the meeting.

At the discretion of The Chair other representatives may be invited to join in with the discussion, Officers in attendance at the meeting are able to attend but will be regarded as observers to the discussion and retain no voting rights

The Board will meet on a Bi-Monthly basis with a programme of meetings being set a year at a time. Agendas and papers for the meeting will be approved by the LEP Chair and Chief Executive prior to circulation by the Executive to the Board.

All papers and agendas will be distributed at least five working days prior to the meeting and will be made available to the public on the LEPs website five working days prior to the meeting.

All minutes of the meeting will be approved in draft form by the Chair of the Board following a meeting and distributed to Board Members and made available on the LEP website no later than ten working days after the meeting.

All minutes will remain in draft until the board formally ratifies them as an accurate record of the discussion at the following meeting.

Decision Making

Any attendee of the meeting who does not hold the right to vote on decisions can be asked to leave the room whilst the vote is taking place at the discretion of the Chair. In the event of no consensus being reached by the LEP Board a vote will be held and the decision will be made by majority. If no majority can be found on a decision then the casting vote will be determined by the LEP Chair.

In the event that progress needs to be made on a decision where it does not align with the board timescales of bi-monthly meetings or new information is presented at the board which does not allow for an appropriate decision to be made then decisions can be made via written procedures. Any decision by written procedures is at the discretion of the LEP Chair and will only be used infrequently as a way of progressing urgent matters. The LEP Executive will disseminate the appropriate information needed to make a decision which will be presented in the same manner as it would at a Board meeting then following this a decision will be made board members electronically to either confirm or reject a decision within five working days.

Governance and Register of Interests

All Board members will be required to complete a declaration of interests form on an annual basis, this will be signed and refreshed yearly with the counter signature of the LEPs Accountable Body Section 151 officer authorising any declaration.

All Board members shall operate by the LEPs Code of Conduct which can be found on the LEPs website and shall govern themselves by the Seven Nolan Principles.

Appendix 2 – Investment Board Terms of Reference (Draft)

D2N2 INVESTMENT BOARD

13/03/19

TERMS OF REFERENCE

PURPOSE

To oversee on behalf of the D2N2 LEP Board (“the LEP Board”) the management of all funding pots delegated to the LEP, including the Local Growth Fund, Growing Places Fund, Enterprise Zone Business Rates Uplift reallocation or any other relevant funding streams across the administrative areas of Derby, Derbyshire, Nottingham and Nottinghamshire.

The Investment Board is responsible for:

Approving investments from D2N2s various funding streams on behalf of the D2N2 LEP Board that will invest in projects and programmes that will contribute to the delivery of the objectives of the D2N2 Strategic Economic Plan and emerging Local Industrial Strategy;

The Investment Board shall:

- take decisions on behalf of the D2N2 LEP Board for:
 - individual scheme approval
 - Release of funding, including scrutiny of individual scheme business cases.
- Monitor progress of scheme delivery and spend.
- Oversee the overall delivery of all funding programmes ensuring financial and output targets are monitored
- Recommend to the LEP Board a programme to respond to changed circumstance (scheme slippage, scheme alteration, cost increases etc).

MEMBERSHIP

The membership of the board is as follows:

Voting members	Observers
<ul style="list-style-type: none"> • Derby City Council • Derbyshire County Council • Nottingham City Council • Nottinghamshire County Council • Derbyshire district and borough councils (Two District members) • Nottinghamshire district and borough councils (Two District members) • 3 Private sector members of the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (Chair plus 2 other private sector representatives) • Social Inclusion representative (one member) 	<ul style="list-style-type: none"> • Highways England • Network Rail • Homes England • Department For Transport • Department for Business, Energy and Industrial Strategy

Voting members	Observers
Principal Advisors to the Board (non-voting): D2N2 Chief Executive, Capital Projects Manager, Section 151 officer plus Accountable Body Lead Officers	
Chair and Deputy Chair – The Board will be chaired by the D2N2 Chair, with the Deputy Chair will be from one of the local authority board members	

The Board, as set out above, comprises twelve voting members. The Board may co-opt additional members to represent other sectors; such co-opted members will not have voting rights. Conditions of appointment are:

- i. Local Authorities (upper tier/unitary): membership rests with the position which the member holds within the authority rather than with the individual, so councillors will be replaced if they change office. It is for each authority to determine which post holders are to act as its representatives.
- ii. District and Borough authorities within Derbyshire and Nottinghamshire: it is for the district and borough authorities to determine their own arrangements for selecting representatives, who are expected to sit for a minimum term of one year and a maximum of three years. It is also for the constituent authorities to determine how their joint interests should be represented and how those districts and boroughs not directly represented should be engaged in the decision-making process.
- iii. D2N2 LEP: representatives are expected to sit for a minimum term of one year and a maximum of three years.
- iv. Any co-opted member - would be reviewed annually by the Board with a maximum term of three years.
- v. Each member will be required to participate in decision-making in the best interests of the Board whether or not these are consistent with those of their own organisation.
- vi. No substitutes will be permitted for nominated board members as per the main D2N2 Board Member.

The Board will review its constitution after six meetings of the Board or every two years, whichever is the sooner.

4. Conflicts of Interest

Members of the Board are required to declare, on appointment, that they will act in the best interests of the LEP area, not for their organisational or geographic interests.

The rules for declaring personal interests will be those that apply to the council to which the councillor has been elected. A register of Board Members' interests will be maintained and will be available for public inspection and will be updated at the beginning of each financial year.

All Board members are expected to govern themselves by the Nolan Principles and these can be found within the Local Assurance Framework.

5. Accountable Body

Derbyshire County Council shall be the Accountable Body to the D2N2 LEP which will be responsible for the following:

- Ensuring that decisions are made in line with the LEP Assurance Framework.
- Ensuring that promoters confirm their projects conform with any requirements with regard to equalities, social value, environment, State Aid, procurement etc.;
- Ensuring (through the Section 151 Officer) that the funds are used appropriately;
- Maintaining the official record of Investment Board proceedings and holding copies of all relevant documents relating to any funding streams the Accountable Body is responsible for;
- Ensuring Investment Board decisions at formal meetings are recorded.
- Responsibility for the decisions of the Investment Board in approving projects (for example if subject to challenge);
- Ensuring there are arrangements for local audit of funding allocated by the Investment Board at least equivalent to those in place for Local Authority expenditure.

The Director of Finance, Derbyshire County Council (S151 officer) will ensure that all funds are administered in accordance with the Assurance Framework.

6. Audit and Scrutiny

The Board undertakes to seek and to act upon the findings of an internal audit of its activity on at least an annual basis. The findings of each audit will be considered by a Board meeting, and any remedial action required recorded within the minutes of that meeting.

The aim of each audit will be to verify that the Board is operating effectively within the terms of its agreed Assurance Framework.

The effectiveness of the Board and its governance, delivery and monitoring processes will be overseen by the incumbent Accountable Bodies Scrutiny committee who will provide an independent review to ensure that the Investment Board works in line with the Local Assurance Framework.

7. Approvals process for project applications:

The Board has adopted an approvals process in respect of project applications as set out in the Local Assurance Framework

8. Support and Administration

Derbyshire County Council will provide support arrangements for secretariat and administrative services, specified in its Service Level Agreement with the LEP.

The Board has the authority to form task and finish groups when required, which may comprise Board members and/or supporting officers.

9. Working Arrangements, Transparency and Local Engagement

There will be at least four meetings each year and thereafter to meet the business needs. Specifically the Board will meet:

- (a) to determine the initial decision on the composition of the scheme programme;
- (b) To make individual scheme investment decisions.

The meetings will be chaired by the D2N2 Chair.

Meetings will be deemed quorate when a minimum of five voting members are in attendance. Each voting member carries a vote of equal weight. Where the voting members present are equally divided the chair will carry a casting vote. Where the elected chair is not present the Deputy-chair will exercise this function. No business requiring voting shall take place without either the chair or Deputy-chair being present.

The Investment Board will publish agendas and minutes. Materials will be hosted on the Derbyshire County Council website but each member organisation will provide a direct link to this from its own.

It is for individual member organisations to ensure that any schemes submitted to the Board for funding have been subject to the appropriate procedures to provide the public and stakeholders with the opportunity for input before decisions are made. The Board will not take responsibility for dealing with correspondence, petitions, lobbying, consultation etc, all of which are to be handled by the promoter of the scheme in accordance with its own procedures.

FOI and EIR requests will be dealt with in accordance with the relevant legislation.

The Board will use Derbyshire County Council's complaints procedure.

