

GREATER BIRMINGHAM AND SOLIHULL GROWTH DEAL ACCOUNTABILITY FRAMEWORK

Contents

Introduction.....	2
Purpose, structure and operating principles.....	3
Greater Birmingham and Solihull Local Enterprise Partnership arrangements.....	3
Geography.....	3
Roles and responsibilities	3
Structure diagram	8
Transparency and engagement	9
Cross-LEP working and engagement.....	11
Pipeline development, investment decisions and programme management	13
Prioritisation.....	13
Value for money	14
Approvals process.....	15
Approvals process flowcharts.....	17
Local governance processes.....	19
Independent Evaluation.....	19
Transparent decision-making.....	19
Complaints.....	20
The full business case	20
Programme and risk management.....	20
The reserve list of projects	23
Financial accountability.....	25
The Accountable Body.....	25
Cost control, funding awards and release of funding.....	25
Funding agreements.....	26
Preparatory costs	27
Independent audit and scrutiny.....	28

Introduction

In order to support the process of devolution and give confidence to both local stakeholders and stakeholders in Central Government that appropriate arrangements are in place to deliver, Greater Birmingham & Solihull Local Enterprise Partnership has drawn up this Accountability Framework which sets out the LEP's operating arrangements; describes how we will approve, deliver and manage the programme of projects with a confirmed funding allocation for 2015/16

It should be noted that Greater Birmingham & Solihull Local Enterprise Partnership views this Framework as a live document. The focus at this point is firmly on delivery of the projects with a confirmed allocation, and a clear process for developing and agreeing the pipeline of projects to be submitted in future rounds of Growth Deals is yet to be fully articulated and agreed.

It is therefore our intention that this Framework is subject to annual review. Agreement for proposed changes to this Framework will be sought from the LEP Board, with further endorsement sought from the Supervisory Board. Agreement will then be sought from the Accountable Body.

It is also envisaged that this document will be updated in line with the recommendations emerging from the LEP's Governance Review.

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Purpose, structure and operating principles

Greater Birmingham and Solihull Local Enterprise Partnership arrangements

1. Greater Birmingham and Solihull Local Enterprise Partnership (“GBSLEP”, or “the LEP”) was constituted as a company limited by guarantee in May 2011. The LEP has a number of Company Members – the nine local authorities and six business representative organisation members (the Greater Birmingham Chambers of Commerce, the Herefordshire and Worcestershire Chambers of Commerce, the Federation of Small Businesses, the Engineering Employers Federation, the Royal Institution of Chartered Surveyors and the National Farmers Union). The LEP has an Annual General Meeting every year in June, which presents an opportunity for the LEP Board to report on progress and for company members and wider stakeholders to hold Directors to account for performance.
2. The LEP’s Articles of Association are included as **Appendix A** to this document.

Geography

3. The LEP covers the geographical boundaries of the Districts of Birmingham, Solihull, East Staffordshire, Lichfield, Tamworth, Cannock Chase, Bromsgrove, Redditch and Wyre Forest.

Roles and responsibilities

4. **The Supervisory Board**
5. The Supervisory Board is a Joint Committee, comprising the nine local authority leaders (or other appointed members). Each local authority has sought the necessary approvals to delegate to the Joint Committee the economic development functions covered by the general power of competence contained in Section 1 of the Localism Act 2013.
6. The Supervisory Board empowers the LEP Board and provides it with the democratic accountability required to invest public money.
7. The Supervisory Board also provides transparency regarding the LEP’s decision-making process, as set out in **Transparent decision-making** below.
8. The Terms of Reference for the Supervisory Board are included as **Appendix B**.
9. **The Joint Scrutiny Committee**
10. As the Supervisory Board performs executive functions, a Joint Scrutiny Committee has been established to review and scrutinise (and potentially to call in) decisions made, or other actions taken, in connection with the discharge of any functions which are the responsibility of the Supervisory Board. The Joint Scrutiny Committee is formed of one member from each local authority, making a total of nine.
11. The Terms of Reference for the Joint Scrutiny Committee are shown in **Appendix C**.

12. The LEP Board

13. The LEP Board is comprised of 18 Directors: nine from the business community, seven from local authorities, one representing further education and one representing higher education.

14. Business community representatives have been recruited with the aim of reflecting different sizes and sectors of commerce and industry, and the geography of the area. Each of them leads on a particular LEP workstream, shown in the table below.

Private Sector	Public Sector
Andy Street Chair	Cllr Sir Albert Bore Birmingham City Council
Steve Hollis Deputy Chair	Cllr George Adamson Cannock Chase District Council
Anita Bhalla Creative Industries	Cllr Julian Mott East Staffordshire Borough Council
Andrew Cleaves Connectivity	Cllr Mike Wilcox Lichfield District Council
Pat Hanlon Access to Finance and GBS Finance	Cllr Bob Sleigh Solihull Metropolitan Borough Council
Raza Samar Reducing Regulation and Champion for Business Diversity	Cllr Steve Claymore Tamworth Borough Council
Alan Volkaerts Improving Skills	Cllr John Campion Wyre Forest District Council (representing North Worcestershire authorities)
Chris Webster Optimising Assets and Enterprise Zone Champion	Higher and Further Education
Tracy Westall Stimulating Innovation	Prof. Dame Julia King Aston University
	Norman Cave Bournville College

15. Each of the Local Authorities in GBSLEP sends one representative each to the LEP Board, with the exception of the north Worcestershire Districts (Bromsgrove, Redditch and Wyre Forest). Those three Districts select one representative between them, to represent the interests of the three Districts on the LEP Board.

16. Board Directors were initially given terms of office of one, two or three years (to ensure that not all Directors finished at the same time); however, all new Directors are given a three year term of office.
17. The Board meets every two months and meetings are generally hosted by local businesses. These meetings are held in private, but the agendas and minutes are made public.
18. The LEP Board is responsible for setting the LEP's strategic agenda (e.g. developing the Strategy for Growth, Strategic Economic Plan and ESIF Strategy) and for making decisions regarding programme entry, and full approval for projects seeking greater than or equal to a £10m Local Growth Fund contribution.
19. In addition to the membership set out above, the Section 151 Officer of the Accountable Body will attend meetings of the LEP Board where a decision regarding approval is sought.
20. **GBS Finance**
21. GBS Finance is comprised of LEP Board Directors, private sector members and a representative number of Finance Directors from the local authorities within Greater Birmingham & Solihull.
22. GBS Finance will provide a financial oversight and fund management of LEP funds. It will clear all reports with financial implications before they are submitted to the LEP Board.
23. In relation to the Growth Deal, GBS Finance will provide a platform for the role of the Section 151 Officer and will ensure that projects, as part of the process by which those with programme entry will apply for full approval, are aligned to local authority priorities and capital programmes.
24. GBS Finance will also play a key role in the approvals process for future rounds of Growth Deals, before submissions to Government.
25. The Terms of Reference for GBS Finance are included as **Appendix D**.
26. **The SEP Steering Group**
27. It is currently envisaged that the SEP Steering Group will have the delegated authority from the LEP Board to progress future rounds of Growth Deal, including signing off the ranked list of priorities in conjunction with GBS Finance.
28. These arrangements will be progressed by the Governance Review, which was agreed by the LEP Board on 16th July. The Governance Review is scheduled to report back to the LEP Board in January 2015.
29. The current Terms of Reference for the SEP Steering Group, drafted as part of the arrangements to develop and submit the Strategic Economic Plan, are included as

Appendix E. However, it is anticipated that these Terms of Reference will be revised in light of the requirements for future rounds of Growth Deals.

30. LEP Board Sub-Groups

31. There are a number of Sub-Groups of the LEP Board including the Employment & Skills Board; the Enterprise Board; the Optimising Assets Board; and the Local Transport Board (see 34, below).
32. It is currently envisaged that the LEP Board Sub-Groups will be responsible for overseeing the development of the pipeline of projects, refining the long-list of potential interventions into a short-list of high-priority projects from their work areas.
33. This would ensure that the pipeline development for future rounds of Growth Deals and for the ESIF is happening at the same points, and would maximise the benefits of the two funding streams by ensuring their coordination.
34. However, outline process requires further testing and consultation with the LEP's Board Directors, sub-groups and supporting officers.
35. This will be taken forward by the Governance Review.

36. GBS Local Transport Board

37. At the meeting of the LEP Board on 20th June 2014, it was agreed that GBSLTB would form part of GBSLEP's governance arrangements. GBSLTB is therefore now regarded as a Sub-Group of the LEP Board, and will be subject to the Governance Review.

38. GBS Growth Team

39. The GBS Growth Team will be charged with ensuring the delivery of the Growth Deal and Strategic Economic Plan. The Growth Team will not, in its first year at least, be formally constituted as a legal entity. It is intended to be a voluntary coalition, empowered through the approval of the LEP Board.
40. The Growth Team is empowered to approve projects seeking a Local Growth Fund contribution of up to £10m, subject to the noting of the Supervisory Board.
41. The Terms of Reference for the Growth Team are included as **Appendix F**.
42. In addition to the membership set out above, the Section 151 Officer of the Accountable Body will attend meetings of the Growth Team where a decision regarding approval is sought.

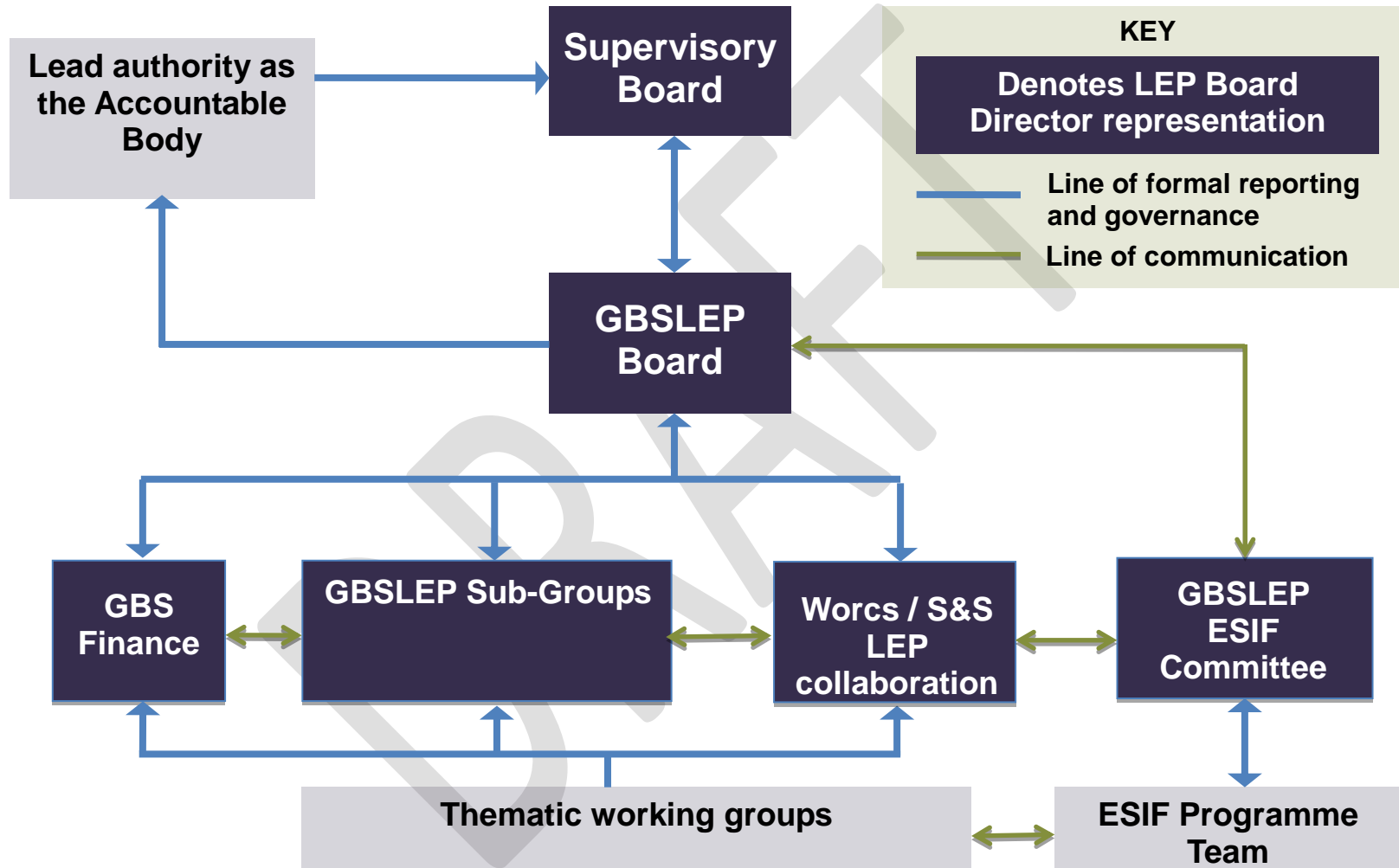
43. The Programme Delivery Director

44. The Programme Delivery Director will formally report to the LEP Chair and will be a member of the Economy Directorate of Birmingham City Council, with pay and rations being the responsibility of Solihull Metropolitan Borough Council.

45. The Programme Delivery Director will have delegated authority to make investment decisions up to a threshold of £2.5m of Local Growth Fund contribution, subject to the noting of the Supervisory Board.
46. The Delivery Director will also be responsible for managing the programme in accordance with the processes set out under **Programme management and investment decisions**, below.
47. **The Joint Delivery Team**
48. The Joint Delivery Team will support the Growth Team and the Programme Delivery Director in the delivery of the Growth Deal.
49. The Joint Delivery Team will organise and manage the implementation of the Growth Deal, support the decision-making and approvals process, and undertake the detailed technical appraisal and monitoring and evaluation functions on behalf of the Growth Team and LEP Board.
50. The Terms of Reference for the Joint Delivery Team are included as **Appendix G**.
51. **The LEP Executive**
52. The LEP Board, its Board Directors and Sub-groups are supported by the LEP Executive Team. The LEP Executive was formed in May 2011 to support the LEP Board in the development and delivery of the LEP's agenda, including its Strategy for Growth and associated delivery plans. The Executive also provides day-to-day operational management of the LEP and provides a direct link between Birmingham City Council and GBSLEP.

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Structure diagram



Transparency and engagement

53. Recruitment and appointments

54. Non-Executive Directors for the GBSLEP Board are recruited through an open and transparent process.
55. A role description is drawn up and advertised as appropriate, inviting expressions of interest. Those expressions are then considered by GBSLEP's Nominations Committee.
56. In the first instance, a short list of candidates is drawn up and called to interview. Thereafter, the Nominations Committee will make an appointment, having regard to the candidates' experience.
57. The process by which GBSLEP recruits private sector members and appoints public, FE and HE sector members to its constituent structures will be determined as part of the Governance Review.

58. Registration and declaration of interests

59. Conflicts of interest are managed in accordance with the Companies Act 2006. LEP Board Directors are required to complete and sign a pro forma every year, detailing:
 1. The directorships and other relevant situations of which the company is already aware;
 2. Any directorships and other relevant situations not listed in Part 1, including the nature and extent of any direct and indirect interest and any background information that the director considers may be relevant to the board's assessment; and
 3. Any direct or indirect interests in proposed or existing transactions with the company.
60. Directors will need to consider carefully whether any of their connected persons hold positions of which they are aware that:
 - conflict or possibly may conflict with the interests of the company leading to them being in breach of section 175 of the Act, unless declared to and authorised by the board; or
 - mean that the director is directly or indirectly interested in a proposed transaction or arrangement which must be declared to the directors in accordance with section 177 of the Act before such transaction or arrangement is entered into; or
 - mean that the director is directly or indirectly interested in an existing transaction or arrangement which must be declared to the directors in accordance with section 182 of the Act as soon as reasonably practicable

61. In addition, Directors have an ongoing obligation to disclose any change in circumstances with regard to the nature or extent of interests already disclosed and of any potential situations that conflict or may possibly conflict with the interests of the Company and to seek authorisation in advance of any such conflict arising.
62. Furthermore, it is anticipated that a process for managing conflicts of interest for members of sub-groups will emerge through the Governance Review.

63. Gifts and hospitality

64. The arrangements for declarations of gifts and hospitality for elected members will be the same as that of their own local authority. Copies of these will be available on the respective members' own local authority websites. A collated register will be made available on the GBSLEP website.
 65. A process will be developed and put in place for unelected voting members and for non-voting officers to declare any gifts or hospitality which may be seen as related to a specific project, potentially based on the relevant sections of Birmingham City Council's 'Code of Conduct for Members and General Guidance.' This will be determined by the Governance Review, and ultimately agreed by the LEP Board.
- Whistleblowing**
66. Concerns from stakeholders, members of the public or internal whistleblowers will be addressed using Birmingham City Council's 'Whistleblowing Policy Guidance' included as **Appendix H**.

67. Publication of agendas, papers and minutes

68. The LEP Board currently publicises agendas for its meeting on its website.
69. Minutes of the meetings are then publicised after the meeting.
70. GBSLEP does not intend to make the papers submitted to the LEP Board available to the general public.
71. GBSLEP will publicise this Accountability Framework on its website, so that the process for making decisions regarding the Local Growth Fund is clearly visible to the general public.
72. In addition, GBSLEP will publicise submissions for future rounds of Growth Deal on our website, and the eventual outcomes of those Deals once agreed with Government.
73. The Supervisory Board will also publish all agendas, papers and minutes, including those pertaining to decisions regarding the Local Growth Fund (subject to any redactions required to satisfy commercial confidentiality). Those papers will include the decision of the LEP, and the noting of that decision by the Supervisory Board.
74. In adherence with the Local Government Transparency Code, any executive decisions taken by local authorities to deliver any elements of the Growth Deal will be published as a matter of course.

75. As above, GBSLEP is constituted as a company limited by guarantee and, as such, is not subject to requests made under the Freedom of Information Act 2000.
76. Any Freedom of Information requests, Environmental Information Requests or similar requests received will be dealt with in accordance with the relevant legislation of the organisation to which the request pertains.
- 77. Stakeholder engagement**
78. From its inception, GBSLEP has sought to engage widely and in as much detail as possible.
79. In particular, GBSLEP contacted 60,000 businesses as part of the consultation process for the Strategy for Growth White Paper (gaining 400 unique responses from over 2,000 companies). A further 400 contributions were made by stakeholders as part of the Greater Birmingham Project, and 115 organisations proactively engaged in the consultation for the Spatial Plan for Recovery and Growth.
80. GBSLEP will continue with its strong track record of engagement as part of its normal course of business and will ensure a high-level of stakeholder buy-in to future Growth Deal submissions.
81. It is anticipated that as part of future rounds of Growth Deals, as a minimum, GBSLEP will engage proactively with a broad range of stakeholders by holding meetings across Greater Birmingham & Solihull on the direction that the Growth Deal is taking. GBSLEP will also engage via its website and through social media.
82. Furthermore, having secured programme entry approval, public consultation will be required by many schemes as part of local authority governance processes.

Cross-LEP working and engagement

- 83. Collaboration with Stoke-on-Trent & Staffordshire and Worcestershire LEPs**
84. GBSLEP has put protocol agreements in place with both Stoke-on-Trent & Staffordshire and Worcestershire LEPs, which set out how we will jointly prioritise and manage projects (where applicable). Each of the protocols is included as **Appendix I** and **Appendix J** respectively.
85. Management arrangements for projects that are joint-funded by two LEPs will be set out on a per-project basis.
86. Furthermore, GBSLEP will – in conjunction with Stoke-on-Trent & Staffordshire and Worcestershire LEPs – further develop the protocol agreements to clearly articulate how projects in overlap areas will be prioritised for future rounds of Growth Deals. Development will take place in parallel with the Governance Review.
87. The protocols will be subject to annual review, in order to assess their effectiveness.
- 88. Cross-LEP engagement**

89. Cross-LEP working is a point of particular strength for GBSLEP and big strides have been taken over recent years in working with our neighbours to produce strong outcomes for the region.
90. The Chairs of the West Midlands LEPs (the Black Country, Coventry & Warwickshire, Stoke-on-Trent & Staffordshire, The Marches and Worcestershire) meet on a regular basis to discuss matters of regional importance, outcomes from which include the development of a 'fund of funds' across the six LEPs, joint Regional Growth Fund bids (e.g. the £20m Green Bridge Supply Chain Initiative) and lobbying Government on shared advanced manufacturing issues.
91. Cross-LEP sub-groups also meet to focus on specific issues such as transport and access to finance.
92. Outputs of this collaboration are set out in in **Appendix K** and also include the cross-LEP statement on transport at **Appendix L**.

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Pipeline development, investment decisions and programme management

Prioritisation

93. **Developing the “long list” of schemes and first round prioritisation**
94. As above, it is currently envisaged that the LEP Board Sub-Groups will be responsible for overseeing the development of the initial long-list of potential projects within their work areas.
95. The Sub-Groups will also be responsible for refining the long-list into a short-list, in accordance with processes to be agreed by those Sub-Groups. It is at this stage that a strategic fit assessment will be undertaken, to ensure that projects being brought forward are closely aligned to the LEP’s strategic objectives.
96. GBSLEP will undertake a business planning process to determine the precise nature of the LEP’s strategic objectives as necessary, and potentially for each round of Growth Deal, to ensure that each round of Growth Deal will fund projects that meet the strategic needs of the LEP as the programme develops.
97. The business planning process will be informed by the LEP’s Strategic for Growth, Strategic Economic Plan and European Structural & Investment Funds Strategy, as well as other key strategic plans (including those of local authorities and agencies such as the West Midlands Integrated Transport Authority).
98. In practice, promoters will be required to submit a standard pro forma to the relevant Sub-Group setting out the strategic aim, costs, outputs and timescale of the project.
99. Incomplete pro formas will not be considered for shortlisting.
100. A template pro forma is included as **Appendix M**.
101. **European Structural & Investment Funds Strategy (ESIF)**
102. Strategic alignment between the Growth Deal and ESIF programmes is of crucial importance to GBSLEP. It is therefore the LEP’s intention to ensure that the strategic development of the pipelines for both of these significant funding streams is taken forward in the most coordinated fashion possible.
103. Therefore, the LEP currently envisages that the Sub-Groups will be responsible for overseeing the pipeline development for both future rounds of Growth Deal.
104. This will be tested as part of the Governance Review and this Accountability Framework will be revised in light of its recommendations, subject to agreement by the LEP Board.
105. **Developing a sequential ranked list of priority schemes**

106. The short-lists from each Sub-Group, once agreed, will feed into the GBSLEP Prioritisation Model that was used for the submission of the Strategic Economic Plan, which will produce a sequential, ranked list of priority projects based on their Return on Investment (RoI) and deliverability.
107. The RoI measure will be based on the outputs produced by the project relative to the project spend. The outputs in question will be determined by the nature of the project; for example, the RoI for transport projects will be based on the Benefit:Cost Ratio, while for skills projects they will be based on the number of learners and the potential GVA generation.
108. This ensures that a broad suite of projects across work areas can be compared and ensures that the projects generating the greatest return on investment (and therefore the best value for money) will be prioritised.
109. GBSLEP reserves the right to manually intervene following the production of the ranked list of priorities. For example, intervention may be required to ensure alignment of the pipeline with the currently agreed programme and with the emerging ESIF pipeline.
110. Further detail on the GBSLEP Prioritisation Model is included as **Appendix N**.

Value for money

111. GBSLEP will ensure that value for money is achieved with each of its prioritised schemes.
112. Value for money will be a central consideration of the prioritisation process described above. In particular, value for money will be addressed through the assessment of RoI.
113. The modelling and appraisal of schemes contained in the business cases will be developed in accordance with appropriate Green Book guidance. In the context of transport schemes, for example, business cases must be developed in accordance with the guidance published in WebTAG.
114. The appraisal and modelling submitted by the promoter will be scrutinised by GBSLEP, independently of the promoter. A process will be determined via the Governance Review as to how schemes that will form part of the pipeline will be subject to such scrutiny.
115. The Joint Delivery Team will scrutinise the business cases of projects with programme entry approval. As part of their recommendation to the relevant delegation, the Joint Delivery Team will produce a Value for Money Statement, summarising their overall assessment of the economic case.
116. **Minimum eligibility criteria**
117. GBSLEP will put in place minimum eligibility criteria to ensure that having considered strategic fit, RoI and deliverability across the pipeline, no project with a

“low” rating against any of the criteria will be brought forward unless there are exceptional circumstances.

118. GBSLEP will define “exceptional circumstances” and will articulate a process whereby it would consider a project with a “low” rating, and how such a project would proceed through the approvals process. It is anticipated that an extra layer of scrutiny would be applied to such a project as a matter of course; for example, it may be that any such project is required to obtain full approval from the LEP Board, regardless of Local Growth Fund contribution sought.

Approvals process

119. **Programme entry**

120. The ranked list of priorities described above will form part of GBSLEP’s submission for future rounds of Growth Deals. Once a Deal has been agreed with Government, GBSLEP will grant programme entry approval to those projects to receive funding through the Growth Deal by agreement at a meeting of the LEP Board.

121. Programme entry approval will provide confidence to scheme promoters that funds will be available, subject to the development and approval of a satisfactory full business case, thereby enabling promoters to develop the business case and to seek any necessary statutory powers.

122. **Conditional approval**

123. An interim approval stage – “conditional approval” – can be introduced at the request of GBSLEP and/or the scheme promoter. This stage enables the LEP and the promoter to ascertain that the business case and delivery profile remain valid once any necessary statutory powers are in place, and before work commences on detailed scheme design and procurement.

124. It is anticipated that the majority of schemes will progress directly from programme entry stage to full approval stage.

125. Conditional approval, if required, will be granted under the same delegations outlined below for full approval.

126. **Full approval**

127. A final approval stage – “full approval” – will only be granted once all legal powers and third-party funding contributions are in place, and the final costs have been formally agreed (i.e. contracted) with a delivery partner, subject to the production and evaluation of a full business case.

128. The route to full approval depends on the total Local Growth Fund (LGF) contribution towards the project:

- Projects seeking a total LGF contribution of less than £2.5m will be required to develop a full business case, based on Birmingham City Council’s full business

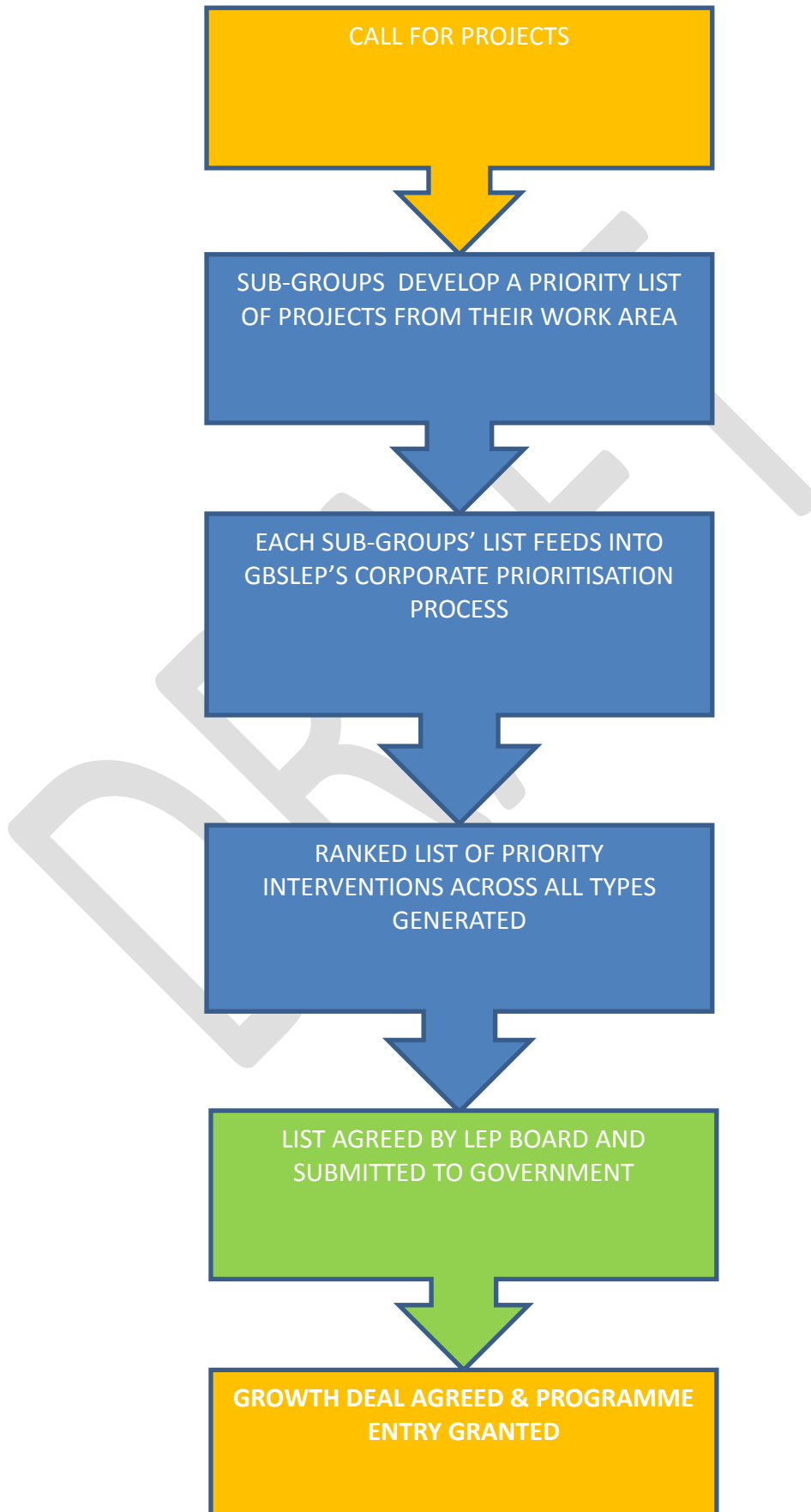
case template and using a proportional application of Green Book principles (i.e. a light touch at this threshold). That business case would be taken to the Programme Delivery Director for approval, with the support of the Joint Delivery Team.

- Projects seeking a total LGF contribution of greater than or equal to £2.5m but less than £10m will be required to develop a full business case to the same standard as the Local Pinch Point applications used for the transport schemes submitted in the Strategic Economic Plan, which are based on a relatively light touch of Green Book principles. Further work is required to ascertain what such a business case would look like for housing, regeneration and skills projects. That business case would be brought to the Growth Team for approval, with the support of the Joint Delivery Team.
 - Projects seeking a total LGF contribution of greater than or equal to £10m will be required to develop a full Green Book business case. That business case would be taken to the LEP Board for approval, with the support of the Joint Delivery Team.
129. All decisions will be supported by the Joint Delivery Team, who will facilitate the evaluation of the business case and will ensure that a covering report is drafted with a recommendation, to support the decision-making process.
130. In addition, GBS Finance will ensure that the project is aligned to its host authority's corporate priorities and capital programme, before recommending it for approval.
131. Furthermore, an application for full approval will only be considered if the application is supported in writing by the Section 151 Officer of the promoting authority (or, in the case of non-local authority promoters, by the Chief Financial Officer), thereby guaranteeing the local contribution to the scheme and signifying acceptance of risk for all cost increased.
132. All decisions will be reported to the Supervisory Board.

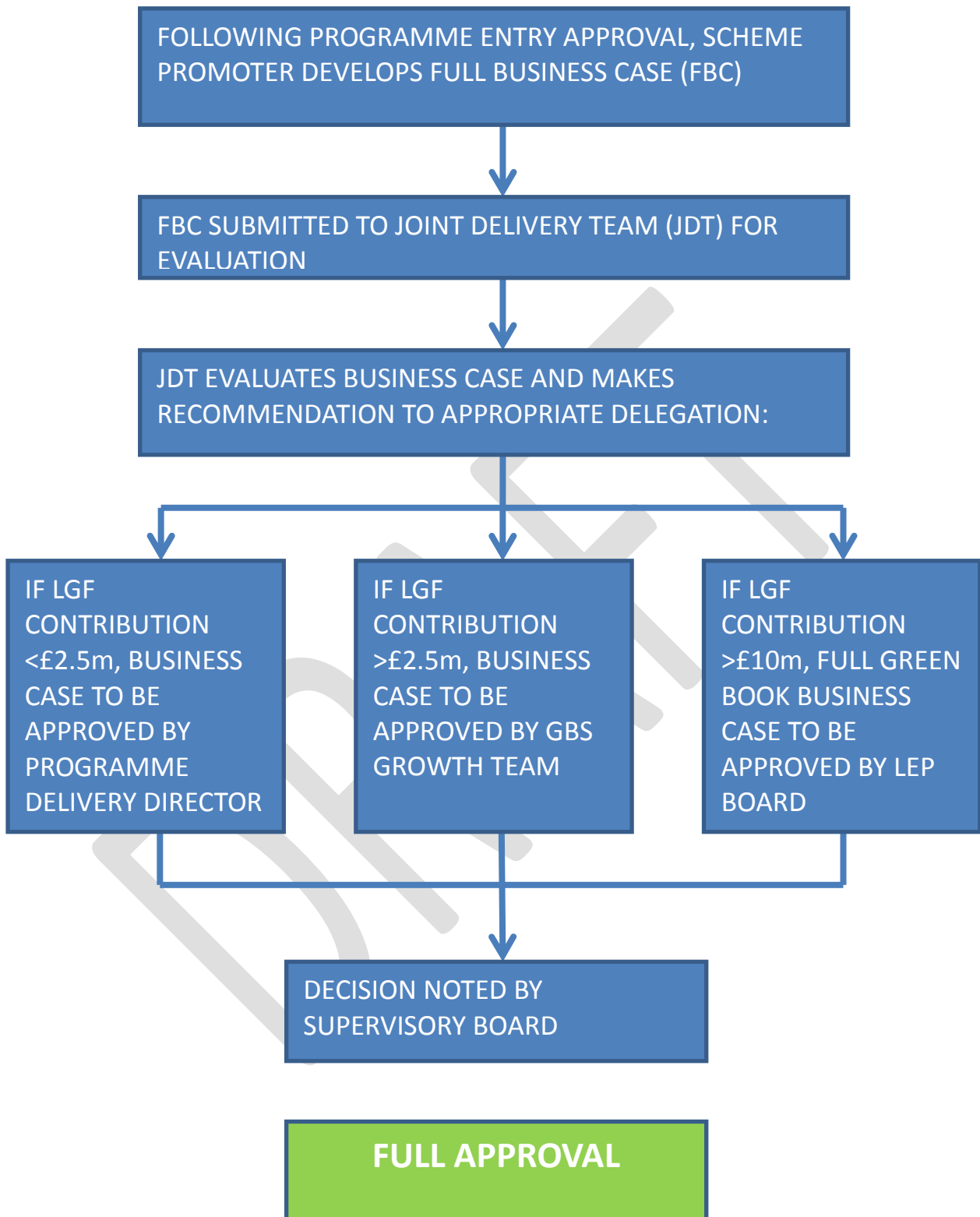
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Approvals process flowcharts

Programme entry approval:



Full approval:



Local governance processes

133. The processes for approval outlined above do not supersede local governance processes.
134. It is anticipated that in order to be considered for entry into the Local Growth Fund programme, projects will have secured outline approval through their own local governance processes prior to submission.
135. Furthermore, alignment will be considered by GBS Finance before submission is approved, and the application for full approval must be supported in writing by the promoting authority's Section 151 Officer (or, in the case of non-local authority promoters, by the Chief Financial Officer).
136. Following the granting of full approval from GBSLEP, scheme promoters will be required to seek full approval through their own governance process.
137. GBSLEP anticipates that, as part of those local governance processes, scheme promoters will be required to satisfy any other legislative requirements when taking a project for full approval, including (but not limited to) and Environmental Impact Assessment and an Equality Impact and Needs Assessment.
138. Where this is not the case, scheme promoters must notify GBSLEP prior to seeking full approval from the LEP.

Independent Evaluation

139. Decisions made within the delegations outlined above will be supported by the Joint Delivery Team. One of the key roles for the Joint Delivery Team will be to put in place an Evaluation Panel to scrutinise business cases and to make recommendations to the relevant authority as to whether approval should be granted.
140. Representatives from the Highways Agency, Homes and Communities Agency and the Skills Funding Agency will be invited to be part of the Joint Delivery Team, to ensure a degree of independence when scrutinising and evaluating business cases.

Transparent decision-making

141. The Supervisory Board will be asked to approve the whole Accountability Framework, including the delegations process outlined above. This will grant those delegations the democratic authority to take decisions within the thresholds.
142. All such decisions will be reported virtually to the Supervisory Board, who will then have 10 working days to respond, either noting the decision or by requiring that the business case be brought to the next scheduled meeting for further review.
143. Noting will be reported by the Chair of the Supervisory Board to the LEP Executive.

144. The Supervisory Board will also be provided with a “screening list” of projects proceeding under delegation, and can opt to have any project brought to the Supervisory Board for approval.
145. A project can be called in should any one of the members of the Supervisory Board require it.
146. The LEP Executive will manage the flow of information between the delegations and the Supervisory Board and will ensure that decisions are communicated swiftly.

Complaints

147. Complaints from scheme promoters regarding the decisions taken in the approvals process, during either the prioritisation or approvals processes, should be made in writing to the Chair of the LEP Board, via the LEP Executive, Ground Floor, Baskerville House, Birmingham B1 2ND (or via email to GBSLEP@birmingham.gov.uk).
148. The complaint will be acknowledged within 3 working days. The acknowledgement will include a description as to how the complaint will be addressed and a timescale for issuing a full response, which will depend on the nature of the complaint.
149. GBSLEP will ensure that the complainant is informed as to what is happening with their complaint throughout the process.
150. If, for any reason, it is not possible to issue a full response within the published timescale, GBSLEP will inform the complainant, explain the reasons and, if possible, provide a revised timescale for issuing a response.
151. Should the response be unsatisfactory, the matter will be referred to the LEP Board as the final point of escalation.

The full business case

152. As set out above, an HM Treasury Green Book-compliant business case will be required in order to apply for full approval. Guidance on Green Book principles is available [here](#).
153. GBSLEP expects that business cases address, in a proportionate manner, the five cases set out in the supplementary guidance to the Green Book, available [here](#).
154. Business case templates for each of the thresholds described above are set out as **Appendix O**, (below £2.5m LGF contribution), **Appendix P** (between £2.5m and £5m LGF contribution) and **Appendix Q** (above £10m LGF contribution).

Programme and risk management

155. Following programme entry approval, the Programme Delivery Director will manage the programme of projects within the annual allocation of Local Growth

Fund towards the full approval and, following the award of full approval, throughout delivery.

156. Each scheme included in the programme will be required to provide an expenditure profile, a project plan and a quality plan (including a risk register and management plan), as well as clearly identifying the project lead and lead delivery agency/agencies. This information will be updated at key stages throughout the project lifecycle and reported to the Programme Delivery Director.
157. The Programme Delivery Director will require financial and delivery information to be provided as part of regular monitoring reports from each scheme sponsor. Monitoring reports will be measured against a set of agreed milestones, which will be set out in the full approval application and GBSLEP's funding offer.
158. While the Programme Delivery Director will be responsible for GBSLEP's Growth Deal programme, the ultimate responsibility for the successful delivery of each project within that programme lies with the project's lead.
159. **Sanctions and support**
160. The Programme Delivery Director will offer support and, if necessary, issue sanctions to the scheme promoter if project spend and/or achievement of delivery milestones are not keeping pace with agreed funding and delivery profiles.
161. The issuing of sanctions is based on a five stage approach:
- Stage 0: First quarter exemption of penalty.
 - Stage 1: Note of concern issued to Project Lead, copied to the Senior Responsible Officer and the Accountable Body. Applied should a project receive two red RAG report statuses during any given quarter.
 - Stage 2: Formal warning issued to Project Lead, copied to the Senior Responsible Officer, Accountable Body and the Growth Team. Applied where a project receives three red RAG report statuses during any given quarter, or where a project receives four red RAG reports over two consecutive quarters.
 - Stage 3: Suspension of funding issued to Project Lead, copied to the Senior Responsible Officer, Accountable Body and the Growth Team, following agreement between Programme Delivery Director and Growth Team. Applied where a project receives two full quarters of red RAG reports.
 - Stage 4: Withdrawal of funding notified to Project Lead, copied to the Senior Responsible Officer, Accountable Body and Growth Team, following agreement between the Programme Delivery Director, Growth Team, LEP Board and Government. Applies where a project fails to achieve no red RAG reports over the subsequent quarter, following stage 3.
162. GBSLEP will aim to support projects that are struggling via the Joint Delivery Team before any decisions are taken to halt payment or withdraw funding.

163. GBSLEP therefore reserves the right to manually intervene in order to arrest the poor performance of projects. This may involve (but is not limited to) sourcing additional capacity for the project, in order to bring it back on track.

164. The decision to withdraw funding will only be taken where a full analysis of the impact of doing so has been undertaken. It is envisaged that withdrawal of funding will only apply where a project has significantly delayed its start date and will not spend its in-year allocation of funding.

165. **Defining RAG criteria**

166. Red, amber or green status will be applied as follows:

- Red: the timeline, cost and/or objectives are at risk and the project requires remedial action.
- Amber: the timeline, cost and/or objectives may be at risk. The project has a problem but action is being taken to resolve this within agreed tolerances, or a potential problem has been identified and no action may be taken at this time but it is being carefully monitored.
- Green: the timeline, cost and/or objectives are within plan and the project is on target to succeed.

167. The above criteria will be applied to three key measures, as set out below:

- Delivery/timeline (whether the project is delivering against the agreed milestones);
- Cost/budget (whether expenditure is in line with the agreed funding profile); and
- Objective/scope (whether the stated objectives of the project are being delivered).

168. In addition, account will be taken of the following:

- Resource (whether the project has the resources necessary to deliver); and
- Dependencies (whether there are any linkages and dependencies that impact on the above).

169. A RAG rating will be determined by the Programme Delivery Director on the basis of the monitoring information supplied by the project manager.

170. In the event that no project monitoring information is supplied, a project will automatically be awarded a red rating.

171. **Significant change and withdrawal of funding**

172. In addition to withdrawal of funding as a sanction, there may be other circumstances in which the decision is taken to withdraw funding from a project.

173. Following the award of programme entry approval, significant changes in cost, scope, risk, benefits, impact, dependencies and programme management may become apparent, and may mean that it is not in the best interests of GBSLEP to continue to allocate funding to a scheme. In this situation, GBSLEP reserves the right to reprioritise the programme and to reappportion the allocation of funding in accordance with the process set out below.
174. Any such decision will be discussed with Government.
175. Programme management decisions will be designed to maximise the benefits of and minimise the impact of risk to the whole programme, and to ensure that the per annum allocation can be spent and the key outputs delivered.
176. **Reallocation of funding**
177. Where a decision is taken to withdraw funding from one project with programme entry approval, that project will not regain programme entry approval unless funding is secured through a future round of Growth Deal.
178. In such cases, GBSLEP will decide how to reappportion the funding allocated to that project.
179. GBSLEP will take a three-stage approach to reallocating funds:
- In the first instance, the funding will be allocated to any projects which have encountered significant cost pressures that have arisen unavoidably, and not as a result of poor project management.
 - In the second instance, funding will be allocated to projects that have overprogrammed, where spending can be brought forward.
 - In the third instance, where funding remains having committed it to projects that already have approval, a project will be sought from a reserve list to be agreed by GBSLEP.
180. Where the decision is taken to grant programme entry to a reserve project in place of another, that project must keep to the same funding envelope and deliver within the same timeframe.
181. **Reporting of progress**
182. The Programme Delivery Director will report on progress to GBS Growth Team who will, in turn, report to the LEP Board and Supervisory Board.

The reserve list of projects

183. GBSLEP anticipates that only in truly exceptional circumstances will recourse be had to reappportion funding from one project to another.
184. In such circumstances, GBSLEP will turn to its reserve list of projects.

185. Currently, the reserve list of projects is those projects deemed to be high priorities for GBSLEP as part of its original Growth Deal submission, but which did not receive funding in the Deal itself.

186. However, it is anticipated that by their nature, reserve projects will need to come on stream very quickly and that the reserve list may need to be updated to reflect that.

187. The reserve list of projects will be drawn up and managed by the Joint Delivery Team.

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Financial accountability

The Accountable Body

188. Birmingham City Council acts as the Accountable Body for LEP funding streams received to date (including Growing Places, AMSCI, Greenbridge, LEP Core and Capacity funds) and has agreed in principle to act as the Accountable Body for the funds awarded to GBSLEP through the Growth Deal. Formal agreement is currently being sought, with a report due to go to the City Council's Cabinet on 17th November.

189. The Accountable Body will:

- Hold the devolved funding and make payments in accordance with the decisions of the LEP Board, Growth Team and Programme Delivery Director, as endorsed by the Supervisory Board;
- Account for these funds in such a way that they are separately identifiable from the local authority's own funds, and provide financial statements to GBSLEP as required;
- Ensure that the decisions and activities of GBSLEP conform to legal requirements with regard to equalities, environmental, EU issues and other relevant legislation and guidance;
- Ensure (through the Section 151 Officer) that the funds are used appropriately;
- Ensure that this Accountability Framework is being adhered to by tasking the Programme Delivery Director with monitoring and reporting conformity of individual projects;
- Maintain the official record of all GBSLEP proceedings and hold all GBSLEP documents;
- Record the decisions of GBSLEP in approving projects;
- Supply protocol and guidance in relation to transparency and audit to which GBSLEP will adhere;
- Supply a format for unelected voting members to declare interests; and
- Supply access to all associated documents.

190. In cases where the Accountable Body is also the body promoting a project, the LEP Board will ensure that the promoting body's status as the Accountable Body does not put it in a more favourable position than any other promoting authority in the GBSLEP area.

Cost control, funding awards and release of funding

191. Any funding award from GBSLEP will be subject to a cap and will require the promoting authority to be responsible for all cost increases post-full approval.

192. Consequently, a fully-quantified risk register must inform the final project cost, and promoters are encouraged to develop a register that is proportionate to the overall scheme size and risk profile.
193. In cases where the projects are promoted by a local authority, funding applications from scheme sponsors will only be considered if the application is supported in writing by the Section 151 Officer of the promoting authority, thereby guaranteeing the local contribution to the scheme and signifying acceptance of all risk for cost increases.
194. Notice of funding award will be issued upon the granting of full approval. The Programme Delivery Director will notify the Accountable Body that full approval has been granted, and a funding award notification will be issued along with a funding agreement (see below).
195. Funding for actual expenditure will be released by GBSLEP quarterly in arrears, and in line with an agreed funding profile.
196. GBSLEP will require financial and delivery information to be provided as part of regular progress reports from each scheme sponsor. Progress reports will be measured against a set of agreed milestones, which will be set out in the full approval application and GBSLEP's funding offer.
197. GBSLEP will put measures in place to detect incorrect use of funds, misuse of funds or fruitless payments made by scheme sponsors.
198. GBSLEP will enable the recovery of any misused funds. It will also report any such instances in reports to the Department for Business, Innovation and Skills with an explanation of any remedial action taken.
199. In circumstances where the decision is taken by GBSLEP to withdraw funding from a project (in line with the process articulated under **Sanctions and support**, above), the funding already released to that project will be subject to claw-back.

Funding agreements

200. Project promoters will be required to enter into a funding agreement, which will set out the funding conditions, outputs/outcomes and milestones, and reporting requirements.
201. Where a project is to be delivered by the same authority which is acting as the Accountable Body, the promoter will enter into a Service Level Agreement (SLA) with the Accountable Body. The template is set out as **Appendix R**.
202. Where a project is to be delivered by another partner, the promoter will be required to sign up to a Condition of Grant Agreement (COGA). The COGA is a legal agreement between the Accountable Body and the promoting authority, and defines the responsibilities that partners have to one another, particularly any back-to-back assurances required by the Accountable Body from partners in order to assume the above responsibilities. The template is set out as **Appendix S**.

Preparatory costs

203. GBSLEP recognises that significant costs are potentially associated with preparatory work in developing the full business case. GBSLEP will therefore allow scheme promoters to claim back preparatory costs that are considered to be capital.
204. In this context, capital preparatory costs include expenditure directly related to the creation of the proposed scheme. Such costs include:
- Feasibility work;
 - Detailed design;
 - Preparation of statutory orders;
 - Land acquisition; and
 - Procurement of a contractor.
205. Preparatory costs should therefore be included within the bid submitted to GBSLEP.
206. Preparatory costs can be claimed only after full approval has been granted.
207. GBSLEP will only fund preparatory costs in proportion to the size of its contribution to the total capital expenditure of the project.
208. As above, any funding award from GBSLEP will be subject to a cap and will require the promoting authority to be responsible for all cost increases post-approval. GBSLEP will not, therefore, provide additional funding to cover preparatory costs and will require that the outputs articulated in the bid are delivered.

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Independent audit and scrutiny

209. In order to ensure the highest standards of corporate governance, public accountability and transparency in GBSLEP’s management of the Growth Deal and Local Growth Fund, GBSLEP will ensure that its performance is subject to audit and will publish the results of that audit on its website.
210. GBSLEP will also explore opportunities for regular independent audit and assurance checks to be undertaken, to verify that GBSLEP is operating effectively and within the terms of its agreed Accountability Framework. The local authority acting as the Accountable Body will be responsible for taking the necessary actions to remedy any shortcomings identified within any such audit.

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