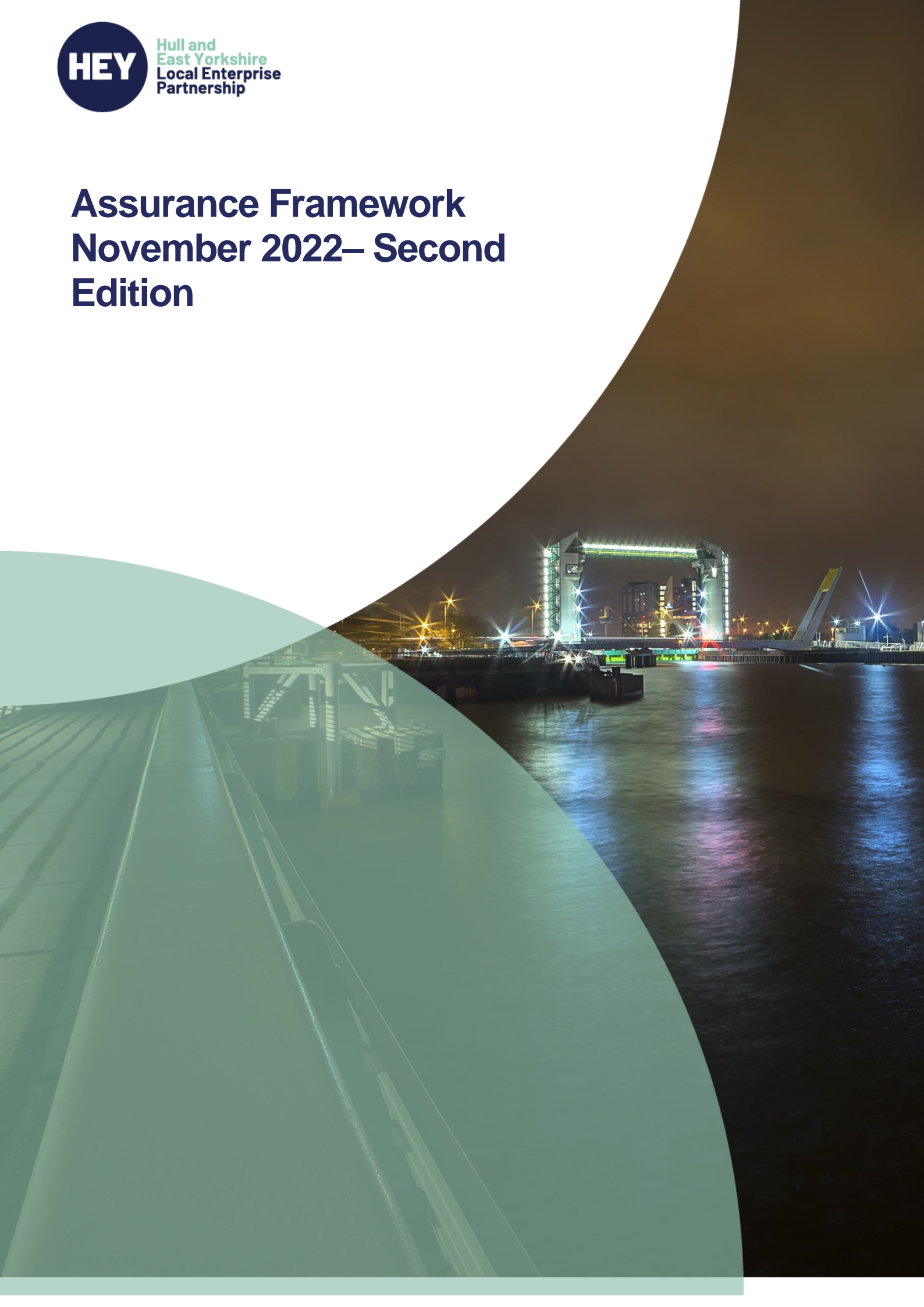




Hull and  
East Yorkshire  
Local Enterprise  
Partnership

# Assurance Framework November 2022– Second Edition



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# 1. Introduction

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## 1.1. About the Framework

1.1.1 This document details the Hull and East Yorkshire Local Enterprise Partnership's (LEP's) approach to managing funding allocated to it by central Government, in conjunction with its accountable bodies, the two local authorities of Hull City and East Riding of Yorkshire Councils and the Hull and East Riding Unitary Leaders Board. The main body of the document outlines the general principles and processes used and is not specific to any one funding stream. Schedules attached to this document give the specific information relating to how the Framework will be implemented by applicable funding streams.

1.1.2 The Framework is underpinned by a suite of documents, including terms of reference, schemes of delegation, policies and procedures, which apply to all of the activities in which the Hull and East Yorkshire LEP (HEY LEP) is involved – not just those which involve managing public money. A complete list of these documents is provided at Appendix 1, with links to view them on the LEP's website ([www.heylep.com](http://www.heylep.com)). For ease of reference, direct links are also provided throughout this document. This Framework gives an overview of some of these documents where appropriate, but does not duplicate what exists elsewhere.

1.1.3 The Framework is split into five parts:

- **Part A: Governance and accountability**  
Outlines the LEP and wider HEY governance arrangements, the LEP's approach to transparency and how decision-making is accountable.
- **Part B: Programme development and management**  
For relevant funding streams including the Getting Building Fund, this sets out how the LEP identifies and prioritises projects, how it scrutinises business cases, how decisions are made to commit funding to projects, and how those decisions are implemented.
- **Part C: Management of legacy programmes and projects**  
Which describes how the HEY LEP deals with the management and reporting of these areas of work, ensuring the LEP board is kept updated on any challenges and/or risk.
- **Appendices**  
Provide further information on specific aspects of this Framework, including a list of references to other documents.
- **Schedules**  
A Schedule is provided for each funding stream under the LEP's control, setting out the specific accountability arrangements and how this Framework is applied.

1.1.4 Any decision made in contravention of the processes set out in this Framework will be invalid on the basis of non-compliance unless the LEP's Board has given prior approval for variation in the decision-making process.

### 1.1.5 Fit with the LEP National Assurance Framework

1.1.5.1 This Framework is produced in compliance with the Government's [National Local Growth Assurance Framework](#), which was published in January 2019.

### 1.1.6 Updating and approving the Framework

1.1.6.1 The Framework will be reviewed annually and is required to be approved by the LEP Board and certified for compliance with the National Local Growth Assurance Framework by the accountable body's Section 151 Officer. This approval process would also apply to any substantive changes required outside the annual review. Any in-year changes will be made within one calendar month, or following the next Board meeting if the changes require Board approval.

1.1.7 This is the **Second edition** of the HEY LEP Framework, building on the previous edition of the HEY LEP Assurance Framework. The current edition is always available from the LEP's website at <https://heylep.com/assurance/>. The next edition is due to be published in mid 2023, following the publishing of an updated National Local Growth Assurance Framework.

1.1.8 In accordance with the national framework, the Section 151 Officer of Hull City Council, the LEP's accountable body, will write to MHCLG's Accounting Officer by 28 February each year certifying that this framework has been agreed, is being implemented and meets the standards set out in the national framework.

## 1.2. Transition from Humber LEP to HEY LEP

1.2.1 The Humber LEP closed on 31 March 2021 and the new Hull and East Yorkshire LEP was launched on 01 April 2021. This decision occurred due to government requirements of local authorities which could work within one Local Enterprise Partnership geography. (Previously local authorities were allowed to participate in more than one LEP area). The two Humber south bank local authorities of North and North East Lincolnshire are now aligned with the Greater Lincolnshire LEP and the two Humber north bank authorities of Hull and the East Riding of Yorkshire align with the HEY LEP.

1.2.2 Despite being over a year since the formation of the HEY LEP, there remains a number of Humber Legacy programmes and their reporting and management processes are described under part C of this document.

1.2.3 Since the completion of the first edition of the assurance framework the HEY LEP has published its Economic Growth and Workforce wellbeing strategy. The new strategy sets out an exciting vision for the region and identifies the key areas of joint activity required to achieve this. In the period to the end of 2026, the LEP will work to deliver this strategy by focusing its partnership activity on four key priorities:

Priority 1- Productive & Innovative Economy - To stimulate business growth, increase productivity and employment by developing the conditions in the HEY LEP area for business to start ups, innovation, investment and trade.

Priority 2 - Clean Growth Economy – To maximise opportunities to drive economic growth in green industries, whilst meeting decarbonisation targets. To be significantly lower carbon industrial cluster by 2030 and net carbon zero by 2040.

Priority 3 - Skilled and Inclusive Economy – To lead the transformation of the HEY LEP regional skills profile, to deliver a highly skilled, healthy and productive workforce, reducing inequality and increasing life chances for our communities.

Priority 4 - Competitive and Resilient Locations - To enhance the region's infrastructure and natural assets so as to maximise the contribution to the HEY economy and generate competitive locations in which to invest, live and visit.

## 2. Part A: Governance and Accountability

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### 2.1. Role of the LEP

2.1.1 The LEP is a business-led partnership which brings together the private sector and democratically elected council leaders, as well as the University of Hull and education and training providers and voluntary and community organisations. The LEP works closely with Government to promote and develop the Hull and East Yorkshire area and provides strategic leadership for economic growth.

2.1.2 As set out in *Strengthened Local Enterprise Partnerships*, the LEP is focussed on the following four activities:

- **Strategy:** Developing an evidence-based Strategy that identifies local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness across Hull and East Yorkshire;
- **Allocation of funds:** Identifying and developing investment opportunities; prioritising the award of local growth funding; and monitoring and evaluating the impacts of the LEP's activities to improve productivity across the local economy;
- **Co-ordination:** Using the LEP's convening power, for example to co-ordinate responses to economic shocks; and bringing together partners from the private, public and third sectors; and
- **Advocacy:** Collaborating with a wide-range of local partners to act as an informed and independent voice for Hull and East Yorkshire.

2.1.3 The LEP covers the administrative areas of East Riding of Yorkshire Council (ERYC) and Hull City Council (HCC). Each local authority is a full and equal member of the LEP.

2.1.4 The LEP, including its Board members and officers, is committed to meeting the following principles set out in the *National Local Growth Assurance Framework*:

- Act solely in the public interest in line with the Nolan principles; make decisions purely on merit, in accordance with agreed LEP processes and act with regularity and propriety when managing public money;
- Keep records which demonstrate they meet all their legal obligations and all other compliance requirements placed upon them ensuring these are accessible if requested;
- Actively cooperate with stakeholders and other regeneration organisations. This involves engaging deliberately and constructively with the private sector and public sector including national and local partners such as: Government Departments, subnational bodies, Local Authorities, third sector representatives, community interest groups, universities and research institutions, MCAs and other LEPs in order to collect information which can be factored into decisions;
- Ensure partnership working and engagement on projects or decisions which are likely to have an effect across MCA/CA or LEP borders or significantly affect the plans of another MCA/CA or LEP; and
- Champion successes within their communities, including bringing to the attention of Government local growth projects which should be recognised as innovative or examples of

best practice and ensuring that stakeholders are able to make informed decisions on local growth matters.

## **2.2 Accountability for public funding**

2.2.1 This Assurance Framework seeks to provide assurance to Government and Parliament (as well as the residents, businesses and other Hull and East Yorkshire stakeholders) that there are robust local systems and processes in place which ensure resources are spent with regularity, propriety and value for money.

### **2.2.2 Legal Personality**

2.2.2.1 In order to comply with the National Local Growth Assurance Framework, the HEY LEP adopted a legal personality. This involved the application for change of name of the previous Humber LEP Ltd (Company Number: 07988601) to form the new HEY LEP company and to appoint current Board members as Directors to simplify arrangements, with Hull City Council as sole member. The Director of Regeneration from Hull City Council also remains a Director of the company.

2.2.2.2 This is in the form of a Company Limited by Guarantee and has required all Board Members to become Directors of the company with liability insurance in place to provide protection against personal liability. The Company Limited by Guarantee will not be used to transact LEP business as Hull City Council, as the Accountable Body carries out this role on behalf of the LEP.

2.2.2.3 [Hull and East Yorkshire Local Enterprise Partnership Ltd](#) has been adopted and the name formally changed on 08 June 2021. The Board of the company meets and takes decisions as the company, which are then implemented through the accountable body and other partners. Hull and East Yorkshire Local Enterprise Partnership Ltd has an Audit, Finance and Governance Panel, who scrutinise various aspects of the LEP's work.

2.2.2.4 Hull and East Yorkshire Local Enterprise Partnership Ltd abides by the laws and regulations that apply to limited companies. The LEP Chief Operating Officer is responsible for company administration, ensuring for example that details of directors are kept up to date and compliant annual returns and accounts are submitted to Companies House.

2.2.2.5 All businesses in the area have equal access to the LEP. The LEP does not operate on a paid-membership basis.

### **2.2.3 Accountable Body**

2.2.3.1 The accountable body for the LEP is Hull City Council. Hull City Council holds the LEP's core funding on behalf of the LEP, employs the LEP's Executive Team (which whilst bound and supported by the Council's policies and procedures, are operationally independent) and provides services from its legal, human resource and finance departments. It also received the Local Growth Fund and Getting Building Fund section 31 grants from Government, and is responsible for drawing up the legal agreements for the projects which will be funded by LGF and GBF. Hull City Council's S151 Officer has responsibility for ensuring that a local assurance framework is in place and that decisions are made in accordance with it.

## **2.3 LEP Board and Sub-boards**

2.3.1 The Chair and founding [Board Members](#) of the HEY LEP were recruited prior to 01 April 2021. All meetings of the former Humber LEP Board ceased from 31 March 2021. The new HEY LEP Board considered the governance structure as part of its first meeting. It recognised that to avoid interruption to programme delivery, some existing Humber LEP sub-boards and groups needed to continue meeting into

early 2021/22 to provide sufficient time to decide on and populate the structure required to deliver its priorities.

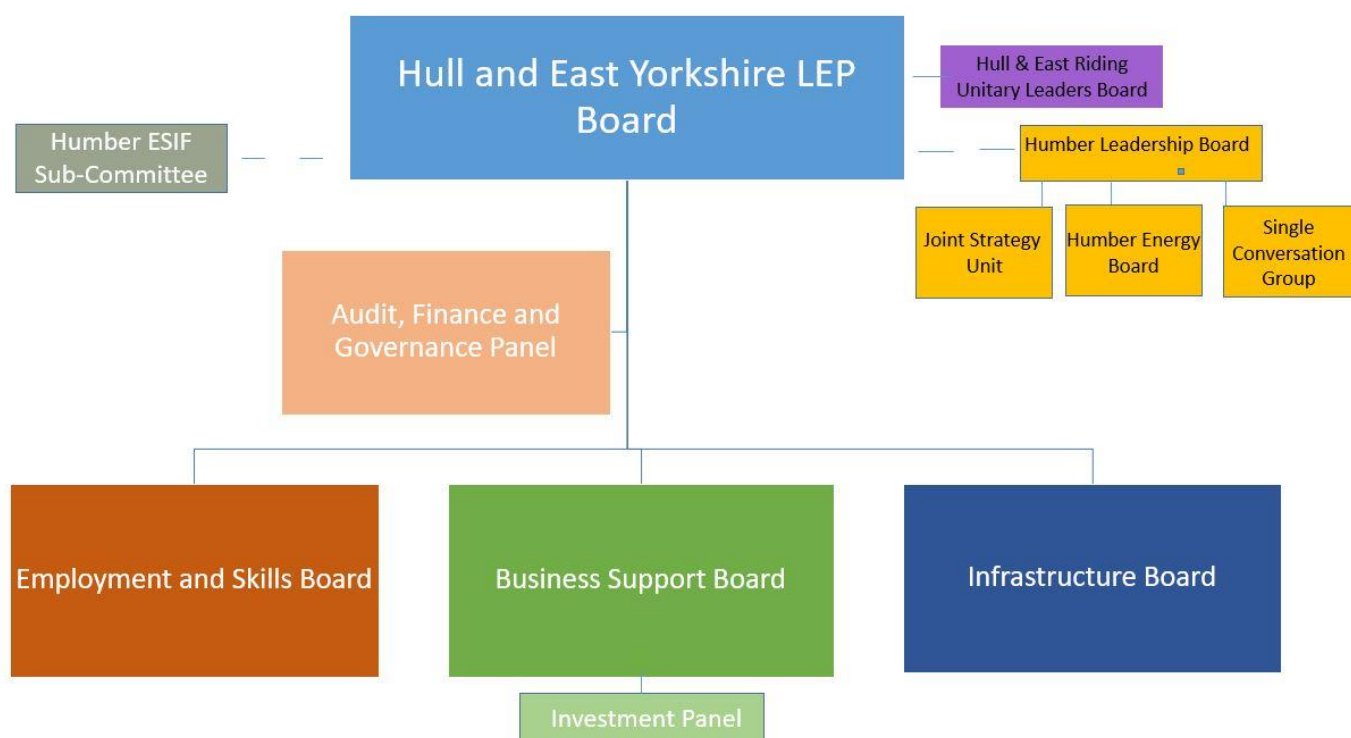
2.3.2 A proposed governance structure for the HEY LEP was presented to the Board for discussion and the following overall structure agreed provided at Figure 1.

2.3.3 The ultimate decision-making body of the LEP is its Board. The LEP Board has overarching responsibility for everything the LEP does, but in practice delegates sub-boards and working groups to do detailed work and make some decisions and recommendations.

2.3.4 The Hull and East Riding Unitary Leaders Board is made up of the Leaders and one Executive member each from Hull City Council and East Riding of Yorkshire Council. The Board considers, approves and implements decisions on the strategic themes and schemes limited to the geography of Hull and East Riding (“the North Bank sub-region”), including expenditure of external funding within the sub region on relevant activities. Where required, the Board receives reports from the Hull & East Yorkshire LEP and its Sub-boards / Groups as well as proposed constituent combined authorities and local authorities. They then refer any recommendations back to the originating body for further consideration, as appropriate.

2.3.5 The LEP Board works closely with the Humber Leadership Board, which is a Joint Committee of the four local authorities in the Humber formed in 2014 under the Local Government Act 2000 that has responsibility for pan Humber activities. Following the closure of the Humber LEP, some areas of work have been transferred to Hull and East Yorkshire LEP and to Greater Lincolnshire LEP (GLLEP). The Humber Leadership Board (HLB) will deal with agreed pan Humber issues. Both HEY LEP and GLLEP are members of the HLB.

2.3.6 There are a number of issues that I continue to be considered at the Humber level including the Humber Freeport, decarbonisation, offshore wind, green energy, hydrogen manufacturing, flooding, strategic marketing and environmental issues. The HLB has appointed a local authority to take the lead on each of these areas of work. There is agreement on how both LEPs manage any pan Humber issues that may emerge and regular meetings occur with both LEP Chairs and senior officers to ensure actions are dealt with efficiently.



**Figure 1: LEP Board and Sub-Board Structure**

2.3.7 Each of the four Sub-Boards is chaired by a main Board member, who reports to the Board on their activities. The Sub-Boards are accountable to the LEP Board for delivering their respective programmes of activity and for providing advice and recommendations on issues and projects which come within their remit – including on policy issues, project proposals, monitoring and delivery

2.3.8 A number of working groups are also in place to support the work of the Sub-Boards and have been developed in line with the Economic Strategy and key areas of responsibility has been agreed for each of the Sub-Boards. These are named according to Figure 2:

The following definitions offer a guide to how groups are named in the LEP. The terms of reference are the definitive definition of any group's role.

- **Sub-boards** – strategic lead on one or more objectives in the Economic Strategy, reporting to the main Board.
- **Panels** – take decisions or make recommendations on a specific funding programme or area of responsibility, reporting to a sub-board or LEP Board as appropriate. Final decisions may be referred elsewhere depending on the programme and any thresholds set.
- **Sub-groups, working groups, task and finish groups, project teams** – lead on developing and/or delivering a specific work-stream, reporting to a sub-board for approvals.
- 

### Figure 2: Nomenclature for the LEP's groups

2.3.9 Appendix 2 contains the draft terms of reference for the LEP Board and Investment Panel; the terms of reference for the Sub-Boards are in place and have been reviewed by the LEP's Audit, Finance and Governance Panel. These are maintained in an easily-accessible format on the HEY LEP's [website](#) where the list of members is published. The following table (Table 1) summarises the remit, membership, reporting line and financial responsibilities of each board/group:

**Table 1: Summary of Boards and Groups**

Board / Sub-Board / Group	Remit	Financial Responsibilities	Membership
LEP Board*	HEY Economic Strategy and sets priorities for funding within its remit; oversees the sub-boards and all aspects of the LEP's work	<ul style="list-style-type: none"> <li>• Makes decisions on the LEP's core operational budget</li> <li>• Makes decisions on programme-related issues</li> <li>• Makes recommendations to the Hull and East Riding Unitary Leaders Board to commit funding to future projects, after considering sub-board advice</li> <li>•</li> </ul>	Please see: <a href="https://heylep.com/board-page/hey-lep-board/">https://heylep.com/board-page/hey-lep-board/</a>
Employment and Skills Board*	Education, skills and training at all levels; engaging with and influencing schools, colleges, training providers and universities; careers education, information, advice and guidance; and unemployment support. Provides the role of Skills Advisory Panel in line with Department for Education Requirements	Makes decisions on operational funding such as the SAP research resource delegated to it by the LEP Board	This board consists of business members and education and skills providers representing university, college, independent training providers and schools. Job Centre Plus and MHCLG have an open invitation to observe. The two Local Authorities are also board members.
Business Support Board	Business support, access to finance, international trade, marketing HEY for trade and investment, business engagement, key sectors	Makes strategic recommendations on the Growth Hub programme and other business support programmes	This board consists of business representatives from a range of sectors plus employer representative bodies.

			The two Local Authorities II also sit on this board.
Infrastructure Board*	Infrastructure, such as transport, housing, energy, digital connectivity and flood defences; site development including Enterprise Zones; and regulation through statutory agencies	Monitors the delivery of legacy programme investments and Getting Building Fund.	This board I consists of business representatives with regular invites to statutory agencies.  The two Local Authorities also sit on this board.
Audit, Finance and Governance Panel*	Financial controls, risk management, financial statements, external audit, support the Chair of the Board in the recruitment, re-nominations and dismissal, remuneration, conflict of interest	Makes recommendations to the LEP Board including on remuneration of the chair and deputy chair.	This panel is chaired by an independent legal professional and currently has four members y; <a href="https://heylep.com/board-page/audit-finance-and-governance-panel/">https://heylep.com/board-page/audit-finance-and-governance-panel/</a> The Accountable body representative and the LEP Chair attend this meeting.
Investment Panel*	Business grant and loan applications	Makes decisions on applications as delegated to it by the LEP Board	<a href="#">Investment Panel » HEY LEP - Hull and East Yorkshire</a>

\* Denotes a role in the decision-making process for funding coming through the LEP, and therefore a Register of Interests is maintained (see Section 3.3)

## **2.4 Board members**

### **2.4.1 Board member role**

2.4.1.1 A role description and principal accountabilities for Board members is provided in the recruitment packs when recruiting new members. The principal accountabilities are:

- To identify and articulate Hull and East Yorkshire's economic growth opportunities or barriers to growth, developing cohesive strategies which contribute to the overall aims of the HEY LEP
- To assist in overseeing the performance management of the HEY LEP's key performance indicators, ensuring that public and private sectors are focused upon achieving its objectives through concentrating their 'main efforts' on its delivery
- To contribute to developing the HEY LEP's business and activities in line with best governance practice and guidance

### **2.4.2 Role of the LEP Chair**

2.4.2.1 The role description forms part of the recruitment pack for the Chair and is confirmed by the Board prior to any recruitment taking place. The principal accountabilities are:

- To be an effective advocate and champion for Hull and East Yorkshire
- To recruit to and support the Board for the Hull and East Yorkshire LEP
- To provide high quality leadership to the Hull and East Yorkshire LEP in setting the strategic direction for the economic growth of the region
- To build and manage national and local business and political relationships; to work collaboratively on all strategic priorities of the Hull and East Yorkshire LEP, particularly to deliver the Hull and East Yorkshire's Economic Growth and Workforce Wellbeing Strategy
- To provide leadership and direction to the Board and ensure that the Hull and East Yorkshire LEP is run in a transparent and equitable manner
- To collaborate on pan-Humber issues with partners and stakeholders
- 

### **2.4.3 Role of the Deputy Chair**

2.4.3.1 The role description forms part of the recruitment process for the Deputy Chair and is confirmed by the Board prior to any recruitment taking place. The principal accountabilities are:

- To act as a deputy to the HEY LEP Chair
- To be an effective advocate and champion for Hull and East Yorkshire
- To support the Chair in the recruitment and support of the Board for the Hull and East Yorkshire LEP
- To assist the Chair and Board in setting the strategic direction for the economic growth of the region
- To support the Chair to ensure that the Hull and East Yorkshire LEP is run in a transparent and equitable manner
- To collaborate on pan-Humber issues with partners and stakeholders

2.4.3.2 For the initial Board appointment, the Deputy Chair was appointed in line with the Chair and Board Member Recruitment Procedure. As outlined in the procedure, 'the Chair requires someone to deputise for them. Ordinarily, this appointment would be made from the existing Board. However, as the Hull and East Yorkshire LEP was new, the appointment was made in conjunction with the appointment of the Chair.' The current Deputy Chair was appointed on this basis.

#### **2.4.4 Recruitment procedures**

2.4.4.1 Members of the LEP Board and Sub-Boards (other than those representing partner organisations) are appointed through an open, transparent and non-discriminatory (see section on equality and diversity below) competitive process which assesses candidates on merit in the context of the skills and experience required for the Board/sub-board to be effective. By exception, members may also be co-opted on to the Board (up to 5 members on one-year terms) or sub-boards because of their specific knowledge or skills.

2.4.4.2 The LEP Chair is appointed through the same open process as other Board members. The business community is consulted widely and transparently before appointing the Chair; the Business Engagement Board (See Section 2.8) played a significant role in the recruitment of the current HEY LEP Chair. Should the need arise, an Interim Chair may be elected by the Board while the recruitment of the Chair takes place.

2.4.4.3 The Deputy Chair is appointed through the same process as the LEP Chair.

2.4.4.4 Representatives of partner organisations (on the LEP Board these are the Hull and East Riding of Yorkshire local authorities and the University of Hull) are nominated by their organisations.

2.4.4.5 Members of panels and working groups are appointed by the board/sub-board they report to, and will usually include members of that board/sub-board. Other members may be appointed through the same open process as Board members, nominated by partner organisations or co-opted because of their specific knowledge or skills.

#### **2.4.5 Terms of office**

2.4.5.1 LEP Board members (including the Chair and Deputy Chair) are appointed for terms of up to three years, which may be renewed for a further three years on the basis of satisfactory performance and attendance. The LEP Chair may serve an additional three-year term (nine years total) in exceptional circumstances if approved by the Board. The LEP Chief Operating Officer will be responsible for maintaining a register of LEP Board member terms of office and proposing review arrangements to the Board as the need arises.

#### **2.4.6 Induction and training**

2.4.6.1 All Board members have access to an induction programme, which includes a detailed induction pack and meetings with key individuals. This supports Board members to understand their roles, the role of the LEP, and explains how they can provide challenge and strategic direction.

2.4.6.2 LEP officers also take part in an induction programme, which includes an overview of the LEP, its role and key activities, and standard requirements relating to their employment drawing on the accountable body's good practice.

#### **2.4.7 Succession planning**

2.4.7.1 As set out above, appointments are made on an open, transparent and non-discriminatory process. However, succession planning helps to ensure that there is a good range of experienced candidates available.

2.4.7.2 The LEP undertakes this by using the sub-boards and other groups to enable individuals to gain experience of public life and providing strategic decision-making and advice in the LEP structure. To maintain organisational memory, the LEP will seek to time recruitment rounds so not all terms end at once, wherever possible.

#### **2.4.8 Member conduct**

2.4.8.1 Any individual involved in the LEP on a board, sub-board or any other group is required to sign up to and act in accordance with the LEP's [Code of Conduct](#), which incorporates the Nolan Principles.

2.4.8.2 Any member whose conduct falls short of the standards set out in the LEP's Member Code of Conduct may be dismissed from any or all of their roles in the LEP by a majority vote of the LEP Board. The member in question will not be allowed to participate in such a vote. This includes proven misconduct in a non-LEP role or illegal activity, such that the individual's continued membership of the LEP may bring the LEP into disrepute. In addition the AFG Panel will support the Chair of the Board in the recruitment, re-nominations and dismissal of Board members

2.4.8.3 Regular attendance at Board/sub-board/group meetings is an important part of being a member of one of these groups, but it is recognised that members are volunteers and do have other commitments. A good attendance record is especially important for LEP Board members, but there is scope for more discretion at sub-board and group levels. It is expected that members will consider withdrawing if they are regularly unable to attend so that their place may be taken up by someone else, but non-attendance may also be dealt with in the following ways:

- Three missed meetings in a row – the Chair or secretariat of the board/group may discuss the reasons for non-attendance with the member and report back to the board/group.
- Six missed meetings in a row, or a full 12 month period of absence – the Chair or secretariat of the board/group may discuss the reasons for non-attendance with the member and report back to the board/group. Unless there is a reasonable prospect of attendance improving in the near future, at this point the board/group may decide by majority vote to dismiss the member from their role.

## **2.4.9 Remuneration and expenses**

2.4.9.1 The Chair and Deputy Chair roles may be remunerated positions if decided by the Board. The Board will review this in advance of recruitment taking place. Other Board and sub-board members are not remunerated by the LEP.

2.4.9.2 The LEP Board will decide whether or not any Board members may claim out of pocket expenses in relation to their LEP duties. At the time of writing, only the LEP Chair and Deputy Chair are authorised to reclaim travel expenses in recognition of the significant amount of travel undertaken on the LEP's behalf and these will be authorised by the Chief Operating Officer and accountable body. Expenses will only be paid in line with the accountable body's expenses policy.

## **2.5 LEP Executive**

2.5.1 The LEP has a Chief Operating Officer and a staff team. The LEP Executive is supported by its constituent local authorities and other partners in day-to-day operations as well as by secondments. The staff of the LEP (except those on secondment) are employed by Hull City Council but are operationally independent. The LEP Chief Operating Officer reports to the Chair and the Board.

2.5.2 The LEP Executive ensures all members can access impartial advice and that the Board's decisions are implemented.

2.5.3 The [HEY LEP team](#) structure, areas of responsibility and contact details are published on the LEP website.

## **2.6 Decision-making in the LEP structure**

2.6.1 Decisions on allocating and committing most funding within the LEP's control or influence are made by the LEP Board, often on the recommendation(s) or endorsement of the sub board(s) which have a role in prioritisation and monitoring performance.

2.6.2 For proportionality and efficiency, Part B of the National Assurance Framework may not apply to every funding stream (for example to a small grants programme). A schedule will be appended to this document for each funding stream/programme under the LEP's control stating whether or not Part B will be

used, and if not what the alternative arrangements are. This Assurance Framework includes all of the information about funding flowing through the LEP to ensure that it is contained in one place for ease of reference and transparency.

2.6.3 The following paragraphs set out the cases where the LEP Board does not make the decisions on funding:

#### **2.6.3.1 Where decisions on funding are delegated to officers**

Officers in the LEP Executive have delegated authority to make day-to-day decisions on the LEP's core operational funding, within the context of the budget approved by the LEP Board, and the accountable body's scheme of delegation. This will also be reflected in the LEP's Scheme of Delegation. The accountable body's Contract Procedure Rules are followed, and records kept of decisions. Schedule 1 of this Framework covers the LEP's core operational funding.

#### **2.6.3.2 Where the final funding decision rests outside the LEP**

In some cases, the LEP Board has a role in the decision-making process but does not make the final decision to commit funding. For example, the LEP is sometimes invited to prioritise bids for submission to a Government department.

#### **2.6.3.3 Where funding decisions are delegated to a Sub Board of the LEP**

The LEP Board has the ability to allocate a proportion of its annual core operational budget for funding to support the sub-boards' activities (for example, commissioning research).

#### **2.6.3.4 Other funding decisions**

Any other delegation not covered above that the LEP Board may decide to make in future should circumstances arise would be reflected in the Scheme of Delegation and applicable terms of reference. This Framework would then be updated; however, it is intended that any major changes such as these to the Assurance Framework would be done on an annual basis.

### **2.7 Decisions outside of meetings**

2.7.1 Where necessary, the LEP Board, sub-boards and groups may take decisions outside of formal meetings (for example, on urgent matters), normally by email. The LEP's normal policies, including the Code of Conduct and Conflicts of Interest Policy, still apply when these decisions are made. If the decision involves funding covered by this Assurance Framework, the relevant provisions will still apply and a written report will be produced. The record of the decision, including which members participated and declared interests, will be published promptly on the LEP website along with the supporting documents.

### **2.8 The LEP's relationships with other entities**

2.8.1 Please refer to Figure 1 for further detail.

#### **2.8.2 Hull and East Riding Unitary Leaders Board**

2.8.2.1 The Hull and East Riding Unitary Leaders Board is made up of the Leaders and one Executive member each from Hull City Council and East Riding of Yorkshire Council. The Board considers, approves and implements decisions on the strategic themes and schemes limited to the geography of Hull and East Riding ("the North Bank sub-region"), including expenditure of external funding within the sub region on relevant activities. Where appropriate, the Board receives reports from the Hull & East Yorkshire LEP and its Sub-boards / Groups as well as proposed constituent combined authorities and local authorities. They then refer any recommendations back to the originating body for further consideration, as appropriate.

#### **2.8.3 Humber Leadership Board**

2.8.3.1 The Humber Leadership Board was established in 2014 to oversee economic plans and strategies which effect or impact in the operational area of the former Humber LEP and which are co-terminus with more than one of the administrative boundaries of the Councils.

2.8.3.2 Following the closure of the Humber LEP, some areas of work have been transferred to Hull and East Yorkshire LEP and Greater Lincolnshire LEP. The Humber Leadership Board (HLB) has been reorganised as a joint committee with membership comprising the Leader and one executive member from each of the four local authorities (Hull, East Riding, North and North East Lincolnshire). It has a specific role in facilitating cross-estuary working on four key themes (clean growth, ports, shared management of estuary assets and coordination of joint marketing for inward investment), as well as ensuring democratic and financial accountability for public funding streams allocated to the LEPs. Both HEY LEP and GLLEP are represented on the HLB in a non-voting capacity.

2.8.3.3 There are a number of issues that continue to be considered at the Humber level including the Humber Freeport, decarbonisation, offshore wind, green energy, hydrogen manufacturing, flooding, strategic marketing and environmental issues. The HLB has appointed a local authority to take the lead on each of these areas of work. There is agreement on how both LEPs will manage any pan Humber issues that may emerge and a basic construct will be put in place to ensure things run smoothly.

2.8.3.4 In some cases, the HEY LEP Board will make a recommendation which will be decided on by the Hull and East Riding Unitary Leaders Board (for example, where local authority functions are concerned or where shared risk is involved). In certain circumstances, decisions may be elevated to the Humber Leadership Board where it concerns pan Humber issues.

#### **2.8.4 Joint Strategy Unit**

2.8.4.1 This group, reporting to the Humber Leadership Board, comprises the four local authorities' Chief Economic Development Officers, representatives from the HEY and Greater Lincolnshire LEPs and BEIS Regional Assistant Director. A monthly meeting is held to discuss strategic economic development issues at a pan-Humber level.

#### **2.8.5 Single Conversation Group**

2.8.5.1 The Single Conversation Group (SCG) was established in 2013 by the former Humber LEP as a first-in-the-nation pilot to bring together key regional stakeholders involved in the planning and development process to discuss major projects and investments across the Humber. The group assists major investment projects through planning and development mechanisms to ensure they are delivered as effectively as possible by ironing out issues in the planning or consenting systems as quickly as practical. The HEY LEP is a member of this group at senior officer level.

2.8.5.2 The group, reporting to the Humber Leadership Board, is made up of representatives from the four local authorities, Hull, East Riding, North Lincolnshire and North East Lincolnshire, as well as a number of statutory agencies and utilities companies, including Highways England, the Environment Agency, Natural England, Yorkshire Water, Northern Powergrid, Homes England and is Chaired by the Department for Business, Energy and Industrial Strategy.

2.8.5.3 At a meeting of the Joint Strategy Unit on 3<sup>rd</sup> June 2021 it was agreed that the SCG would meet quarterly every two months to focus on strategic pan-Humber initiatives.

#### **2.8.6 Business Engagement Board**

2.8.6.1 The LEP has appointed the region's Business Engagement Board (BEB) as its main Advisory Partner from the private sector. The BEB acts as the voice of the region's business community and supports the HEY LEP Board as a key advisory partner. The BEB is a recognised forum in which the private sector can bring key economic issues to the HEY LEP Board's attention and ensure close collaboration between the LEP and businesses. The Board focuses on strategic business needs for the future of our region –including the key sectors for Hull and East Yorkshire, as well as pan-Humber issues (<https://heylep.com/board-page/business-engagement-board-advisory-panel/>)

## **2.8.7 North East and Yorkshire Energy Hub**

2.8.7.1 HEY LEP is one of six constituent regional LEP partners in the North East and Yorkshire (NEY) Energy Hub which is led by Tees Valley Combined Authority (TVCA) and brings together local authorities, businesses, organisations and communities to help achieve local energy goals.

2.8.7.2 The purpose of the Energy Hub is to support and accelerate the development of local and regional, low and zero carbon energy projects across 31 Local Authority boundaries, bring forward business cases that can attract investment in energy infrastructure, share best practice across a national programme, and develop a pipeline of innovative projects to support the region's clean growth agenda.

2.8.7.3 Further information is included in Schedule 7.

## **2.8.8 Humber LEP Area Local Sub-Committee for the European Structural & Investment Funds**

2.8.8.1 The Humber LEP Area Local Sub-Committee for the European Structural & Investment Funds (ESIF) programme in England provides advice to the Managing Authorities on the Humber's ESIF allocation. The LEP and local authorities are amongst the members. This committee reports to the Programme Monitoring Committee for the England Growth Programme and is not part of the LEP or local authority governance structures. The secretariat is provided by the Managing Authorities.

## **2.8.9 Humber Industrial Cluster Plan Steering Group**

2.8.9.1 The Humber Industrial Cluster Plan Steering Group was established to fulfil a core governance function for delivery of the Humber Industrial Cluster Plan. It is chaired by the HEY LEP as Lead Partner for the project and consists of senior representatives of each of the Partners to the Humber Industrial Cluster Plan (i.e. signatories to the Collaboration Agreement and net contributors to the project as agreed with and monitored by Innovate UK).

## **2.8.10 Humber Energy Board**

2.8.10.1 The Humber Energy Board was formed in January 2022 is charged with delivering a co-ordinated promotion of the strengths and assets of the local energy sector to a global audience, encouraging investment, as well as ensuring the region is able to communicate directly with Government on energy matters. This board reports to the Humber Leadership Board and its membership is drawn from Humber businesses in the energy sector, HEY and Greater Lincolnshire LEPs and Humber Local Authorities.

## **2.9 Relationship to other LEPs**

2.9.1 The LEP meets on a regular basis with Greater Lincolnshire LEP to discuss pan Humber issues with both Chairs, the HEY LEP Deputy Chair and senior Execs present. This partnership supports the work of the Humber Leadership Board, focusing on shared Humber priorities and ensuring alignment of activities and interventions including Humber legacy investments.

2.9.2 The LEP works with YNY LEP on any cross boundary matters, recognising that YNY has considerable experience and knowledge of the wider geography issues.

2.9.3 The LEP also works with its neighbours the Leeds City Region LEP and Sheffield City Region LEP on issues of common interest, such as European funding, Growth Hub delivery, skills etc. Joint working also takes places with other LEPs, including other Northern Powerhouse LEPs and LEPs with similar sectoral interests, for example through the NEY Energy Hub (see above).

2.9.4 The LEP is committed to collaborative working through the LEP Network and NP11 group of LEPs, and is actively involved through various working groups and peer review activities.

## **2.10 Equality and diversity**

2.10.1 The LEP recognises the value having a diverse population and business community brings to our region and economy, and believes this will help to secure our future prosperity. The LEP has a dedicated Equalities Champion and is committed to upholding the principles of equality and fairness in everything it does. The LEP wants to ensure that the boards and groups that support its work are made up of people from a variety of backgrounds which reflect the diversity of our population and business community.

2.10.2 Details of our approach can be found in the LEP's [Equality and Diversity Policy](#).

## **2.11 Quorum**

2.11.1 The quorum for LEP Board and sub-board meetings is 6 members who are eligible to vote. Decisions may not be made at meetings which are not quorate, but the members present may discuss any relevant matters on the agenda. The same quorum applies to decisions made by written procedures.

## **2.12 Data**

2.12.1 The LEP has put 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, supported by the accountable body. Hull and East Yorkshire Local Enterprise Partnership Ltd is a data controller registered with the Information Commissioner's Office. No data will be sold by the LEP for commercial purposes.

## 3.0 Transparent decision making

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### 3.1 Overview

3.1.1 The LEP acknowledges the importance of having clear arrangements in place which enable effective and meaningful engagement of local partners and the public. In addition, the LEP acknowledges the importance of having transparent practices in place which gives people confidence that decisions made are proper, based on evidence and capable of being independently scrutinised.

3.1.2 An annual statement from the LEP Chair and Chief Operating Officer on the status of the LEP's governance and transparency will be published on the LEP's website.

### 3.2 Approach to transparent decision making

3.2.1 The LEP is committed to transparency in its decision-making and activities, but also recognises that for it to operate effectively there are some circumstances in which it must maintain confidentiality, particularly where commercial sensitivities are involved. This may be where the LEP is aware that it holds "confidential information" under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 (where applicable). This includes:

- a. Information provided by a government department on terms which forbid the disclosure of the information to the public;
- b. Where disclosure to the public is prohibited by a court; or
- c. Where the LEP holds "exempt information" under Schedule 12A of the Local Government Act 1972. This includes information relating to an individual, relating to the financial or business affairs of a particular person, negotiations, labour relations, legal professional privilege and in connection to the investigation or prosecution of a crime.

3.2.2 The [Transparency page](#) on the LEP website provides quick links to the main sources of information likely to be of interest, and invites feedback on what the LEP publishes.

3.2.3 The LEP adheres, through its accountable body, to the Freedom of Information Act 2000 (FOIA) and Environmental Information Regulations 2004 (EIR). Requests can be made via the [contact form](#) on the LEP's website, by email or in writing. The LEP's Executive team responds to requests under the Acts, in accordance with the accountable body's policies and procedures (taking advice from the accountable body's specialists where necessary), to ensure that requests are dealt with in line with relevant legislation. Where a request relates to a specific programme which is managed by another accountable body, their own procedures will normally apply and the LEP's Executive team will assist where it is possible to do so.

3.2.4 In addition, the LEP and its accountable body will adhere to their duties under the Public Sector Equality Duty<sup>1</sup> and will have regard to these requirements when apportioning funding. The LEP's assessment process enables impacts on equalities and the environment to be recognised.

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<sup>1</sup> Public Sector Equality Duty, as section 149 of the Equality Act 2010  
<http://www.legislation.gov.uk/ukpga/2010/15/section/149>

### 3.3 Managing and recording potential conflicts of interest

3.3.1 As per the LEP's [Conflicts of Interest Policy](#), a Register of Interests is published on the LEP's website for each Board, sub-board and panel member. These are required to be updated annually, and the LEP Executive will also request members to check their registers remain valid at the six-month point. Should any changes occur before the annual refresh or six-month review, members are responsible for submitting a revised form within 28 days of the interest arising. As required, the LEP has adopted the model form provided by HM Government. This is signed by the LEP Chief Operating Officer e to confirm receipt. The accountable body's Section 151 Officer is also provided with copies of all forms.

3.3.2 The LEP Executive adopts a proactive and rigorous approach and guidance is provided to members on the types of interest they should declare. All members are required to declare any interests relating to specific agenda items at every meeting and these are recorded in the minutes. Members with interests are not entitled to participate in discussions or votes, but may be allowed to remain in the meeting at the discretion of the chair. The action taken at the meeting in response to the interest (for example if a member was required to leave the room/virtual room) is recorded in the minutes.

3.3.3 Senior members of staff and those involved in advising on decisions are also required to complete the model Register of Interests form (in addition to the accountable body's form for employees), and declare any interests at meetings.

### 3.4 Publication of Board, sub-board and sub-group information

3.4.1 The LEP Board has a dedicated page on the LEP website which explains their role and who they report to, lists their members and meeting dates, and links to their terms of reference and register of interests. The same will be put in place for Sub-boards as and when they are formally established. These pages are updated promptly when changes occur, and reviewed at least annually.

3.4.2 The LEP has led the way in publishing minutes and papers, and remains committed to maximum transparency of Board and sub-board proceedings.

3.4.3 Publication is as follows:

	Meeting dates	Agendas and papers	Minutes and decisions	Declarations of interest
<b>LEP Board and sub-boards</b>	Published as soon as set – usually around a year in advance. Updated if changed.	Agenda and full papers, excluding any exempt papers, published 5 working days before the meeting.	Draft minutes published within 10 working days of the meeting. Approved minutes published as soon as approved (usually at the next meeting). Decisions outside of meetings published promptly.	Recorded in minutes. Any new declarations will be added to the Register of Interests within 28 days.

3.4.4 The lead officer for each board/sub-board is responsible for determining whether any documents are exempt from publication. The assumption is in favour of publication, unless there are clear reasons for exemption under the Local Government Act 1972 or Freedom of Information Act 2000, as interpreted in the accountable body's constitution. The accountable body provides advice where required. The reasons for exemption will be set out on the document and its confidentiality will be clearly indicated to members. All confidential documents and decisions, and both the original and any redacted versions of documents, will be retained.

3.4.5 The Cities and Local Growth Unit Area Lead for Hull and East Yorkshire is provided with copies of Board papers and has an open invite to attend Board meetings as an observer.

### **3.5 Strategy development and reporting progress**

3.5.1 The HEY LEP launched its Economic Growth and Workforce wellbeing strategy in February 2022. The new strategy sets out an exciting vision for the region and identifies the key areas of joint activity required to achieve this.

3.5.7 The LEP will report annually on the delivery of its strategy and key activities in an Annual Review document. This is launched at an Annual General Meeting (AGM), published on the LEP's website, publicised in the local media and sent to key stakeholders. The AGM is open to the public to attend and ask questions, and is widely promoted.

3.5.8 The LEP also publishes an annual Delivery Plan; for 23/24, this was signed off in draft at the November 2022 LEP Board meeting. The current edition sets out the key actions that will take place in 2022/23 as the LEP is further developed and it continues to deliver a range of programmes which support the economic growth of the HEY LEP region.

3.5.9 The Humber Estuary Plan focuses on issues that have a pan-Humber resonance. The delivery of the Humber Estuary Plan has now become the responsibility of the Humber Leadership Board. As a member of this Board, the HEY LEP and GLLEP will support relevant activities to ensure that agreed outcomes are achieved.

### **3.6 Information about projects and programmes**

3.6.1 The LEP's website provides easy access to more detailed information about projects and programmes the LEP has supported through a [dedicated portal](#). This includes the current approval and delivery status, forecast start/end dates, financial allocations, location, project sponsor and (for Enterprise Zones) land owner. It also includes the publication of summary monitoring information, as well as a pipeline of potential future projects aligned to the LEP's Economic Strategy.

3.6.2 Visitors can map and filter projects to see which are nearby or of most interest to them. Schemes are also categorised so users can see at a glance, for example, which are associated with the Local Growth Fund, Getting Building Fund, Enterprise Zones or European Structural and Investment Funds.

### **3.7 Financial information**

3.7.1 Accounts for Hull and East Yorkshire Local Enterprise Partnership Ltd are published by Companies House and linked to from the LEP's website. The LEP's accountable body is also required to publish its accounts, which includes funding received on behalf of the LEP.

3.7.2 In addition to this, the LEP will publish a financial statement each year within its annual report. This will include:

- 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 (loans, equity, guarantees and quasi-equity);
- The total amounts committed to suppliers to purchase goods, works or services; and
- The total amounts incurred in running the LEP (for example salary costs, lease payments and expenses).

3.7.3 The LEP's accountable body also publishes all expenditure data from 1 penny up. This will be linked from the LEP's website.

### 3.8 Local engagement

3.8.1 The LEP uses multiple channels to engage effectively with local stakeholders (public, private, voluntary and community and the general public), both on a continuing basis and to inform specific pieces of work (such as the development of economic strategy). Any local business, resident and organisation is able to get involved. Examples of the LEP's current and future engagement activities include:

- Formal and informal **consultations** and **calls for evidence**
- The LEP's **AGM**, an open event where attendees will be able to hear from LEP Board members about the LEP's work, ask questions and take part in discussion. This includes the presentation of the LEP's Annual Report.
- The LEP's **Business Engagement Board** (Advisory Panel)
- Meetings with local **business membership organisations**.
- Regular meetings with **banks and accountancy firms** to discuss access to finance.
- A range of **working groups** to support the sub-boards' work.
- Regular **newsletter**, **social media** and **website** updates.
- **Surveys** on various issues.
- The LEP's **Skills Network**, an open forum to discuss skills and employment related activity
- LEP Board members and members of the Executive team regularly **speak at local events**, such as those organised by business membership organisations.
- The **local media** regularly cover the LEP's work
- Attendance at **local authority scrutiny meetings**, which are open to the press and public.

### 3.9 Proposing and prioritising projects

3.9.1 The HEY LEP is committed to maximising its impact by finding or commissioning, enabling, developing and funding the best projects. Openness and competition are at the heart of this approach. The HEY LEP's Economic Growth and Workforce Wellbeing Strategy, together with the economic development plans of the two local authorities, provides the context, rationale and up-to-date evidence base for project and programme development.

3.9.3 Application forms and guidance are published with clear deadlines and contact information. The LEP encourages early confidential discussion with the LEP Executive about project ideas so it can help organisations decide which funding route is most suitable, and avoid them undertaking unnecessary work.

3.9.4 For some funding opportunities, such as business grant programmes, the LEP Executive and any delivery partners may offer road-shows or clinics to encourage organisations to develop proposals and provide technical advice on the application process. However, this does not extend to supporting the development of proposals; strict "ethical walls" are enforced to ensure that officers and board members involved in developing a project are not involved in its assessment.

3.9.5 The decision-making process and criteria for each call, as set out in this Assurance Framework, is also included in the guidance. This will often include at the appropriate stage review by a panel with relevant specialist knowledge and/or the LEP's external appraiser to ensure decisions are fair and robust.

3.9.6 More details on how projects are appraised, prioritised and approved are provided in Appendix 3.

### 3.10 Government Branding

3.10.1 The LEP commits to meet Government branding guidelines for projects. Conditions relating to this are included in project funding agreements.

### 3.11 Maximising Social Value

3.11.1 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 and environmental impacts and indirect benefits. LGF and GBF funding agreements also place responsibilities on the delivery organisation

3.11.2 The LEP and accountable bodies considers how procurement improves the economic, social and environmental well-being of the Hull and East Yorkshire area and how such improvements might be secured in the procurement process itself.

## 4. Accountable decision making

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### 4.1. Overview

4.1.1 As set out in the National Local Growth Assurance Framework, the HEY LEP is responsible for developing and maintaining the HEY Economic Growth and Workforce Wellbeing Strategy and determining its key strategic priorities.

4.1.2 Democratic accountability for the decisions made by the LEP is provided through the local authority leader representation on the LEP Board (in their representative capacity), with accountability to the business community flowing through business leaders. As with other LEPs, the HEY LEP operates through accountable bodies.

4.1.3 The complementary roles of both parties – the financial responsibilities of the accountable body's Section 151 Officer and the leadership role and accountabilities of the LEP – are supported by a set of agreed systems and practices. These practices/systems support both the Section 151 Officer role in ensuring proper, transparent decisions which deliver value for money but also support timely, informed decision making by the LEP.

### 4.2 Accountable body arrangements

#### 4.2.1 The accountable body

4.2.1.1 The accountable body for the LEP is Hull City Council. Hull City Council (through its Section 151 Officer) is accountable for ensuring that grant income received, payments out and any applicable repayments are accounted for and administered correctly (this will fall under the annual audit of Hull City Council's accounts).

4.2.1.2 The accountable body carries out the following functions on behalf of the LEP:

- A finance function: involving holding public funds paid by Government on behalf of the LEP;
- An oversight function: ensuring public funds are handled in line with the relevant procedures and grant conditions and that funds are used with propriety, regularity and deliver value for money. This includes an oversight function of processes such as LEP governance and transparency arrangements, compliance with the Framework and agreement on scrutiny arrangements, to ensure that the checks and reporting requirements of the Section 151 Officer are met; this includes retaining appropriate documentation on decisions around funding. The Accountable Body is also responsible for escalating concerns around non-delivery and/or miss-management
- A support function: providing technical advice on the relevant law discussing risks associated with pursuing a particular course of action for the LEP Board to consider, drafting funding agreements and contracts if the LEP Board chooses to proceed.

#### 4.2.2 Implementation of accountable body arrangements

4.2.2.1 The LEP's accountable body arrangements are in line with CIPFA's guidance on the role of the Section 151 Officer.

4.2.2.2 The S151 Officer delegates day to day support to the Finance Business Partner, who provides financial advice and support to officers and relevant board, Sub Board and panel members. The S151 Officer is responsible for signing off programme funding decisions and agreements and reports to the LEP Board where appropriate.

4.2.2.3 Joint meetings between the LEP and Accountable Body take place regularly and as and when needed basis and include the LEP Chief Operating Officer and Programme Leads, Hull City Council Regeneration, Finance, HR, Legal and Audit leads as required.

4.2.2.4 The Director of Regeneration leads on the relationship on a daily basis between the Accountable Body and the LEP, ensuring that the LEP can operate in an autonomous way whilst the Council provides support, knowledge and experience to the LEP. The Leader of Hull City Council attends all LEP Board meetings, supported by the Chief Executive and provides any necessary guidance to ensure any decisions are in accordance with this framework and the role and function of the LEP and Accountable Body. The Director of Regeneration acts as a substitute if the CEO is unable to attend. S151 Officer also attends where relevant, at least once per year.

4.2.2.5 Delegated officers work as part of the joint programme management team with the LEP.

4.2.2.6 The use of resources is subject to the usual local authority checks and balances, including the financial duties and rules which require councils to act prudently in spending, which are overseen and checked by the Section 151 Officer of the accountable body.

4.2.2.7 This assurance framework confirms that the accountable body for the Local Growth Fund and Getting Building Fund is Hull City Council and that GBF Funding was paid via a section 31 grant determination to Hull City Council. The proper use and administration of this funding is set out in the grant funding letter/agreement, this assurance framework and the wider implementation plan.

4.2.2.8 Hull City Council as the accountable local authority for the LEP :

- ensures decisions and activities of the LEP conform with all relevant law (including State Aid and public procurement) and ensure that records are maintained so this can be evidenced;
- ensures that the funds are used in accordance with the conditions placed on each grant;
- ensures that this Assurance Framework is adhered to;
- maintains the official record of LEP proceedings and hold copies of all relevant LEP documents relating to the Local Growth Fund, Getting building Fund and other funding sources received from Government funding, ensuring a robust audit trail is available to demonstrate compliance;
- assumes responsibility for the decisions of the LEP in approving projects (for example if subjected to legal challenge);
- ensures that there are arrangements for local audit of funding allocated by the LEP at least equivalent to those in place for local authority spend.

4.2.2.9 The principal local checks on regularity and propriety within the lead local authority are:

- clarity about who is accountable for resources;
- the set of financial duties and rules which require local authorities to act prudently in their spending;

- internal checks that the rules are followed through the duties on the Section 151 Officer of the Council, and external checks by an independent auditor;
- transparency through publication of annual accounts once approved and all spending over £500 every month (currently this requirement is exceeded and all spending of 1p or more is published).

4.2.2.10 Hull City Council would not comply with a LEP decision if:

- The decision did not comply with its Financial Regulations
- The decision would lead to the available budget being exceeded
- The decision was unlawful
- The decision did not comply with the requirements of this assurance framework
- The decision committed funds to a project that was reliant upon unproven future funding (without a full risk assessment - which includes the views of the potential source of funding)

4.2.2.11 In such circumstances, the accountable body will discuss with the LEP the possibility of any amendments or corrections being made in order to address the problem. Where it is not possible to achieve consensus on a way forward, the matter will be referred to a dispute resolution process.

4.2.2.12 Spend on the Local Growth Fund and Getting Building Fund is subject to annual audit, with the accountable body's Head of Internal Audit ensuring adequate independent audit arrangements are in place for each project. Projects and programmes with other accountable bodies are audited according to their requirements.

4.2.2.

### **4.3 Expenditure on lobbyists**

4.3.1 The LEP follows the principles that apply to Government and local authorities, which prevent public expenditure being incurred in retaining lobbyists to influence public officials, Members of Parliament, political parties or the Government to take a particular view on any issue. Where the LEP has specific concerns or points to put across to Government, it does so by talking directly or writing to officials or Ministers.

### **4.4 Independent scrutiny**

4.4.1 Independent scrutiny of the LEP provides checks and balances in the operation of the partnership, providing an opportunity for councillors and stakeholders to hear about the work of the LEP and ask questions about its priorities and activities. Scrutiny is both formal and informal:

- Formal scrutiny is provided through Hull City Council and East Riding of Yorkshire Council's scrutiny committees. The LEP Chair, Chief Operating Officer and senior officers make an open offer to attend these whenever requested, and the LEP aims to go to each committee at least once per year. Local authority portfolio holders and officers will also pick up LEP activities in their reports where relevant. Meetings are open to the press and public.

The LEP will advertise and record its attendance at scrutiny committees on its website and link to minutes when published.

- Informal scrutiny is provided through the LEP's engagement activities – particularly the LEP AGM, and through its Audit, Finance and Governance Panel. This is in addition to attending the councils/committees of local business membership organisations. The LEPAGM and Skills Network are open to all.

4.4.2 An update on scrutiny arrangements is provided in the annual performance review statement from the LEP Chair and Chief Operating Officer.

4.4.3 Arrangements for scrutinising specific proposals are separate to this and are detailed in Part B.

## **4.5 Audit arrangements**

4.5.1 The LEP and accountable body agree an annual internal audit plan through the LEP's Audit, Finance and Governance Panel. This complements the accountable body's own arrangements for internal and external audit of its accounts, which include LEP funds.

4.5.2 The internal auditors of the accountable body provide assurances to both the LEP Board and the Section 151 Officer. Recommendations are reported back to the Audit, Finance and Governance Panel and the LEP Board.

## **4.6 Feedback and Complaints Policy**

4.6.1 The LEP's [Feedback and Complaints Policy](#) is published on the LEP's website with contact details, including how to make a confidential complaint.

### **4.7 4.6.2 The named contact for confidential complaints is the LEP Chief Operating Officer**

## **Whistleblowing Policy**

4.7.1 The LEP has a [Whistleblowing Policy](#) for Board/sub-board/working group members, partners and contractors.

4.7.2 Concerns raised under the Whistleblowing Policy will be investigated following the procedure set out, and notified to the LEP's accountable body and HM Government's Cities and Local Growth Unit. Contact details for both organisations are provided in the policy.

4.7.3 LEP staff are covered by the accountable body's Whistleblowing Policy.

## **4.8 Reporting to Government**

4.8.1 The LEP reports on progress to Government through regular programme-specific monitoring, and an "Annual Performance Review" which covers all programmes and this Assurance Framework.

# 5. Part B: Programme Development and Management

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## 5.1. Introduction

5.1.1 This part of the Framework sets out how the LEP identifies, prioritises, assesses and commits funding to projects.

5.1.2 At the time of writing (November 2022) the HEY LEP is not anticipating any new funding streams requiring the development of new programmes being agreed with government. However should the need arise, the LEP will draw on the process established and applied to existing live and legacy programmes including Local Growth Fund and Getting Building Fund. For some funding streams, the approach set out would be disproportionate so simplified arrangements are instead described in the relevant Schedule of the Framework.

## 5.2. Process and principles

5.2.1 The process for how the LEP identifies, prioritises, assesses and commits funding to projects is guided by the HM Treasury “5 cases” methodology and will be updated to reflect changes following the Treasury Green Book review.

5.2.2 The full decision making process is described in Appendix 3

## 5.3. Programme management, monitoring and reporting

5.3.1 The HEY LEP has ongoing responsibility for the ongoing management, monitoring and reporting of a number of live and legacy programmes transferred from the Humber LEP to the HEY LEP on 1<sup>st</sup> April 2021.

5.3.2 An identification and overview of the responsibilities for live and legacy programmes is outlined below. The detailed arrangements for management, monitoring and reporting of individual programmes are described in the relevant Schedule.

## 5.4. Live programmes

### 5.4.1 Growing Places Fund

5.4.1.1 The Humber LEP previously received in February 2012, capital funding of £8,097,724, funds which are held by Hull City Council as accountable body. The Growing Places Fund was designed to support key infrastructure projects designed to unlock wider economic growth, create jobs and build houses in England through providing access to low cost finance, especially where development had been stalled or delayed due to instances of prior lack of investment in infrastructure or land assembly through market or the planning process.

5.4.1.2 From this funding, the Humber LEP developed the Business Loan Fund programme which has been administered almost unchanged and without break since its inception. The current Business Loan Fund programme is described in full in Schedule 2

5.4.1.3 Following the transfer of the programme and full funds to the HEY LEP, the fund remains open to applications on the existing basis. The HEY LEP Board is required to formally agree the use for existing and recycled funds.

## **5.4.2 Getting Building Fund**

5.4.2.1 The Getting Building Fund programme ran until 31<sup>st</sup> March 2022 at which point the programme was financially complete with ongoing monitoring requirements after this point. The programme was strategically established with alignment to the HEY geography in anticipation of the transition.

5.4.2.2 The programme is described in full in Schedule 4.

## **5.5 Legacy programmes**

### **5.5.1 Local Growth Fund**

5.5.1.1 The Humber's LGF programme ended on 31<sup>st</sup> March 2021 with a small number of projects slipping final delivery into 201/22 and ongoing monitoring of output delivery required. To avoid the complexity of novating funding agreements, these remained with the accountable body, with the accountable body retaining the associated risk. However, due to the geographical changes, some responsibilities for ongoing monitoring of delivery was passed to Greater Lincolnshire LEP, with the rest being inherited by HEY LEP.

5.5.1.2 Programme-related issues on the south bank have been discussed extensively with GLLEP and its accountable body before and after the transition to HEY LEP and in consultation with the Cities and Local Growth Unit. The final proposed agreed position is as follows:

5.5.1.3 HEY LEP will be responsible for monitoring legacy Humber LEP projects on the north bank in line with current arrangements.

5.5.1.4 Projects delivered in North and North East Lincolnshire fall into three categories:

- Financially and physically complete with all outputs achieved - no further monitoring is required by either HEY LEP or GLLEP.
- Financially and physically complete with outputs yet to be achieved – GLLEP will accept responsibility for ongoing monitoring once all audits and variations are agreed and completed.
- Pending financial and physical completion - responsibility will remain with the accountable body and HEY LEP team until financial and physical completion, at which point responsibility for ongoing monitoring will be accepted by GLLEP.

### **5.5.2 Humber Enterprise Zone**

5.5.2.1 Enterprise Zone sites offered a financial incentive to occupiers funded by central Government (either discounted business rates for five years up to De Minimis, or Enhanced Capital Allowances). In the Humber these benefits elapsed for all Enterprise Zones at the end of the 2020/21 financial year. However many of the sites are subject to business rates retention, meaning that the billing authority can retain the uplift in business rates for a 25-year period. The retained rates are spent on LEP priorities. Since the establishment of the HEY LEP, all monitoring and reporting requirements for North and North East Lincolnshire have transferred to the Greater Lincolnshire LEP with responsibility for Hull and East Yorkshire retained by the HEY LEP.

## 6 Appendices

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# Appendix 1: References to other documents

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The documents listed below are referenced in this Framework and may be referred to for additional information. Web links are provided where documents are available online as of June 2021.

## A1.1 HEY LEP Governance

[Audit, Finance and Governance Panel Terms of Reference](#)

[Investment Panel Terms of Reference](#)

[Board/sub-board/panel memberships, minutes, meeting dates \(published as and when available\)](#)

[Board/sub-board/panel agendas and papers](#)

[Feedback and Complaints Policy](#)

[Conflicts of Interest Policy](#)

[Scheme of Delegation](#)

[Register of Interests](#)

[Code of Conduct](#)

[Whistleblowing Policy](#)

Hull and East Yorkshire Local Enterprise Partnership Ltd membership, directors, annual returns and accounts are available from [Companies House](#)

## A1.2 Other HEY LEP documents

[HEY LEP Delivery Plan](#)

[HEY LEP team](#)

More detailed information on projects and programmes supported by the LEP is available through a [dedicated portal](#)

## Accountable body documents

Contract Procedure Rules

[Decision records](#)

## A1.3 HEY LEP programme documentation

Application forms and guidance (available on the LEP's website during windows for submission)

Criteria against which projects are identified

Funding agreements

Claims and monitoring documents

## **Government guidance**

[National Local Growth Assurance Framework](#)

[LEP Best Practice Guidance](#)

[Local Government Transparency Code](#)

[HM Treasury “5 cases” methodology](#)

[DfT guidance on the need for and preparation of Transport Business Cases \(January 2013\)](#)

[Multi-Coloured Manual \(flood alleviation schemes\)](#)

[GRIP process \(rail schemes\)](#)

# Appendix 2: Terms of reference and memberships

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This appendix provides the draft terms of reference and membership criteria of the LEP Board, Audit, Finance and Governance Panel and Investment Panel. They will be updated in this appendix when the main body of the Framework is substantively changed. Up-to-date information is provided on the LEP's [website](#). The TOR for the remaining four sub-boards will be included by Sept 2021.

## A2.1 HEY LEP Board

### A2.1.1 Terms of Reference

The Terms of Reference of the HEY LEP Board were agreed at the board meeting of the 21<sup>st</sup> July 2021.

## A2.2 Audit, Finance and Governance Panel

### A2.2.1 Draft Terms of Reference

#### Roles and Responsibilities

1. To monitor the integrity of the financial statements of the HEY LEP (referred to as the organisation) and any formal reports and announcements relating to the organisation's financial performance, having reviewed any significant financial reporting judgements contained in them.
2. To review the organisation's internal financial controls and risk management systems as provided by the Accountable Body.
3. To monitor and review the effectiveness of the organisation's internal audit function as provided by the Accountable Body.
4. To make recommendations to the Board, in relation to the appointment of an external auditor and to approve the remuneration and terms of engagement of such resource.
5. To determine and agree with the Board the organisation's remuneration philosophy and the principles of its remuneration policy, ensuring that these are in line with the LEP strategic objectives, values and long term interests of the organisation and comply with all regulatory requirements.
6. To determine the principles for the calculation of and recommend any remuneration packages for the Chair and Deputy Chair of the Board, if applicable for subsequent approval by the Board.
7. To work with the Chair of the Board to manage any Board performance evaluations.
8. To support the Chair of the Board in the recruitment, re-nominations and dismissal of Board members.
9. To determine any conflicts of interest, which may occur within the LEP Board that cannot be satisfactorily resolved by the Chair of the Board.
10. To review and/or make recommendations on any other matters referred to the Panel by the Board.
11. To report to the Board on the proceedings of the Panel after each meeting, making the minutes of the meeting available to Board members.

#### Membership

- The Chair and the members of the Panel will be appointed by the Board.
- The Chair of the Panel will be an independent non-executive member.
- The Panel will include at least two independent non-executive members in addition to the Chair of the Panel.

- The Board may appoint up to two LEP Board members to the Panel.
- The Chair of the HEY LEP may be a member of the Panel, but not chair the Panel and will not take part in any discussions relating to the Chair's remuneration.
- The quorum for the meetings shall be two independent, non-executive members, provided they represent a majority over the LEP Board members.
- Non-Executive members must comprise the majority of the membership of the Panel and at meetings and in any voting, which may take place.
- Appropriate resources including induction on appointment and technical information will be made available to Panel members to develop knowledge and expertise to ensure that members have the relevant skills and experience.

#### Attendees and meetings

- Meetings will take at least three times a year.
- The Panel may invite the Chief Operating Officer or other LEP Executive, and a representative from the Accountable Body to attend all or part of a meeting.

The Panel will be managed via high standards of governance, for further details go to [Assurance, governance and transparency » HEY LEP - Hull and East Yorkshire](#)

## **A2.3 Investment Panel**

### **A2.3.1 Draft Terms of Reference**

The draft Terms of Reference of the Investment Panel are:

1. To develop and agree processes for administering business support initiatives funded by Humber LEP
2. To consider and assess funding applications to the HEY LEP, including the consideration of external due diligence as appropriate
3. To approve or decline applications under the scheme of delegation agreed by the LEP Board (e.g. Growing the Humber) and to make recommendations to the main LEP Board for schemes that need LEP Board approval (e.g. Growing Places Fund).
4. To monitor spend and outcomes of the projects and to report on progress to the Business Development Board and LEP Boards

# Appendix 3: Decision making process

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## Appraisal and prioritisation

### A3.1 Introduction

This Appendix sets out how the LEP has identified, prioritised, assessed and committed funding to projects in the past and how it would do so should future funding be allocated to the LEP for similar purposes. It applies to the LEP's legacy and live Investment Programmes (Local Growth Fund, Getting Building Fund and some other funding streams), but not all funding flowing through the LEP. For some funding streams, the approach set out here would be disproportionate so simplified arrangements are instead described in the relevant Schedule of the Framework.

The National Local Growth Assurance Framework contains specific guidance for LEPs on transport schemes. The following includes explicit reference to how the LEP responds to these requirements and covers all transport schemes, regardless of how they are funded. For these purposes a "transport scheme" is defined as any scheme that significantly changes the transport network infrastructure, whatever its objectives.

### A3.2 Rationale for projects

A prerequisite for any scheme is demonstrating how it contributes to the delivery of one or more Economic Plan objectives. However, schemes must go further in demonstrating *why* they are needed. This could include, for example, evidence of market failure or evidence of a new growth opportunity. The requirements will be detailed in the guidance for each call and may be varied by the LEP over time to ensure the portfolio of projects is spread widely enough amongst the LEP's objectives. The requirements flow from the HM Treasury "5 cases" methodology, which states that business cases can be broken down into five different aspects which are interconnected but distinct:



Figure 1: The 5 cases

The LEP's role in planning and developing activity means it may set out (with evidence) the "need" for projects of a certain type, such as in its strategies and in research and evaluation it commissions. It may also go further in calling for projects that specifically meet certain parameters, or commission delivery partners to develop proposals that address particular objectives (as set out in the Economic Strategy). This does not detract from the requirement for projects to go through the appraisal and decision-making process outlined in this chapter and detailed in the following chapters.

Projects are encouraged to use standard methodologies to calculate wider impacts, rather than their own, so that information is robust and comparable. Where applicable, value for money and other requirements will be aligned with existing guidance and accredited methodologies for common co-funders (e.g. Department for Transport, Defra/Environment Agency flood risk "Multi Coloured Manual"). However, any weighting of criteria will be a matter for the LEP and may differ from national practice according to the local priorities set out in the Economic Strategy. Criteria, and any weighting of criteria, are published on the LEP's website as part of the application guidance.

To support the LEP's decision-making, economic data and economic intelligence are regularly reviewed, as is progress against the LEP's priorities. This provides context to support decisions on projects and information on where gaps may need to be filled. Research commissioned by the LEP is published on its website (unless it is commercially confidential) and links are provided to the latest economic data.

### A3.3 Stages of project development and approval

Figure 2 illustrates the high-level phases for projects seeking funding from the LEP, and the key gateways they must pass through:

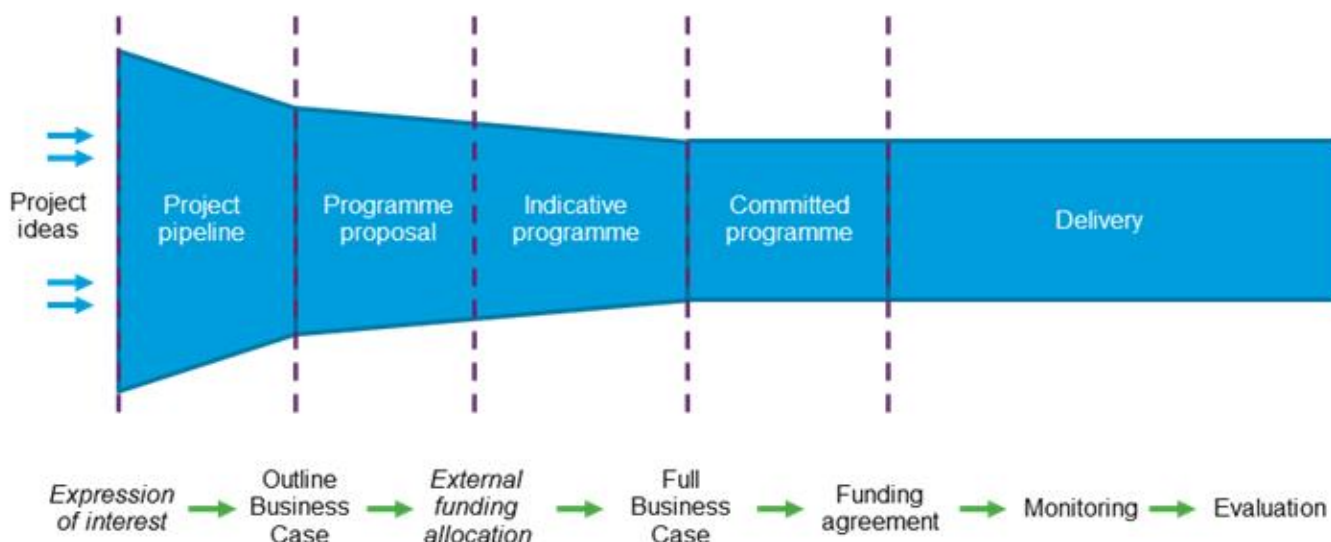


Figure 2: Project phases

The phases align with those used by the Department for Transport (DfT), but are applicable to any type of project. The DfT advocates a three stage process that starts with a Strategic Outline Business Case (SOBC), followed by the Outline Business Case and then the Full Business Case<sup>2</sup>. In the LEP's process, the SOBC is called an Expression of Interest.

The phases are summarised in the table below.

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/85930/dft-transport-business-case.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85930/dft-transport-business-case.pdf)

Table 1: Project phases and key documents

Phase	Key documents
<p><b>Project pipeline</b></p> <p>Projects (which could have been proposed by partners or the LEP) that the LEP would in principle like to happen and would consider allocating resources to at some point in the future, subject to resources being available and the project meeting the necessary criteria.</p>	<p><b>Expression of Interest (EOI)</b></p> <p>Form used by organisations to submit their project ideas to the LEP. Acceptance into the pipeline is subject to satisfactory assessment of the EOI, usually as part of a competitive process.</p>
<p><b>Programme proposal</b></p> <p>A selection of projects being put forward for a provisional allocation of funding. If the funding is not in the LEP's control, this could be a bid by the LEP in its own right or on behalf of partners</p>	<p><b>Outline Business Case (OBC)</b></p> <p>Form used by project sponsors to submit a greater level of detail about their project, which should now be further developed and clearly deliverable. Inclusion in the proposal is subject to a satisfactory assessment and the likely availability of resources, and will usually be a competitive process.</p>
<p><b>Indicative/allocated programme</b></p> <p>Projects which have been provisionally allocated resources by the LEP (following an allocation from e.g. Government where applicable), and are therefore expected to happen.</p>	<p><b>Funding confirmation to the LEP</b></p> <p>Where applicable, a written confirmation of funding to the LEP from e.g. Government. This may be allocated to specific projects, and may not necessarily be to all projects put forward in the proposal.</p> <p><b>Funding confirmation to project sponsors</b></p> <p>Written confirmation of provisional funding allocations to project sponsors by the LEP.</p>
<p><b>Committed programme</b></p> <p>Projects which have had final approval of resources by the LEP (and in some instances the Humber Leadership Board) and the accountable body.</p>	<p><b>Full Business Case (FBC)</b></p> <p>Form used by project sponsors to submit final details of their project for assessment so funding can be confirmed by the LEP. If approved, information in the FBC will be used to draw up the funding agreement so will become contractually binding.</p>

<p><b><i>Delivery</i></b> Projects which are underway utilising LEP resources.</p>	<p><b><i>Funding agreement</i></b> A legal agreement between the accountable body and the project sponsor, setting out the funding on offer, match funding agreed, outputs that will be delivered and the milestones that will be met, as well as any other terms and conditions. This must be signed by both parties before funding can be released.</p> <p><b><i>Monitoring and evaluation</i></b> The draw-down of funding will be linked to satisfactory monitoring returns, and at an appropriate time an evaluation may be carried out.</p>
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### **A3.4 Business cases and value for money**

At all stages of the process, in order to be supported business cases must include a proportionate level of detail on:

- The evidential basis on which the need for intervention builds, supported by rigorous analysis of quality data and the application of best practice
- A clear economic rationale that justifies the use of public funds in addition to how a proposed project is expected to contribute to strategic objectives
- Clearly defined inputs, activities, outputs and anticipated outcomes, ensuring that factors such as displacement and deadweight have been considered
- How benefits exceed the costs of intervention using appropriate value for money metrics, with appropriate methodology explained (e.g. Net Present Social Value or Benefit Cost Ratio)
- Appropriate consideration of deliverability and risk along with appropriate mitigating action (the costs of which must be clearly understood)

Progressively more detail will be required at each stage of the process. The LEP's documentation is designed to support project promoters to capture this in a standardised format which makes it easier to compare applications.

#### **A3.4.1 Transport schemes**

The modelling and appraisal of transport schemes must be developed in accordance with the guidance published in DfT TAG guidance at the time the business case is submitted to the LEP. Central case assessments must be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). Alternative planning assumptions may also be considered as sensitivity tests. These will be reviewed as part of the external assessment of business cases.

The appraisal and modelling will be scrutinised through the external assessment to ensure it has been developed in accordance with TAG methodology. A transport peer review group of officers and statutory agency representatives provides a mechanism for scheme promoters to test their proposed modelling approach at an early stage. This would be outlined in the Expression of Interest and Outline Business Case, with feedback provided at each stage.

A value for money statement in line with DfT TAG guidance and DfT advice on assessing VfM is produced as part of the external appraisal of Outline Business Cases and Full Business Cases. These are signed off

by the Senior Manager Policy and Business Development, with advice from the accountable body, and included in the reports to the relevant Board and sub-Boards.

The LEP aims to only approve transport schemes that offer at least “high” value for money, as assessed using DfT guidance, taking into account local economic circumstances. In limited circumstances the LEP may decide to approve other transport schemes, or schemes with a transport element, such as:

- Schemes assessed through the GRIP process with a financially positive business case, subject to the LEP’s external “5 cases” appraisal of the business case also being satisfactory.
- Schemes which primarily have a non-transport purpose (e.g. regeneration), but contain one or more elements which have an effect on the transport network.

Where the LEP decides to approve a transport scheme (or scheme with a transport element) that has not been assessed using DfT guidance to have “high” value for money, the report to the relevant Board / sub Board will set out clearly why this approach is recommended and why the scheme as a whole still represents value for money. This may, for example, include reference to non-transport outputs not included in the DfT methodology.

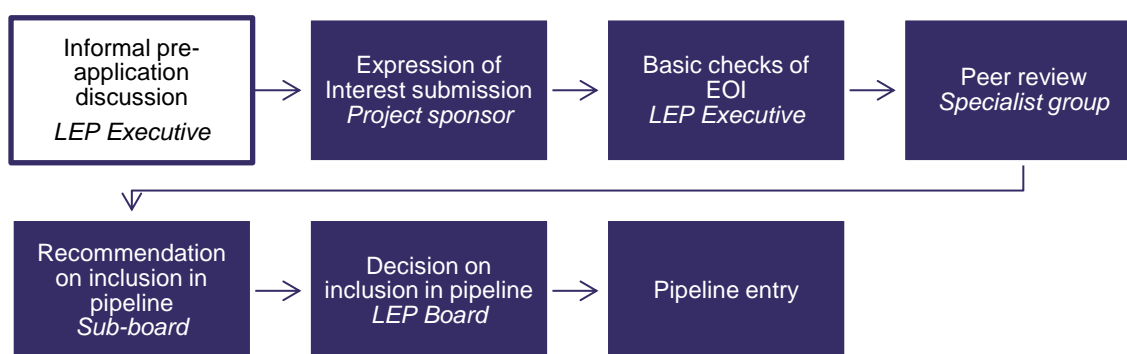
Business cases for transport schemes must be published (and publicised) for consultation before a final decision can be made. Scheme promoters are responsible for publishing and consulting on business cases, and evidencing to the LEP that this has been done. The LEP will provide links from its website to scheme promoters’ consultations.

A summary of the consultation responses will be provided to the relevant Board / sub-Board when decisions are being taken on Full Business Cases.

### A3.5 Decision-making process

The following diagrams illustrate the typical decision-making process for the project phases described above. For the purposes of these diagrams, *Specialist group* means an officer or sub-Board working group such as the Skills Capital Panel. Hollow boxes indicate optional stages.

#### A3.5.1 Project pipeline

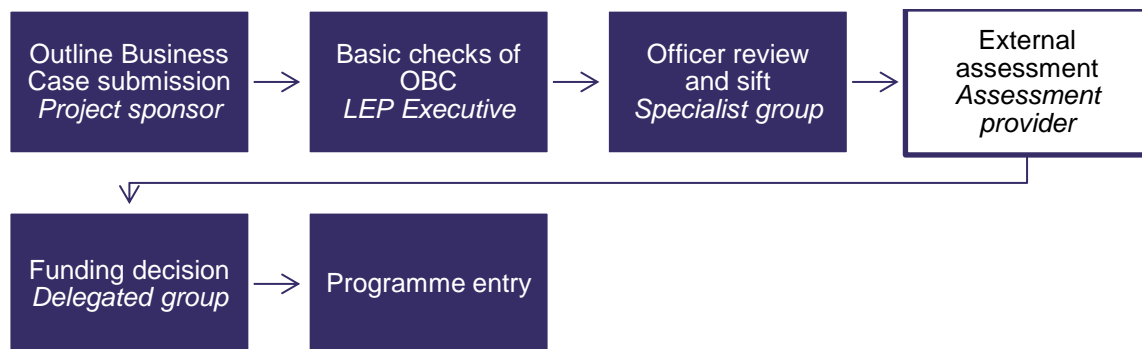


### A3.5.2 Programme proposal and indicative programme

For strategic programmes:

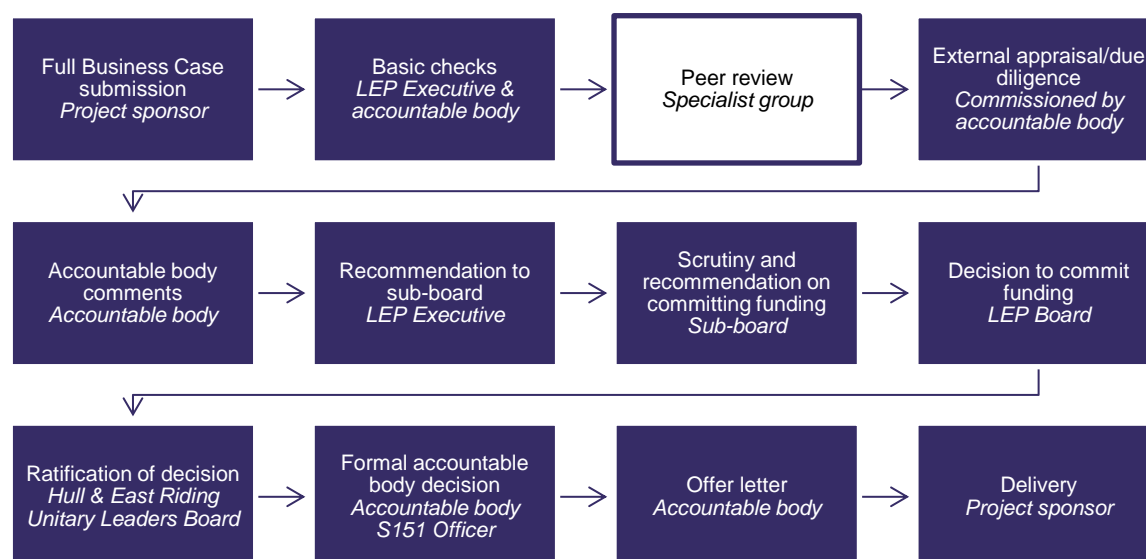


For delegated programmes:

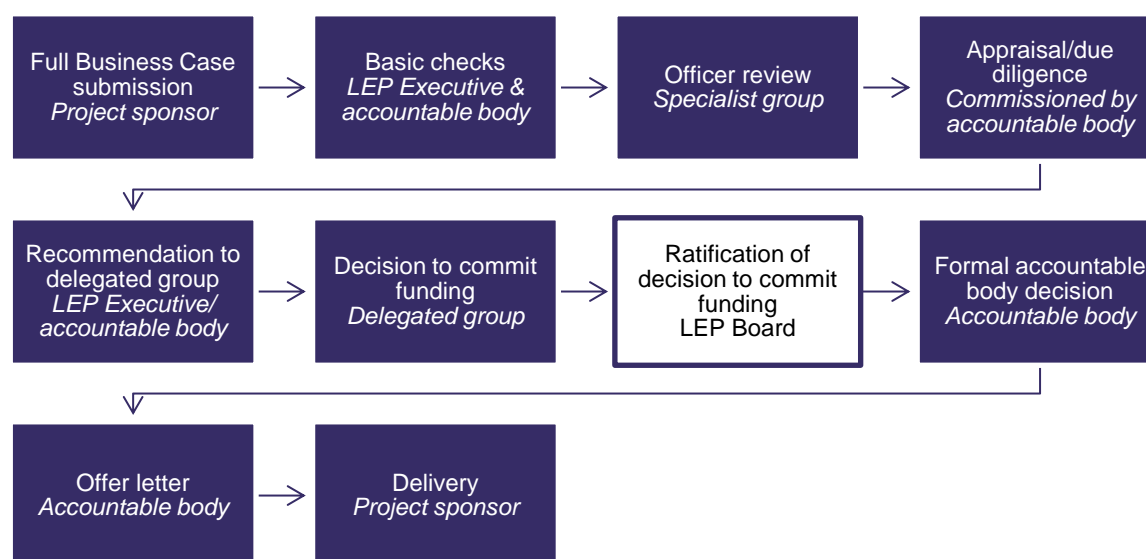


### A3.5.3 Committed programme and delivery

For strategic programmes:



For delegated programmes:



### A3.6 Monitoring and evaluation

Monitoring and evaluation arrangements are set out at programme level in the schedules to this Framework and accompanying Monitoring and Evaluation Plans. These draw on Annex D of the National Local Growth Framework and HM Treasury's Magenta Book where appropriate. Project promoters are also signposted to these documents. Project-level plans are assessed as part of the approvals process.

Transport schemes will be monitored and evaluated in line with the latest DfT guidance on the evaluation of local major schemes. Scheme promoters are responsible for funding monitoring and evaluation activities and ensuring they are carried out, and must report these to the LEP and accountable body. The scheme promoter's proposed approach will be set out in the Full Business Case and reviewed as part of the external appraisal.

The LEP publishes project-level monitoring data on its website, and will also publish monitoring and evaluation reports when completed.

## A3.7 Project pipeline

### A3.7.1 Introduction

The project pipeline which has been used previously and which would be implemented should future funding be allocated to the LEP for large scale capital works, has several functions:

- It provides candidates for filling gaps in programmes arising from efficiencies or slippage, or for responding quickly to new funding opportunities (subject to the normal procedures and requirements outlined in this Framework).
- It gives an indication of where demand is, which can inform decisions on future programmes and budgets.
- It identifies where the gaps may be in future years, giving the LEP time to take corrective action to ensure that projects are developed that will address its priorities.
- It provides a prospectus for external investment.
- It informs stakeholders and the public about what may happen in the future and what the LEP's priorities are.
- It provides a focus for development work, both for projects and the LEP.
- It is a practical expression of the LEP's Economic Plan.

In the future, if the LEP has resources available to support project development, the pipeline would also provide suitable candidates for prioritising these resources.

### A3.7.2 Approach to identifying and developing projects

The LEP's approach to identifying potential projects to fund includes a mixture of:

- **Open calls** for projects, or commissioning, in which all eligible organisations are invited to put forward projects that would contribute towards delivering some or all of the SEP objectives;
- **Targeted calls** for organisations to deliver, or partner in the delivery of, a project of a specific type or specification;
- **Strategic project and programme development** led by the LEP following consultation with stakeholders.

Both 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. All proposals are assessed on their individual merits, in most cases on a competitive basis, to ensure that the best projects are selected which support the LEP's priorities.

### A3.7.3 Calls for projects

#### A3.7.3.1 Initiation and timing of calls (subject to the LEP review)

The LEP will periodically (usually annually) call for projects to populate the project pipeline. The timing and extent of these calls will be decided by the LEP Board, which will ensure that the pipeline can operate effectively and the resources required to manage the pipeline are used efficiently. For example, the LEP may wish to call for a specific type of project in order to address a gap in the pipeline. Calls relate to the

priorities identified in the Economic Plan, and will be informed by a review of historic, ongoing and planned activity to ensure that a need/opportunity can be evidenced.

Calls for projects may also be used to identify strategic investments in a package of projects of a similar type. For example, the LEP could decide that it would consider proposing a “city/town centre regeneration” programme in a future bid and call for potential projects to package together into a proposal. This provides guidance to potential project sponsors on what the LEP would be interested in seeing, and helps to stimulate the submission of projects to meet a specific objective.

Because of the workload involved and to facilitate a competitive process, the LEP will only allow project submissions to be made during specified windows of time. These will be advertised on the LEP’s website and through its communications channels, but the scope may be limited to certain types or sizes of project.

The LEP Board may delegate the sub board or other group managing a specific programme the authority to set its own calls; for example, the panel responsible for managing a business grant programme may be allowed to operate rolling calls for new projects, and end these calls as soon as it judges that there are sufficient potentially viable projects to meet the funding envelope.

#### **A3.7.3.2 Pre-application guidance**

The LEP encourages organisations to have an **informal discussion** with the Executive (which may also take advice from the accountable body, sub boards or others) to help them to determine whether or not their project may be suitable for current or future funding opportunities. This reduces time and cost for both the LEP and external organisations by cutting down on unnecessary work in developing and assessing proposals, encourages good relationships with potential partners, and helps the LEP to gain intelligence on projects that may be coming forward. Projects are strongly advised to take up this offer of advice, but it is not mandatory to do so. The LEP Executive will note discussions and retain its records of them.

#### **A3.7.3.3 Expression of interest**

Calls for projects are published on the LEP’s website and publicised through its usual communications channels (see Chapter 4 on Transparency). An **Expression of Interest form**, guidance including assessment criteria and the timetable for decision-making are made available, and the LEP Executive offers informal discussions to assist potential project sponsors to decide whether or not to apply.

The purpose of the Expression of Interest is to confirm the strategic context of the proposal; to make a robust case for change; and to provide stakeholders and customers with an early indication of the proposed way forward (but not yet the preferred option), having identified and undertaken SWOT analysis (Strengths Weaknesses Opportunities Threats) on a wide range of available options, together with indicative costs.

At this stage, the LEP would expect:

- the Strategic Case – completed in full but may be revised later;
- the Economic Case – completed to the long-list of alternative options stage with a recommended way forward (£) and an initially recommended shortlist for further examination at OBC stage;
- the Commercial Case – addresses the fundamentals of any potential Procurement and Deal;
- the Financial Case – discusses the likely affordability of the proposed Scheme; and,
- the Management Case – outlines how the project will be set up and managed.

At this stage projects are not necessarily expected to be fully worked up or immediately deliverable, and the level of information required is only what is sufficient to gain an understanding of the project and estimated costs and benefits. This stage allows the project promoter to gain an initial view from the LEP on the concept of a project, particularly in relation to strategic fit, with projects supported entering the pipeline.

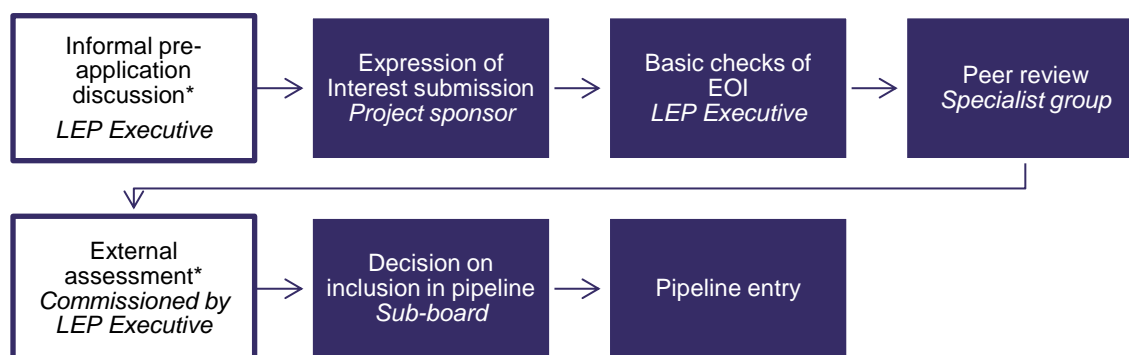
## A3.8 Assessment and prioritisation

### A3.8.1 Decision-making process

Pipeline decisions will be made by the LEP's sub-boards or delegated to a panel where there may be conflicts of interest who will ensure alignment with the objectives in the Economic Plan. They will be informed by specialist officer groups, who will use their skills and experience to provide comments on the 5 cases through a peer review. Decisions may be referred to the LEP Board if required, and the LEP Board will receive reports on the status of the pipeline.

The process is as follows:

Figure 3: Pipeline development process



\* *Optional*

### A3.8.2 Assessment criteria

The LEP encourages an element of self-assessment at pipeline stage, with project sponsors asked to rate how well their project can address key questions which underpin the 5 cases. The peer review process takes in established national good practice where possible (e.g. the Department for Transport's EAST (Early Assessment and Sifting Tool) for transport schemes). At this early stage, strategic fit is the most important concern.

## A3.9 Refreshing the pipeline

The LEP Executive will be responsible for monitoring the state of the pipeline and reporting this to the LEP Board and sub-boards. Regular contact with project sponsors will be maintained to keep the information as up to date as possible.

Periodically, the LEP may undertake a refresh of all or part (e.g. projects in a thematic area or addressing a specific objective) of the pipeline. The sponsors of projects already in the pipeline would be required to update their Expressions of Interest where applicable, and re-submit these for peer review. The LEP Board may decide to call for new projects, either at the same time or subsequently, if it deems this to be necessary. The LEP Executive will make a recommendation to the Board on carrying out a refresh annually. At other times, the sub-boards may also initiate a refresh covering their thematic areas should they decide it is necessary (for example, if several of their projects were funded by other means or became undeliverable because of external factors).

## A3.10 Programme development and entry

### A3.10.1 Introduction

In this phase of the process, projects are identified to form a programme proposal. If approved, some or all of the projects in the proposal then become a programme (or are added onto an existing programme) with specific funding allocated against them. In some cases, the funding in question will be subject to an external bid so the outcome will depend on the success of that bid. The funding allocated at this stage is

conditional subject to satisfactory assessment of the project's business case (see next chapter). The high level process is as follows:



The steps in the stages of the process vary depending on whether or not the funding is within the full control of the LEP/Humber Leadership Board, and – for proportionality – the size of programme. The following designations are used:

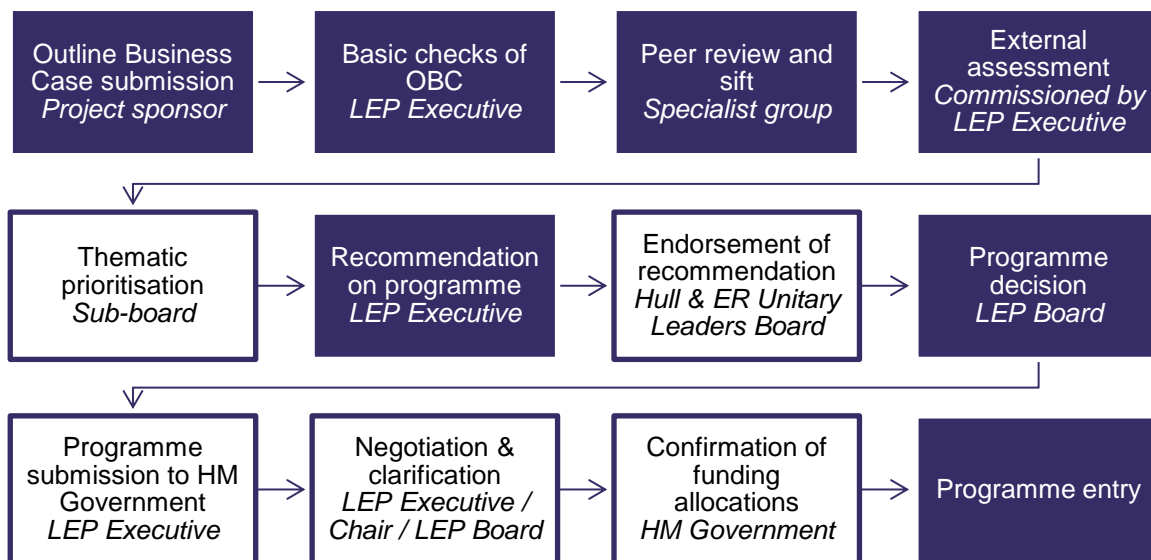
<p><b>Strategic programme</b> Resources which:</p> <ul style="list-style-type: none"> <li>a) are under the full control of the LEP/Hull &amp; East Riding Unitary Leaders Board; or</li> <li>b) will be under the control of the LEP/Hull &amp; East Riding Unitary Leaders Board subject to the outcome of a bid to e.g. Government.</li> </ul> <p>Tends to be larger programmes, often covering more than one thematic area of the LEP's work.</p>	<p><b>Examples</b> Local Growth Fund Getting Building Fund</p>
<p><b>Delegated programme</b> Resources under the control of the LEP, normally covering only one thematic area of the LEP's work. Decision-making may be by the LEP Board, a sub-board or other group delegated by the LEP Board. Tends to be smaller programmes.</p>	<p><b>Examples</b> Growing Hull and East Yorkshire business grant programme Business Loan Fund</p>

The LEP Board will decide how to designate new programmes, and the decisions will be reflected in the Schedule of this Framework for each funding stream.

### A3.11 Strategic programmes

#### A3.11.1 Overview of process

The diagram below illustrates the assessment and decision-making process for forming strategic programmes.



### A3.11.2 Identifying candidate projects

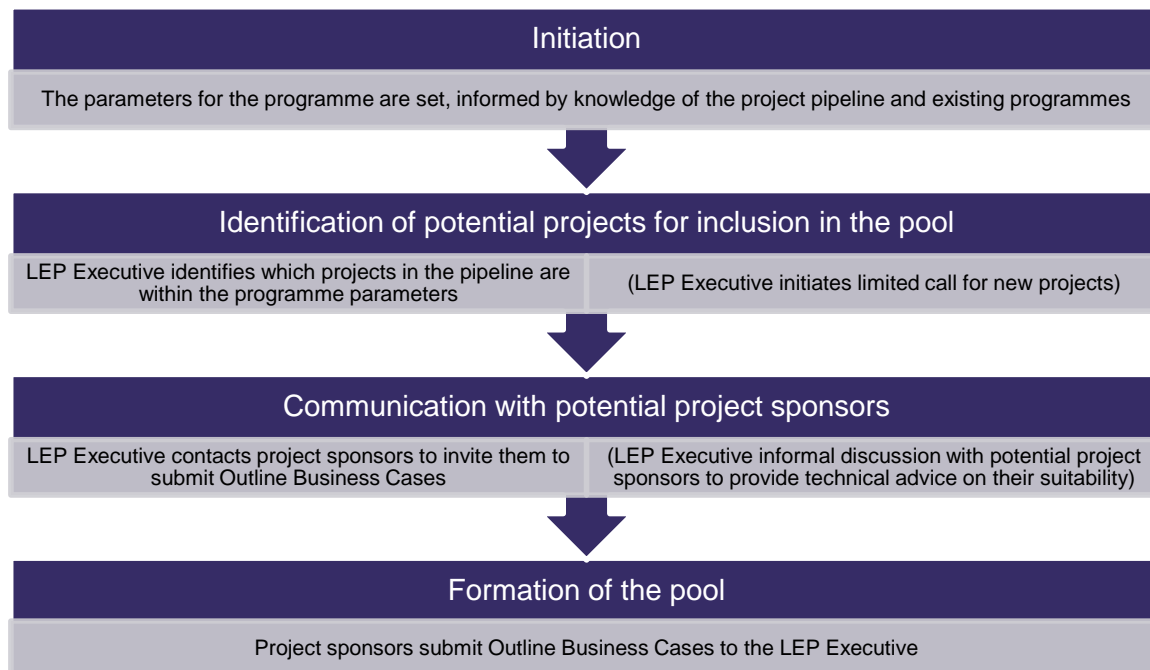
The project pipeline (see previous chapter) is the starting point for identifying projects to consider including in the programme, and provides a bank of projects which have passed an initial assessment and are viewed by the LEP as being potentially suitable for funding.

The processes followed for developing and maintaining the project pipeline aim to ensure that there are always sufficient suitable projects available for funding likely to be made available. Where a funding opportunity is known to be coming forward, the LEP would where possible ensure the pipeline is up to date with potentially suitable projects. However, sometimes the project pipeline may not be sufficient. For example:

- The funding could be for a specific type or size of project, but there are insufficient projects of this type or size in the project pipeline
- Previously suitable projects in the project pipeline could have been funded by other means, or been withdrawn for other reasons
- An economic shock could have occurred, or a new economic opportunity could have emerged, since the pipeline was last updated, and the LEP Board may want to consider responding

In circumstances such as these, the LEP may decide to consider new projects in addition to those in the pipeline. As a consequence of undertaking this exercise, any projects considered suitable but not included in the final programme may (by agreement with the project sponsor) be added to the project pipeline for future reconsideration.

To identify the pool of potential projects, the following process is followed:



The decision to initiate the process, including the decision on the parameters for the programme, will be taken by the LEP Board. The LEP Board will also decide at this stage what level of assessment will be carried out (see below). Where an external bidding window is unusually short, the LEP Chair may make these decisions on behalf of the Board to ensure there is sufficient time to implement the process.

### A3.11.3 Submission and assessment

Project sponsors submit their projects to the LEP Executive on a Business Case Form that serves as both Outline Business Case and Full Business Case stages through a dynamic process of development, review, update and assessment in line with best practice. At Outline Business Case stage the emphasis is on revisiting the original Expression of Interest in more detail and to identify a preferred option which demonstrably optimises Strategic Fit and Value for Money. The Outline Business Case will also set out the likely Deal; demonstrates affordability; and detail the supporting Procurement Strategy, together with management arrangements for the successful rollout of the Scheme.

At this stage, the LEP would expect:

- the Strategic Case – revisited, including a clear rationale for the interventions linked with the objectives identified in the SEP;
- the Economic Case – completed according to the Green Book;
- the Commercial Case – outlines envisaged Deal structure/s and key contractual clauses and payment mechanisms;
- the Financial Case – contains a detailed analysis of affordability and any funding gaps;
- the Management Case – develops in more detail how the scheme will be delivered with an outline of the proposed programme/project management.

Appraisal criteria will be provided to projects as part of the application guidance. Particular attention will be given to whether:

- there is a clear rationale for the intervention linked with the objectives identified in the SEP
- there are clearly defined inputs, activities, outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account
- the benefits exceed the costs of intervention
- deliverability and risks have been appropriately considered, along with appropriate mitigating action (the costs of which must be clearly understood).

Project assessment will be carried out in one or two stages, depending on the scope and urgency of the funding opportunity for which the programme being developed.

#### **A3.11.3.1 Peer review**

All projects will undergo a peer review by the specialist group most relevant to the project (as determined by the LEP Executive). The peer review is advisory to the LEP Executive and the project sponsor; it is not a decision-making group.

The peer review at this stage provides:

- **advice to the project sponsor** on how their proposal could be strengthened
- **comments to the LEP Executive** identifying any major risks or issues.

Whilst the peer review groups cannot exclude any project from the process, their feedback may lead some project sponsors to decide to withdraw their projects at this stage if they decide that they will be unable to adequately address any concerns raised.

Following the peer review, the project sponsor will be given a deadline for submitting a revised Outline Business Case if they wish to use the opportunity to strengthen it in response to the feedback provided.

#### **A3.11.3.2 External assessment**

The LEP's preference is for a proportionate external assessment of the Outline Business Cases for all projects remaining in the process after the peer review. The external assessment will be conducted by an independent consultant appointed by the LEP Executive, unless an equivalent assessment is available from a partner agency and this can be provided to the LEP. In some circumstances the LEP may need to supplement a partner agency's assessment with its own so that certain types of outcome can be accounted for. Specialist consultants are procured by the accountable body on behalf of the LEP to cover different types of project.

The external assessment will be in accordance with the HM Treasury "5 cases" methodology. The assessment will draw on best practice and benchmarking so a project's costs and benefits can be compared to similar projects which have previously been delivered.

Due to the cost and work involved in the external assessments, it may be appropriate to limit the number of assessments to the projects which appear to be the strongest candidates after peer review – particularly where the LEP is seeking to reallocate a small amount of existing funding and this is oversubscribed. In these circumstances, the LEP Executive will produce an initial prioritisation of projects based on the peer review feedback and drawing on any previous assessment at EoI stage to establish whether or not issues have been addressed. The LEP Executive will seek to agree with project sponsors which projects will be assessed at this stage, and which will be deferred for future consideration. If it is not possible to do this by consensus, the LEP Executive will make a recommendation to the LEP Board or sub-board as appropriate for decision.

In exceptional circumstances, the LEP Board or sub-board responsible for initiating the process of forming a strategic programme may decide at the outset not to include an external assessment of OBCs (for example, because of urgency).

#### **A3.11.4 Prioritisation**

Where the cost of the projects proposed exceeds the amount of funding available, or where the amount of funding available is unknown, a prioritisation exercise may take place informed by the appraisal findings. Prioritisations will be undertaken in parallel by each sub-board (or a panel of members delegated by them) applicable to the programme proposal on the projects within their remit. At the end of the exercise, up to three ranked lists will have been developed – one for each thematic area of the LEP.

Whilst the prioritisation(s) will be informed by the external assessment, the sub-board(s) will also be able to take into account issues of balance and strategic fit in order to support the development of a well-rounded programme which meets the objectives of the SEP.

### A3.11.5 Programme proposal

A proposal for a programme (or addition to an existing programme) will be formed by the LEP Executive, drawing on the sub-board prioritisations (if they have taken place) and the appraisal findings. If the amount of funding available is known, a line is drawn at the appropriate point in the ranked list and where possible any necessary adjustments are made in order to fill any gaps.

### A3.11.6 Programme approval

The proposed programme (a list of potential projects) will be documented by the LEP Executive and recommended to the LEP Board for approval. Only the LEP Board and sub-boards may approve external programme bids for funding covered by this Framework.

Where the funding in question is already within the control of the LEP, following approval of the programme all projects within it move straight on to the next stage (see chapter 9 on Committing funding).

### A3.11.7 External approval of funding

Where the funding is subject to an external bid – i.e. the process has been used to develop a bid, rather than apportion existing funding – then further approval will be required from the organisation to which the LEP is submitting a bid. The funding body may also have a view on the projects put forward and their prioritisation.

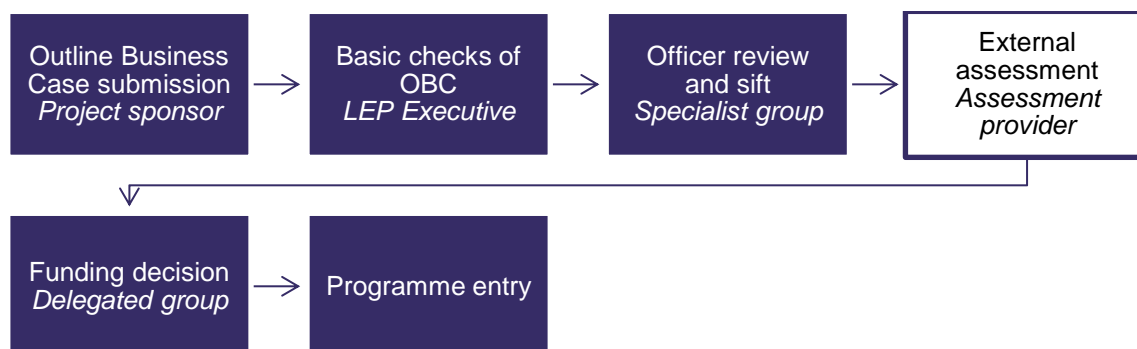
It would be impossible to set out a process for every potential eventuality. In circumstances such as these, the guiding principles are:

- The LEP Executive, on behalf of the LEP, negotiates to try to secure the best possible deal for Hull and East Yorkshire. The LEP Chair and Board members may also be involved, for example in the event of face-to-face meetings.
- The LEP Executive refers decisions which would require the order of projects to change back to the board/sub-board that approved the programme bid for prior approval where time allows.
- If the programme is substantively changed (other than a line being drawn down the ranked list of projects), the final programme, as offered by the funding body, will require approval from the board/sub-board that approved the bid for it to be confirmed.

## A3.12 Delegated programmes

### A3.12.1 Overview of process

The diagram below illustrates the assessment and decision-making process for projects applying to delegated programmes.



In this case, the specialist group may be one of the standing groups detailed in Part A of this Framework, or a group set up specifically for the programme. The relevant Schedule of the Framework will specify the group. The delegated group will be the LEP Board, a sub-board or panel as specified in the Schedule.

The external assessment, if included at this stage, will be commissioned by the LEP Executive, accountable body or delivery partner responsible for the programme.

### **A3.12.2 Identifying candidate projects**

The delegated group (i.e. the LEP Board, a sub-board or a panel) responsible for overseeing the programme will decide how to identify potential projects. Whilst the LEP's project pipeline may be used in the same way as set out at 8.2.2 for strategic programmes, in most cases the nature of the programme and the size and/or type of projects being sought would make this inappropriate. The alternative to the pipeline is a public call for projects under a competitive process.

If a public call is used, the delegated group (i.e. the LEP Board, a sub-board or a panel) will decide on one or more deadlines for submission of Outline Business Cases – depending on the size of the programme and expected response, a single deadline or rolling deadlines may be most appropriate. The LEP Executive will publish application guidance and an Outline Business Case form and publicise the call through the usual publicity channels.

### **A3.12.3 Submission and assessment**

Project sponsors submit their projects to the LEP Executive on an Outline Business Case (OBC) form. The Outline Business Case form will be tailored to the programme, and may be shorter than the form used for strategic programmes. If the pipeline is not being used, it may also be referred to publicly as an Expression of Interest form or Outline Application form.

Appraisal criteria will be provided to projects as part of the application guidance. They will be developed specifically for the programme and may include calculations of whether the project meets specific requirements (e.g. of match funding or outputs per £) set for the programme, and will draw on Green Book good practice.

Project assessment will be carried out in one or two stages, depending on the programme.

#### **A3.12.3.1 Officer review and sift**

The appointed officer group specified in the Schedule will review OBCs. It may have delegated authority to rule out projects at this stage which do not meet the criteria or are significantly underdeveloped, with a right of appeal to the relevant sub-board or panel.

The officer group will recommend to the decision-making group whether or not the project is suitable for funding, based on its assessment against the published criteria. Where the value of projects exceeds the funding available in the programme, it will also recommend a prioritisation of projects to the decision-making group.

The officer group may provide feedback to the sponsors of projects which could meet the criteria with further development, with a view to them being resubmitted in response to a future call. It may also allow project sponsors to amend their OBCs in response to feedback by a set deadline before they are seen by the decision-making group.

#### **A3.12.3.2 External assessment**

If an external assessment is used at this stage, this would be carried out on the Outline Business Cases for all applicable projects remaining in the process after the officer review. The decision-making group responsible for the programme will decide when it initiates the process whether or not an external

assessment is to be used, and if so whether it applies to all projects or (for proportionality) only projects which are, for example, above a certain size or particularly complex.

The external assessment will be conducted by either an independent consultant appointed by the LEP Executive or a partner agency where the equivalent service is offered to the LEP. The accountable body has procured specialist consultants on behalf of the LEP to cover different types of project.

The external assessment will use the same assessment criteria as the officer review, but will go into greater depth.

### A3.12.3.3 Conditional approval

At this stage in the process a project is given a conditional approval by the decision-making group (i.e. the LEP Board, a sub-board or a panel). This means that funding is allocated to the project, and will be confirmed subject to the receipt and satisfactory assessment of a Full Business Case within a specified timescale.

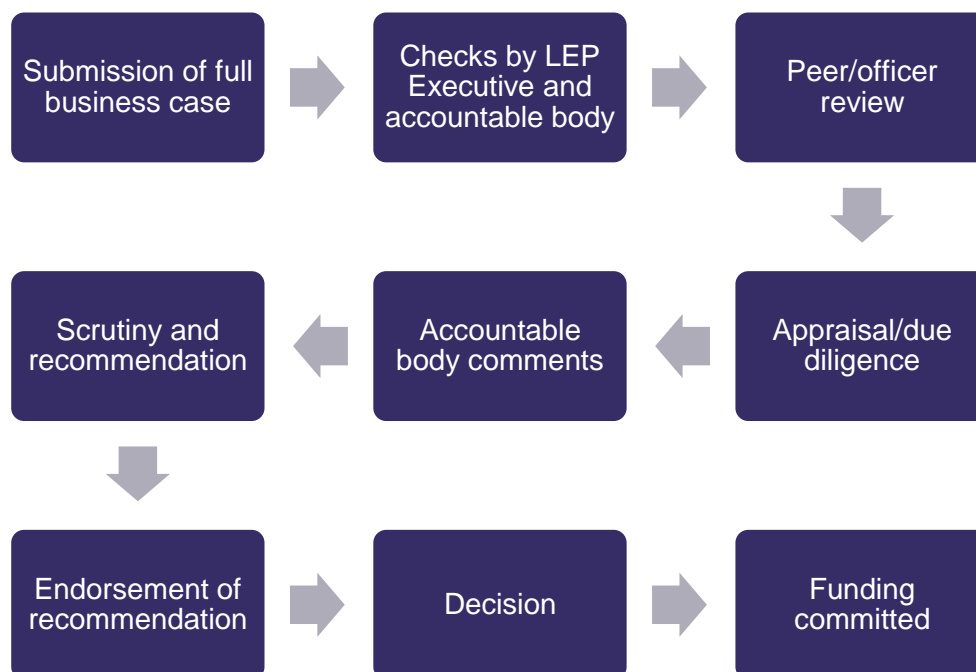
The decision-making group may request further information, or a presentation from the project sponsor, if it decides this would help it to make a decision.

## A.3.13 Committing funding

### A3.13.1 Overview

Funding will only be committed to projects once a Full Business Case has been submitted and appraised, and the applicable decision-making group within the LEP or the Hull and East Riding Unitary Leaders Board has made the decision. This chapter details how Full Business Cases will be requested and appraised, and how decisions will be made.

The high-level process is as follows:



The board/sub-group/panel making the recommendation, decision and ratification of the decision (if applicable) may vary depending on the funding stream. The process chart included in the Schedule of this document applicable to the funding stream sets out which group is responsible for each step of the process, and this is also reflected in the terms of reference.

### **A3.13.2 Submission of Full Business Case**

Projects which have been allocated funding (see previous chapter) will be invited to submit a Full Business Case in order to have their funding confirmed. Full Business Case is the detailed final phase. This takes place within the procurement phase of the project, following detailed negotiations with potential service providers/suppliers prior to the formal signing of contracts and the procurement of goods and services.

This is usually the stage at which final approval is required (although some projects may be approved in phases).

The purpose of the FBC is to revisit the OBC and record the findings of the subsequent procurement activities; together with the recommendation for an affordable solution which continues to optimise value for money, and detailed arrangements for the successful delivery of required goods and implementation of services from the recommended supplier(s).

At this stage, the LEP would expect:

- the Strategic Case – revisited and revised if required.
- the Economic Case – the findings of the procurement included in the analysis and recorded;
- the Commercial Case – the recommended Deal written-up;
- the Financial Case – affordability and funding issues resolved;
- the Management Case – the detailed plans for delivery and arrangements for the realisation of benefits, management of risk; and post evaluation are recorded.

As at Outline Business Case stage, particular consideration will be given to whether:

- there is a clear rationale for the intervention linked with the objectives identified in the SEP
- there are clearly defined inputs, activities, outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account
- the benefits exceed the costs of intervention
- deliverability and risks have been appropriately considered, along with appropriate mitigating action (the costs of which must be clearly understood).

The LEP Executive will advise project sponsors of the single or rolling deadlines for submission. Project sponsors will be required to advise the LEP Executive of their planned submission dates, and inform the LEP Executive of any changes to these. This will allow the required peer/officer review groups to be convened and external consultants notified of forthcoming work, enabling the process to operate efficiently. The timeline may vary depending on the funding stream and profile of the programme's expenditure. The LEP's preference is to be the last funder to give approval, so will require evidence that other funding is in place as part of the Full Business Case. This is designed to ensure that projects are "shovel-ready" when they come for final approval, and avoid tying up programme funding with unnecessary conditional approvals.

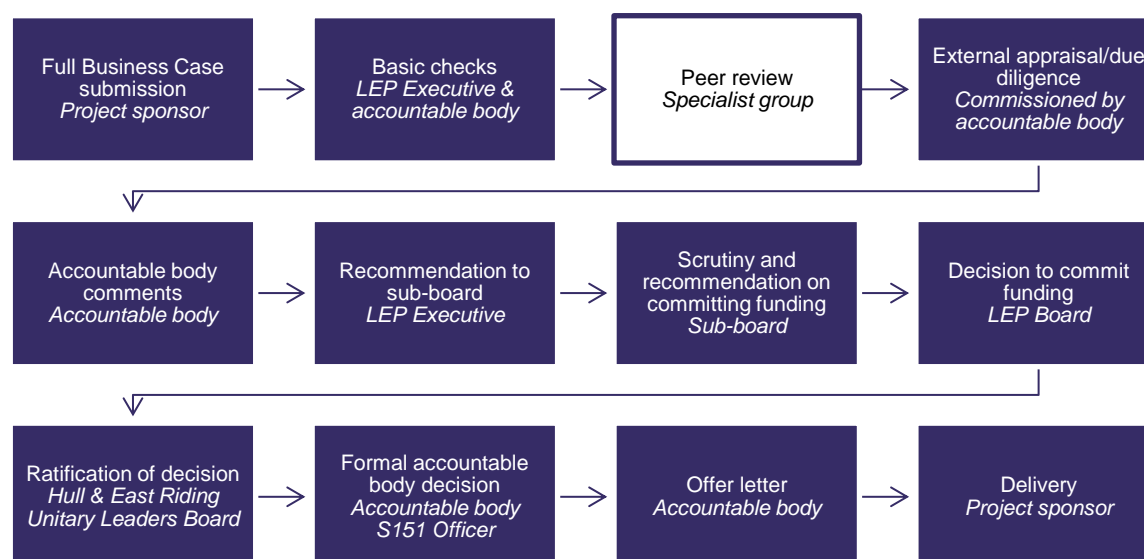
The LEP ensures that there is a proportionate Green Book "5 cases" appraisal of all projects covered by Part B of this Framework. No funding thresholds are set for this.

The Full Business Case documentation encourages project sponsors to provide detailed responses and evidence that will support an appraisal. Documentation is available from the LEP's website, so project sponsors at any stage will be able to see what the requirements will be to receive funding. Whilst it is intended to use standard documentation as far as possible, Delegated Programmes may have shorter forms of documentation; for example, business grant programmes would have a more streamlined form designed to capture commercial information, using business-friendly language.

Following submission, the LEP Executive and the accountable body carry out basic checks on the documentation to try to ensure it has been completed properly before it proceeds in the process.

### A3.13.3 Strategic programmes

For Strategic Programmes, the process is as follows:



Additionally, for transport business cases submitted from April 2016, the scheme promoter must publish and publicise the business case in draft and invite public comments before final submission to the LEP. The scheme promoter should summarise the response and state how it has responded to any comments in the final business case. It should also provide the full responses as an appendix. The LEP will provide links to published transport business cases on its website. For these purposes a “transport scheme” is any scheme that significantly changes the transport network infrastructure, whatever its objectives.

### A3.13.4 Peer review

As at the Programme development phase, the LEP utilises groups which are generally made up of specialist technical officers to peer review projects for information on the groups). Project sponsors are encouraged to use the offer of peer review, particularly when schemes are in development but at Full Business Case stage this is not mandatory.

The peer review at this stage provides:

- **advice to the project sponsor** on how their proposal could be strengthened
- **comments to the LEP Executive** identifying any major risks or issues

Peer review groups do not take decisions on whether or not projects can proceed in the process. However, the peer review group’s feedback will be provided to the project sponsor. The project sponsor is therefore able to take an informed decision about whether or not they can adequately address any concerns raised by the specified deadline, and voluntarily delay submitting their project for appraisal/due diligence if they decide they cannot. The LEP encourages project sponsors to take the peer review group’s advice seriously to avoid incurring unnecessary external appraisal costs and causing delay.

Following the peer review, the project sponsor will be given a deadline for submitting a revised Full Business Case if they wish to use the opportunity to strengthen it in response to the feedback provided.

### A3.13.5 Appraisal/due diligence

#### A3.13.5.1 Proportionate approach

The LEP and Hull and East Riding Unitary Leaders Board have adopted a proportionate approach to deciding how to appraise projects' Full Business Cases, which is flexible according to the type and funding of different schemes and where applicable utilises the expertise and impartiality of the appraisal processes of relevant national Government agencies and departments. This results in time and cost savings, whilst ensuring that appraisals are proportionate and robust. Appraisals are in accordance with the revised Green Book (2018) best practice.

Full Business Case appraisals will only be carried out on schemes which have had funding allocated, so at this stage there is no competition between schemes. The appraisal methodologies can therefore differ to ensure they can fully take account of very different types of project with different types of outcome, and different appraisers can be used for different projects to ensure the appropriate expertise is provided.

The following table illustrates the two approaches which are used:

**Table 2: Appraisal approaches for strategic programmes**

Programme type	Specified central Government funding/delivery (see Figure 4)	Appraisal(s) conducted
<b>Strategic</b>	No	Detailed external appraisal commissioned by the accountable body
<b>Strategic</b>	Yes	Detailed appraisal by central Government funder  Limited external appraisal/due diligence commissioned by the accountable body; may also include a detailed appraisal of a specific element of the wider scheme

#### A3.13.5.2 Projects also receiving specified central Government funding or being delivered by a specified Government agency

Projects which are also part-funded by some central Government departments or agencies will already be required to go through detailed technical and value for money appraisals. Similarly, the LEP's funding may be used to contract a Government agency to deliver a project in a highly regulated environment which would require detailed technical appraisals and staged approvals. In most cases there would be no value in the LEP replicating such appraisals locally.

However, whilst a degree of confidence can be obtained from these appraisals, the detailed findings may require specialist interpretation and are not always released in full. To provide informed advice to the LEP and properly exercise its responsibilities, the accountable body therefore commissions an external appraisal/due diligence report to supplement the central Government appraisal. This may be less detailed than for a scheme where there is no specified central Government funding.

This approach applies in the following instances:

**Figure 4: Specified funding and delivery agents**

- Rail schemes going through the GRIP process
- Flood alleviation schemes part-funded by Defra/Environment Agency Grant in Aid

The list above may be amended over time as new instances arise and national funding programmes change. The accountable body and LEP Executive will review this on a case by case basis as required.

This approach allows for detailed technical and raw economic assessment to be carried out by central Government specialists, but enables decisions to be informed by local priorities (as set out in the SEP) which may weight criteria differently. It does not remove the need for project sponsors to demonstrate additionality and value for money for the LEP's contribution; this will be assessed as part of the external assessment/due diligence report commissioned by the accountable body. The assessors appointed by the accountable body have a track record of similar work and can draw on national best practice and benchmarking so a project's costs and benefits can be compared to similar projects which have previously been delivered.

In some cases the LEP contribution will be towards a specific extension or enhancement to a scheme with benefits which are not designed to be appraised through the funding stream's usual methodology. For these schemes, the accountable body would instruct its external appraiser to scrutinise the relevant part of the scheme accordingly.

Some examples are given in the table below, but decisions would be taken on a case by case basis by the accountable body, informed by discussions with the LEP Executive and the project sponsor.

National partner appraisal and limited local appraisal	National partner appraisal and local appraisal of a specific element
<p><b>Example cases:</b></p> <ul style="list-style-type: none"> <li>• The LEP is making a contribution to the general costs of the scheme</li> <li>• The LEP is making a contribution to the general costs of a specific integral component of the scheme</li> </ul>	<p><b>Example case:</b></p> <ul style="list-style-type: none"> <li>• The LEP is making a contribution towards the costs of an enhancement or extension to the scheme that provides additional benefits beyond the core purpose of the scheme and/or funding stream</li> </ul>
<p><b>Example projects:</b></p> <ul style="list-style-type: none"> <li>• A flood defence scheme protecting a locality</li> <li>• An upgrade to a section of the rail network to increase speed or capacity</li> <li>• One project in a package of flood defence work</li> <li>• Junction improvements linked to a wider highways scheme</li> </ul>	<p><b>Example projects:</b></p> <ul style="list-style-type: none"> <li>• Enhancing a bridge proposed as part of a Highways England scheme to provide a regeneration benefit in addition to the transport benefit</li> <li>• Enhancing an Environment Agency flood defence scheme to provide an improved public realm</li> <li>• Realigning an Environment Agency flood defence scheme to open up new development land</li> </ul>

Where the scheme sponsor is the same central Government department or agency providing the part-funding and carrying out the appraisal, the LEP Executive and the accountable body will seek written assurance that the appraisal is sufficiently robust and independent, including that it is carried out by people outside the project team. Should this not be the case, the project would be appraised in the same way as projects not part-funded by central government.

### **A3.13.5.3 Other schemes**

Projects which are not covered by the provisions above will require a detailed appraisal to be commissioned by the accountable body. Multiple appraisal options are available in order to deal with different types of scheme (for example, skills, transport, housing, flood alleviation). Where a scheme covers more than one type, a joint appraisal may be undertaken so the full benefits can be accounted for.

The LEP intends to use existing appraisal methodologies where these are appropriate, rather than recreate them. This builds on established good practice. However, as with projects covered above, whilst the LEP will review the raw scores any weighting will be a matter for the LEP according to the local priorities set out in the SEP.

Type of project	Appraisal
<b>Transport</b>	Appraisals will be conducted by an independent consultant commissioned by the accountable body. The assessor will follow the TAG guidance published at the time the business case is submitted to the LEP, but wider economic benefits may also be separately assessed.
<b>Skills capital</b>	Independent appraisal, based on HM Treasury Green Book guidance, commissioned by the accountable body from one of a panel of consultants with relevant expertise. The appraisal is informed by previous SFA best practice.
<b>Flood alleviation</b>	Independent consultants review projects in accordance with HM Treasury Green Book and Defra/Environment Agency guidance for flood alleviation projects (the Multi Coloured Manual). The LEP notes, but is not bound by, the outcome measures normally applied by the Environment Agency under the Defra partnership funding policy. This enables local flexibility to be retained.
<b>Housing and commercial interventions</b>	Independent appraisal, based on HM Treasury Green Book guidance, commissioned by the accountable body from one of a panel of consultants with relevant expertise. The appraisal is informed by Homes England good practice and MHCLG's appraisal guide.
<b>Other projects and non-standard projects not suitable for the above appraisals</b>	Independent appraisal, based on HM Treasury Green Book guidance, commissioned by the accountable body from one of a panel of consultants with relevant expertise.

In some cases, the planning conditions on a project may mean that some aspects of technical and engineering appraisal will be carried out by a regulator such as the Environment Agency as part of their statutory duties. On a case by case basis (to be determined by the accountable body), this may contribute to fulfilling some of the appraisal requirements.

#### **A3.13.5.4 Appraisal results**

The accountable body will receive the appraisal report and summarise the key points. These will be incorporated into a report to the relevant board/sub-board, to be prepared by the LEP Executive.

Projects reaching Full Business Case stage will already have been scrutinised, so it would be unusual for any fundamental issues to emerge as a result of the appraisal. Should this happen, the accountable body will provide a summary of the issues to the LEP Executive, and the LEP Executive will discuss these with the project sponsor. At this point, the project sponsor can decide to either:

- request that the project move to decision regardless; or
- agree a date with the LEP Executive by which time the business case will be resubmitted for appraisal; or
- decide to withdraw the project altogether, and give up the allocation of funding.

The Schedule for each funding scheme will specify who will pay the costs of appraisal in general (i.e. the project sponsor or the LEP), but where a project sponsor submits a deficient business case which requires reappraisal, the LEP reserves the right to pass on the costs of reappraisal to the project. Any such reappraisal costs will not count as eligible grant/loan expenditure or match expenditure. The onus is therefore on the project to provide a comprehensive, well-evidenced business case submission.

#### **A3.13.5.5 Accountable body comments**

The accountable body will review the appraisal results and provide comments for the report to be prepared by the LEP Executive (see below). These will typically focus on risk and on value for money where appropriate but may include any other aspects of the proposal as considered appropriate. They may also include any conditions (other than the standard ones) that the accountable body would expect to see on the funding agreement. The comments are made on behalf of the Section 151 Officer and will draw on relevant disciplines for advice (legal, finance, etc).

#### **A3.13.5.6 Recommendation and decision**

A report from the LEP Executive summarising the background to the scheme and containing the summary appraisal results and the accountable body's comments will be provided to the sub-board/panel responsible for making a recommendation on the project (as specified in the Schedule for the programme). A named senior officer in the LEP Executive (either the Chief Executive or one of the Executive Directors), informed by the accountable body's comments and the summary of the external appraisal, will make a recommendation to the sub-board/panel.

The sub-board/panel will make its recommendation to the board specified in the Schedule for the funding stream; normally the LEP Board. Should the recommendation not be supported, the decision-making group may make a different decision, defer the decision or refer the matter back for further consideration.

The information made available to the sub-board/panel and LEP Board will include:

- A summary of the application made for funding;
- A summary of the appraisal of the application;
- Accountable body comments, incorporating comments from the Section 151 Officer and on legal considerations including, where applicable, the percentage risk of challenge and non-compliance with the proposed course of action and any mitigating factors which may be taken to address this.
- A recommendation as to whether to fund the proposal; and
- A recommendation about conditions which should be attached to the proposal.

#### **A3.13.5.7 Ratification of decisions**

For some programmes, such as the Getting Building Fund, there is "dual-key" sign-off on funding decisions and the LEP Board's decision is ratified by the Hull and East Riding Unitary Leaders Board, ensuring

democratic accountability and supporting the risk-sharing arrangements. This will be specified in the Schedule for each specific programme. Should the Hull and East Riding Unitary Leaders Board disagree with the LEP Board's decision it may ask for the LEP Board to reconsider it. If the decision is reconfirmed, it comes into effect immediately.

#### A3.13.5.8 Accountable body legal decision

Once the mandate is provided from the LEP Board/Hull and East Riding Unitary Leaders Board, the accountable body will then also make, record and [publish](#) the decision in its democratic process (the 'Decision Record' process) so that the decision can be recognised, made publicly available and funding can be paid. This is by means of a report to the Section 151 Officer, who then makes the decision. Both the report and the decision are published on the accountable body's website.

The accountable body reserves the right to alter the conditions attached to the funding agreement, to add additional conditions or, in exceptional circumstances, to decline funding altogether (see section 5.2).

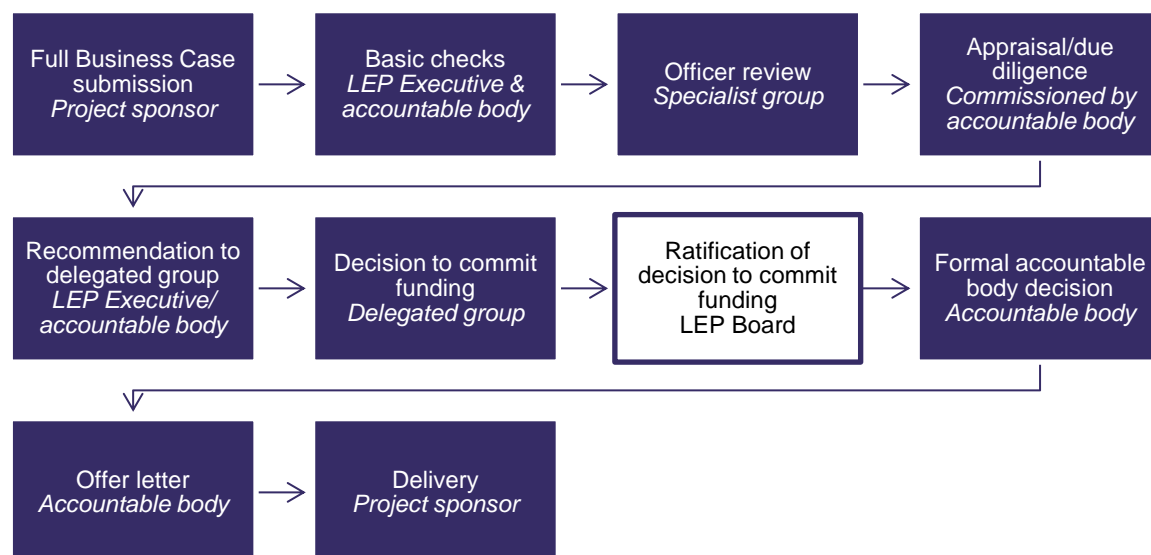
#### A3.13.5.9 Rejected schemes and surpluses

Schemes that are rejected will be returned to the 'pool' of pipeline schemes, unless the LEP Board decides otherwise or the scheme promoter requests otherwise.

Any surplus arising in the programme as a result of a project being rejected will need to be dealt with in accordance with the terms of the funding. The LEP may in some circumstances have to return the funding or seek permission from the funding body for any changes. The LEP Board will decide how to proceed, but in general this will entail running the programme development process outlined in Chapter 8 for the amount of the surplus. The Schedules explain how any surpluses arising from projects under-spending or not delivering will be handled.

### A3.14 Delegated programmes

For delegated programmes, the process is as follows:



#### A3.14.1 Officer review

In delegated programmes, the officer group specified in the Schedule will make a judgement on whether or not the Full Business Case is sufficiently well-developed and continues to meet the criteria of the programme. Projects that pass will proceed to appraisal/due diligence. Where a project does not pass, the LEP Executive may be tasked with liaising with the project sponsor to advise them on how to improve the

document. Alternatively, if fundamental issues have emerged with the project, the officer group may recommend to the delegated group that the conditional funding allocation be withdrawn (with a right of appeal to the delegated group).

#### **A3.14.2 Appraisal/due diligence**

Projects coming forward under delegated programmes will typically be appraised by a specialist provider appointed by the accountable body for the programme. The accountable body may operate a panel of providers.

Delegated programmes may operate with a financial threshold underneath which, due to the low risk, appraisal of individual projects is conducted internally by specialist officers in the accountable body rather than commissioned externally. This proportionate approach helps to keep costs down and supports the efficient management of the programme. Any threshold would be proposed by the accountable body and approved by the board, sub-board or panel responsible for the programme (as set out in the Schedule for the programme).

If fundamental issues arise during the appraisal/due diligence, the LEP Executive/accountable body will make a recommendation to the delegated group as to whether the project sponsor should be given time to address the issues or the allocated funding should be withdrawn.

The Schedule for each funding scheme will specify who will pay the costs of appraisal in general (i.e. the project sponsor or the LEP).

#### **A3.14.3 Recommendation and decision**

The LEP Executive/accountable body will report the findings of the appraisal/due diligence to the delegated group with a recommendation. The delegated group will then make a decision which will normally be final. Some delegated programmes require all funding decisions to be ratified by the LEP Board, or decisions on funding above a certain threshold to be ratified by the LEP Board; this will be specified in the Schedule. If this is the case, the LEP Board will then be asked to ratify the delegated group's decision.

The information made available to the sub-board/panel and LEP Board will include:

- A summary of the application made for funding;
- A summary of the appraisal of the application;
- Accountable body comments, incorporating comments from the Section 151 Officer and on legal considerations including, where applicable, the percentage risk of challenge and non-compliance with the proposed course of action and any mitigating factors which may be taken to address this.
- A recommendation as to whether to fund the proposal; and
- A recommendation about conditions which should be attached to the proposal.

#### **A3.14.4 Accountable body legal decision**

Once the mandate is provided from the LEP, the accountable body will then also make and record the decision in its own internal process so that the decision can be recognised and funding can be paid. The accountable body reserves the right to alter the conditions attached to the funding agreement, to add additional conditions or, in exceptional circumstances, to decline funding altogether (see section 5.2).

#### **A3.15 Recovering funding**

In the event of non-compliance or miss-representation, the LEP will seek to recover project funds via its accountable body exercising the conditions set out in funding agreements.

In the event of under-performance, the LEP will have the right to recover project funds (and/or withhold future funding to the same project or organisation), in accordance with the conditions set out in funding agreements. The LEP will consider the circumstances of the under-performance and whether the situation

can be rectified before a decision to recover funds (or withhold funds from other projects managed by the same organisation) is made.

The LEP Board and delegated sub-boards/panel will receive reports providing information on projects which have received funding, including:

- a. A description of projects where concerns have been identified;
- b. Relevant details including the amount of funding awarded and the sum at risk due to the concerns; and
- c. Where recovery of funds is considered, a legal opinion which sets out the legal basis for recovery and likelihood of success.

Where the LEP decides not to pursue recovery where it has identified noncompliance and has legal grounds to do so it must provide a compelling justification for its decision.

## Schedules: Information on specific funding streams

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# Schedule 1: Core operational funding

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## S1.1 Background

The LEP's core operational funding is used to employ the LEP's Executive Team, contract pieces of work (for example, research, consultancy or design) and for other day-to-day expenditure. In 2022/23, the main components are £100k between Hull City Council and East Riding of Yorkshire Council, £375,000k "core funding" from Government.

## S1.2 Decision-making process

The annual budget is developed by the LEP Chief Operating Officer in consultation with the Section 151 Officer's representative and the Audit, Finance and Governance Panel, and proposed to the LEP Board for approval. Reports are made six monthly to the Board, and any in-year changes are proposed at these points.

Officers in the LEP Executive take decisions on day to day expenditure, within the context of the budget and the accountable body's scheme of delegation (i.e. the amounts of funding officers can take decisions on varies by grade). Internal controls are enforced in the Executive and in the accountable body to ensure that expenditure is necessary and properly approved.

All expenditure follows the accountable body's Contract Procedure Rules.

# Schedule 2: Growing Places Fund

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## S2.1 Background

In 2011, the Government announced the launch of the Growing Places Fund, intended to enable Local Enterprise Partnerships to address infrastructure and site constraints to promote the delivery of jobs and housing, prioritise the infrastructure they need, and establish sustainable revolving funds so that funding can be reinvested.

The Government expects that Growing Places Fund will be used to:

- i. Generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing
- ii. Allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies
- iii. Establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.

At the time of launch, the Humber was allocated approximately £8.1m which was utilised in the creation of a Business Loan Fund offering commercial loans, mainly of between £100k and £1m, to support capital projects. The Government allocation was mainly capital, with a small revenue element. The revenue element is used to fund various costs associated with the administration of the programme such as due diligence, legal and other sundry costs.

At the close of the Humber LEP on 31<sup>st</sup> March 2021 and launch of the HEY LEP on 1<sup>st</sup> April, the Growing Places Fund and associated Business Loan programme was transferred in its entirety to the governance of the HEY LEP. At this point applications to the programme were restricted to the HEY geography although existing contracts with south bank-based businesses continue to be managed by the accountable body on behalf of the programme.

The HEY LEP retains all of the associated original and recycled funds from the original Humber allocation, as agreed with government as part of the transition arrangements.

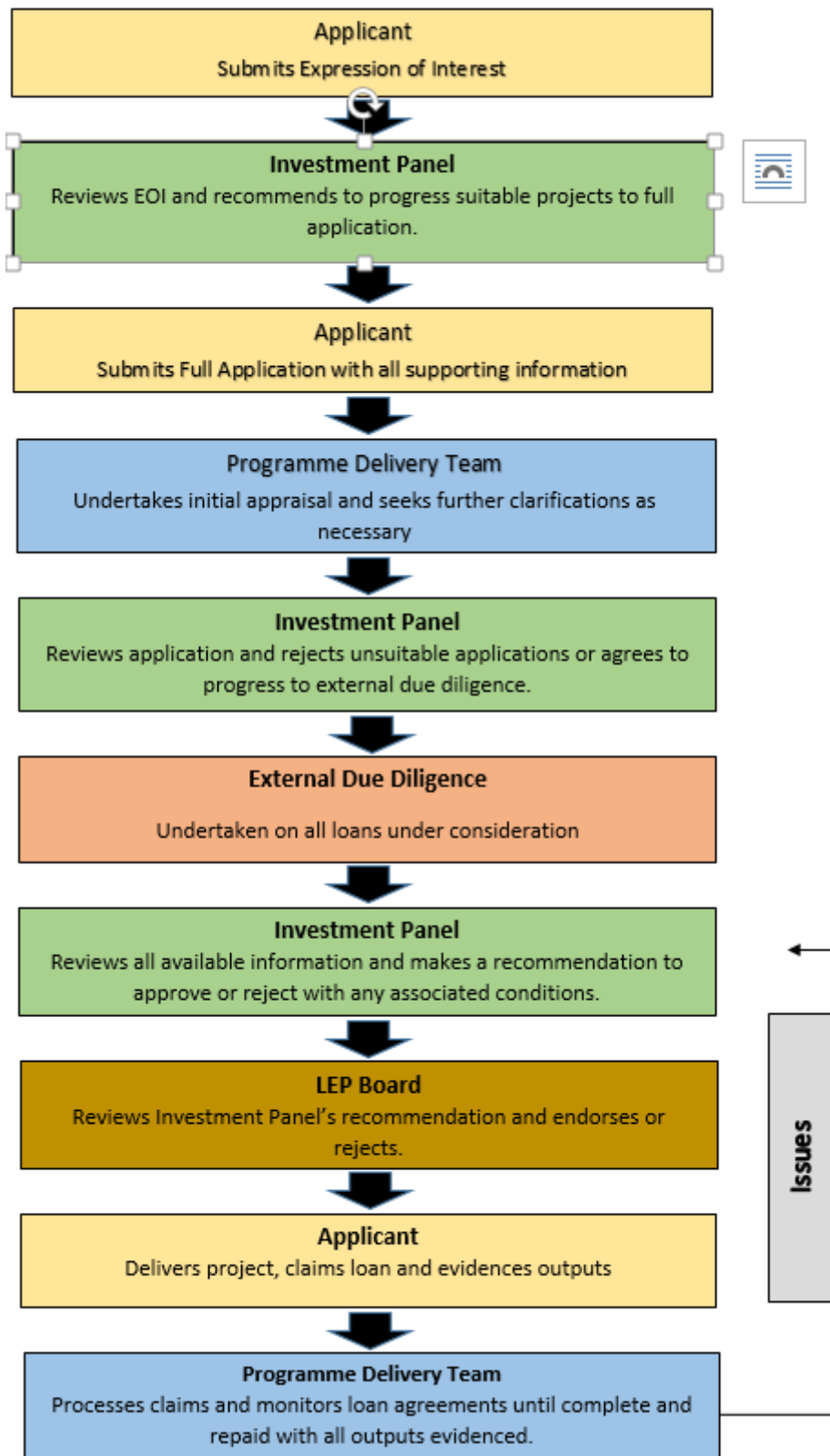
Following approval from the HEY LEP Board a new three year programme of Growing Places funding began on the 1<sup>st</sup> April 2022.

## S2.2 Decision-making process

The Business Loan Fund is a “delegated programme”, as defined in Part B of the Framework. However, it follows a simplified two-stage (rather than three-stage) approvals process which is more proportionate and appropriate to its role as a business-facing, revolving loan fund.

Recommendations relating to the allocation of funding are made by the LEP’s Investment Panel with final decision by the LEP Board.

The process of decision-making is outlined below:



### **S2.3 Accountable body**

Business Loan Fund resources will be paid by Hull City Council as the accountable body. The proper use and administration of this funding will be set out through the loan agreement and this Assurance Framework.

The funding will be deployed solely in accordance with decisions made through this local assurance framework. Hull City Council will not use this funding for its own purposes without a clear mandate from the Humber LEP via the decision making process outlined above.

Hull City Council, as accountable body for the HEY LEP is responsible for ensuring that expenditure is made in accordance with all applicable legal requirements including, subsidy control and public procurement law. In addition, any conditions applied to the loan will also be verified.

### **S2.4 Cost of appraisals and accountable body work**

The cost of programme administration and external Due Diligence will be met from Growing Places Fund revenue allocation, though this will be re-assessed as the revenue fund is depleted.

If additional appraisal or due diligence is needed on a project, the cost of this will be borne by the applicant.

### **S2.5 Responsibility for programme's value for money**

The LEP Chief Operating Officer will have responsibility for the programme's value for money, alongside the statutory responsibilities of the accountable body.

### **S2.6 Responsibility for scrutiny of proposals and recommendations**

The HEY LEP's Investment Programmes Manager will have overall responsibility for managing the process of project identification and prioritisation, including scrutiny of EOIs, Full Applications and associated Due Diligence by the Investment Panel. The Investment Programmes Manager will also have overall responsibility for ensuring that applications and appraisal results are reviewed by the Investment Panel and LEP Board at the appropriate stages.

The Investment Panel will be responsible for making recommendations and the HEY LEP Board will be responsible for final sign-off of decisions.

### **S2.7 Responsibility for costs**

Applicants will be required to fund any additional appraisal or due diligence costs other than those outlined above that are considered part of the programme administration costs. Per-project appraisal/due diligence costs covered by the programme are capped at a ceiling set by the Investment Panel (currently £3,500).

The normal costs of programme administration may be payable by the project sponsor under the following circumstances:

- i. Additional due diligence costs above the ceiling are incurred due to the applicant failing to supply required adequate information in a timely manner, misrepresenting their situation or changing their proposals.
- ii. The applicant fails to proceed with due diligence within a suitable timescale (applicants will normally be expected to complete the due diligence process within six weeks of starting). Unless there are special circumstances, agreed with the LEP in advance, applicants who do not complete the process within 18 weeks will automatically be rejected by the Investment Panel and required to pay costs incurred to date
- iii. After successful due diligence checks, the applicant refuses the loan. Typically any loan offer from the LEP would remain valid for up to 3 months after which the offer will expire.

Any costs incurred in preparing an application and in complying with their own project audit will be met by the project sponsor.

## **S2.8 Implementation process**

The process is as follows:

1. LEP Executive informs the project sponsor of the decision subject to final LEP Board approval and signing the funding agreement.
2. Accountable body receives confirmation from the Investment Panel and LEP Board (minutes) which have given approval to a project
3. Accountable Body & LEP Executive agree final terms of the Loan Agreement which have emerged from the external due diligence exercise (including any special conditions in addition to any already proposed as part of the approval process)
4. A Decision Record and Report, approved by the accountable body's Section 151 officer, approves the drawing up of the Loan Agreement
5. Accountable Body sends Loan Agreement to the project sponsor
6. Loan Agreement (Offer Letter) is signed
7. As specified in the Loan Agreement, project reports on a quarterly basis to the HEY LEP in line with its reporting arrangements to central Government.
8. Monitoring and verification checks are undertaken as specified in the Loan Agreement and in accordance with the Assurance Framework
9. Project closure; audit and evaluation (if required) as specified in the Loan Agreement

## **S2.9 Loan agreements**

Awards of funding by the LEP will be accompanied by a written legal agreement between the accountable body and the delivering business 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 - (typically these are paid in arrears on receipt of an appropriate claim form including evidence of spend)
- The interest rate applied to the loan, and any other charges
- Schedule of repayments agreed
- Any securities that have been agreed
- Arrangements to suspend or claw back funding in the event of non-delivery or mismanagement
- Any monitoring requirements, including the metrics and frequency of reporting
- Publicity obligations and arrangements
- Clear instructions on who is to receive the information requested
- Record retention
- Management and insurance

The agreement will be signed by a senior representative of the delivery organisation and by the Accountable body on behalf of the HEY LEP. The Loan Agreement will also specify any particular requirements before funding is released (e.g. proof that planning permission is in place; confirmation that other funding is secured).

## **S2.10 Supporting delivery and implementation**

The Investment Programme Manager is the responsible officer within the LEP Executive team. They are responsible for:

- ensuring regular ongoing communication with businesses delivering projects
- identifying issues and risks, including non-delivery
- providing support to overcome barriers
- ensuring that implementation and delivery progress is reported through the LEP structure.

The LEP draws on the accountable body for support with legal, finance, audit, procurement and other relevant issues, as well as the Due Diligence providers for advice on deliverability and value for money.

The LEP Executive will deal with programme-level issues including the development of programme documentation and guidance, pipeline development and monitoring issues in consultation with the accountable body and the Investment Panel.

### **S2.11 Monitoring delivery**

Monitoring for projects will be against a main set of metrics appropriate to the project, using the standard set of definitions published on the LEP's website.

Monitoring requirements and arrangements will be included in Loan agreements. The information required will vary depending on the type and size of project. Satisfactory reporting of monitoring information will be a condition of the Loan agreement with the project.

The LEP Executive will summarise monitoring reports for the LEP's sub boards and the accountable body for the programme. These will highlight areas of good practice and identify any issues of concern. The Executive will also arrange to meet businesses delivering projects where this would be helpful.

### **S2.12 Evaluation**

Delivering businesses are responsible for their own project evaluation. However, projects may be required to participate in wider programme evaluation as required. The LEP is committed to good quality evaluation, where there are useful things to be learned and findings can contribute to review or improvement of systems and processes.

### **S2.13 Surpluses arising during delivery and interest on loans**

By its nature, the Business Loan Fund is a revolving fund and it is expected that returned funds will be reinvested to achieve the same or additional outputs. Any surplus arising during delivery as a result of projects under-spending, failing to deliver or funding being clawed-back will likewise be returned to the programme for reinvestment via the standard application procedures.

Interest paid on loans issued has to date been added to the capital pot along with capital repayments. The LEP Board may in future decide to ask the accountable body to treat this as revenue and add it to the revenue pot in order to ensure that sufficient funding remains available to support the management and administration of the revolving capital fund.

Interest earned on any unallocated funds is added to the revenue pot.

### **S2.14 Changing the scope, delivery timetable financial profile or funding contribution of a project**

Processes are in place to agree changes to projects where these are requested by the project promoter. The project promoter must present the LEP Executive and accountable body with the implications of any potential change in terms of:

- Delivery timescales/ milestones
- Spend profile
- Outputs
- Repayment schedule

Material changes will be decided by the LEP Board on recommendation by the Investment Panel, with advice from the accountable body being provided to both. The Investment Panel will have delegated authority to decide on any non-material changes, with advice from the accountable body being provided. Applicants will have the right of appeal as per the normal decision-making process. The Investment Panel may decide additional due diligence is required to enable a change to be authorised; and may require the scheme promoter to pay for this.

“Material changes” are:

- Increase in LEP funding to the project
- Substantive decrease in outputs
- Substantive change to the type of outputs
- Substantive change (to the LEP’s detriment) in the proportion of match funding being provided
- Substantive change to delivery timescales
- Substantive rescheduling of repayments
- Other changes causing a substantive change to the project’s risk

“Minor changes” are those not covered above, but the Investment Panel may also choose to refer these to the LEP Board for final decision.

An increase in the Business Loan Fund contribution to a project may be considered if the funds are available. An increased investment will generally only be authorised if there is a proportionate (or higher) increase in other contributions and if value for money remains the same or is improved. An increased investment would also be subject to a review of the project sponsor’s ability to service the additional loan.

Where a scheme incurs significant cost increases or programme slippage from the time of prioritisation the LEP retains the right to reassess the scheme and lower its priority should the cost increases result in the scheme becoming unaffordable or no longer providing value for money or the slippage results in the programme no longer being deliverable within a reasonable timeframe.

### **S2.15 Changing the scope of the programme**

The original Growing Places Fund was allocated with few restrictions and recycled funds can be reallocated as determined by the LEP. This means that funds could be allocated as grants rather than loans and the scope of the programme can be reviewed against changing priorities.

It is recognised that the economic environment has changed considerably since the inception of the Business Loan Fund. The programme will be reviewed, with a proposal expected to be considered by the LEP Board in July 2021.

# Schedule 3: Growing Hull and East Yorkshire

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## **S3.1 Background**

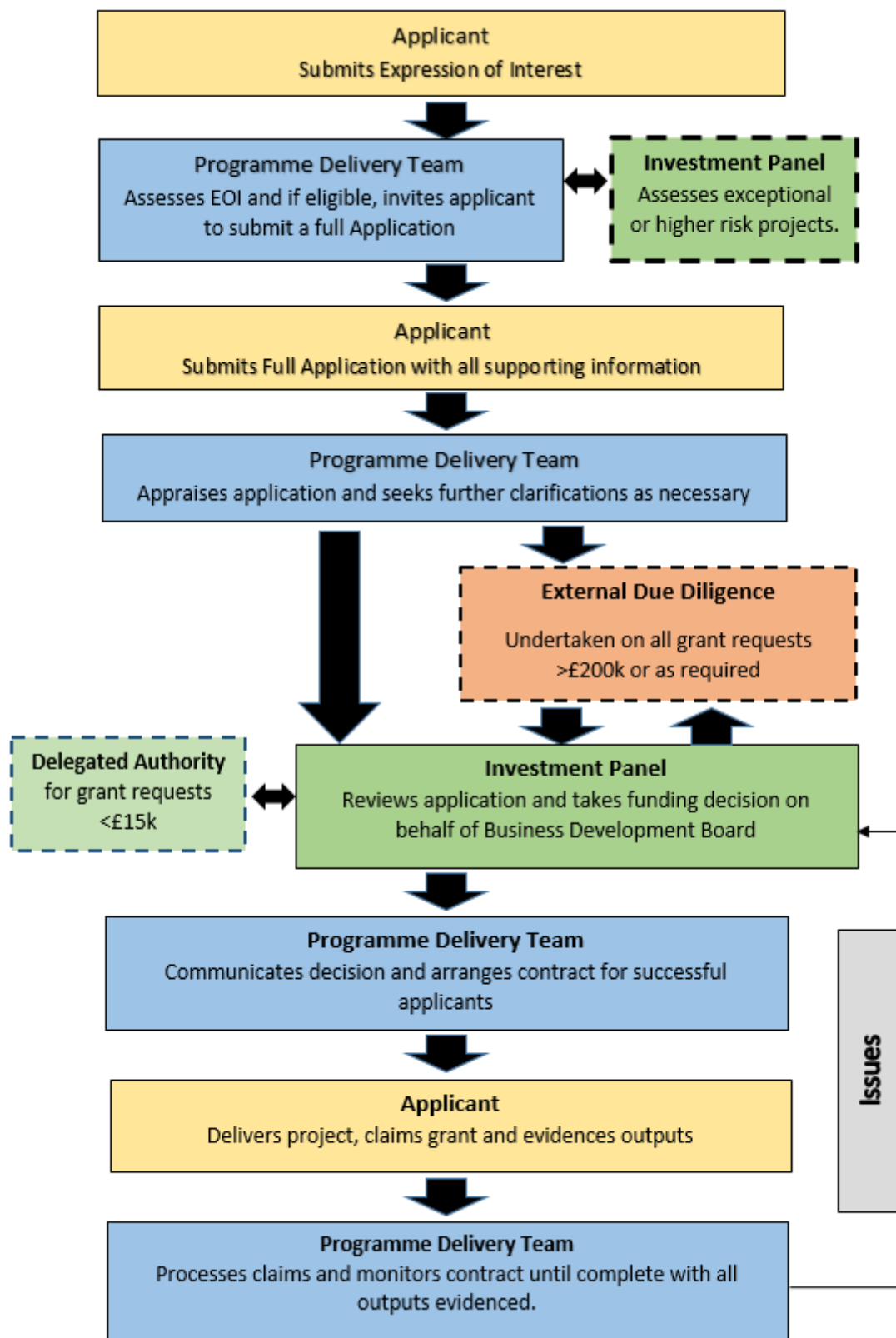
Growing Hull and East Yorkshire (GHEY) is the LEP's scheme of business investment grants for SME businesses across the region. It builds on the previously successful Growing the Humber scheme and in September 2020 was allocated £1.5m from the Getting Building Fund to deliver a programme to 31<sup>st</sup> March 2022.

## **S3.2 Decision-making process**

The process for allocating Getting Building Fund to the GHEY programme followed Part B of the Assurance Framework. GHEY is a “delegated programme”, as defined in Part B of the Framework and follows a simplified two-stage approvals process which is more proportionate and appropriate to its role as a business-facing grant programme.

Decisions relating to the allocation of funding and contract delivery are taken by the LEP's Investment Panel, with decision making on small grants delegated to the Programme Delivery Team comprising LEP Executive and delivery partner representatives. These members are Graeme Smith – Business Partner, Financial Planning, Hull City Council and Laura Barley – Business Programme Manager, HEY LEP. Their Registers of Interests will be published on the LEP's website.

The process of decision-making is outlined below:



### S3.3 Delivery partner

The delivery partner for the scheme is Hull City Council (HCC). HCC is the accountable body for the Getting Building Fund.

HCC, as delivery partner for the scheme, is responsible for ensuring that expenditure is made in accordance with all applicable legal requirements, including UK Subsidy Control, State Aid, public procurement law and the funding agreement with Hull City Council on behalf of the LEP.

In addition, HCC is also responsible for ensuring that specific proposals have gone through normal planning processes. Where relevant, project sponsors will be required to provide evidence of this as a condition of the funding, and the draw-down of funding will be dependent on this being provided at an agreed point.

In order to fulfil its role with all due accountability and financial probity, HCC applies the following processes and procedures:

- i. Undertaking internal due diligence, including legal and Subsidy Control checks on applications at appraisal stage, where necessary, referring cases to a senior manager in Legal and Democratic services for advice to inform the Investment Panel decision.
  - ii. Transparent procurement of external (independent) due diligence in line with Local Government Bodies regulations, where required
  - iii. Formal sign-off of grant award decisions by the senior responsible officer following the Investment Panel decision
  - iv. Bank rolling payment of grants against evidenced spend and ensuring that quarterly claims for LGF reimbursement are signed off by the S151 Officer.
  - v. Implementing any actions required to mitigate risk to the programme in the event of non-compliance by grant recipients, including invoking clawback of paid monies
  - vi. Maintaining a full record of the decision making and grant awarding process for compliance with audit requirements.
  - vii. Commissioning of an independent audit to confirm sound management of the scheme
- The following processes and procedures are undertaken by the LEP on behalf of Hull City Council:
- viii. Assignment of a named officer to contract with applicants, manage claims and monitor outputs via a robust system of project profiling and evidence requirements.

### **S3.4 Cost of administration**

The cost of managing and administrating the programme, including any external due diligence required, will be met from a management and admin fee subtracted from the total GBF allocation to the programme. This is agreed as part of the GBF business case process and stated in the funding agreement with Hull City Council.

### **S3.5 Responsibility for programme's value for money**

HCC's Finance Business Partner will have responsibility for the programme's value for money, alongside the statutory responsibilities of their Section 151 officer.

### **S3.6 Responsibility for scrutiny of proposals and recommendations**

The LEP Executive's Investment Programmes Manager will have overall responsibility for managing the process of pipeline development and prioritisation, including appraisal of EOIs and Full Applications by the Programme Delivery Team and assessment by the Investment Panel at the appropriate stages.

HCC will be responsible for ensuring that each Full Application is independently scrutinised according to the agreed criteria, as set out in the programme guidance.

The Investment Panel and Programme Delivery Team will be responsible for making funding decisions, informed by the appraisal and scrutiny process.

### **S3.7 Responsibility for costs**

Grant applicants will be required to fund any costs associated with the development of their project as well as their own project audit costs.

The normal costs of programme administration may be payable by the grant applicant under the following circumstances:

- i. Additional due diligence costs are incurred due to the applicant failing to supply required adequate information in a timely manner, misrepresenting their situation or changing their proposals.
- ii. The applicant fails to proceed with due diligence within a suitable timescale (applicants will normally be expected to complete the due diligence process within six weeks of starting). Unless there are special circumstances, agreed with the LEP in advance, applicants who do not complete the process within 18 weeks will be automatically be rejected by the Investment Panel and required to pay costs incurred to date
- iii. After successful due diligence checks, the applicant refuses the grant. Typically any grant offer from the LEP would remain valid for up to 3 months after which the offer will expire.

### **S3.8 Implementation process**

The process is as follows:

1. LEP Executive informs the project sponsor of the decision subject to final delivery partner approval and signing the funding agreement.
2. HCC receives confirmation from the Investment Panel where approval has been given to a project
3. HCC and LEP Executive agree final terms of the funding Agreement, including any special conditions requested by the Investment Panel
4. HCC sends funding Agreement to the project sponsor
5. A Decision Record and Report by HCC's S151 officer approves the drawing up of the funding Agreement
6. Funding Agreement (Offer Letter) is signed
7. As specified in the funding Agreement, project reports on a quarterly basis to HEY LEP.
8. Monitoring and verification checks are undertaken by HEY LEP as specified in the funding Agreement and in accordance with the Assurance Framework
9. Project closure, audit and evaluation (if required) as specified in the funding Agreement

### **S3.9 Funding agreements**

Awards of funding will be accompanied by a written legal agreement between HCC and the grant recipient 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 within a specified timescale
- Arrangements for payment (in arrears, subject to evidence of spend)
- 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
- Clear instructions on who is to receive the information requested
- External audit requirements
- Record retention
- Procurement requirements
- Management and insurance

The agreement will be signed by a senior representative of HCC as the LEP's delivery partner for the programme. The agreement will specify the name of the responsible officer within HCC with whom the grant recipient should liaise on monitoring and implementation issues.

The Funding Agreement will also specify any particular requirements before funding is released (e.g. proof that planning permission is in place; confirmation that other funding is secured).

### **S3.10 Supporting delivery and implementation**

The Finance Business Partner within HCC will be the senior officer responsible for delivery and implementation. They are responsible for:

- ensuring regular ongoing communication with grant recipients
- identifying issues and risks including non-delivery
- providing support to overcome barriers
- ensuring that implementation and delivery progress is reported through the LEP structure.
- ensuring that claims and monitoring reports are made to the accountable body for the LGF programme, as with other LGF projects

The LEP draws on the delivery partner for support with legal, finance, audit, procurement, contract management and other relevant issues, as well as the external Due Diligence providers for advice on deliverability and value for money.

The LEP Executive will deal with programme-level issues including the development of programme documentation and guidance and pipeline development.

### **S3.11 Monitoring delivery**

Monitoring for projects will be against a defined set of metrics, using the standard set of definitions published on the LEP's website. Monitoring requirements and arrangements will be included in funding Agreements. The information required will vary depending on the type and size of project. Satisfactory reporting of monitoring information will be a condition of the funding Agreement with the project and linked to the draw-down of funds.

The LEP Executive will, with the delivery partner's input, summarise monitoring reports for the LEP's sub boards and Hull City Council as Accountable Body for the GBF. These will highlight areas of success and identify any issues of concern.

Monthly monitoring reports will be presented to the funding body in the required format.

### **S3.12 Evaluation**

The programme will be subject to full evaluation following completion. The LEP is committed to good quality evaluation, where there are useful things to be learned.

### **S3.13 Surpluses arising during delivery**

By exception, surpluses may arise during delivery as a result of projects under-spending, failing to deliver or funding being clawed-back. Where possible, the LEP will seek to reinvest any such funding in order to achieve the same or additional outputs subject to the approval processes previously outlined.

The Programme Delivery Team will recommend to the Investment Panel how any surplus may be managed, with the recommended course of action depending on the amount of funding, time available to spend it and any conditions from the funding body. A Full Application or Project Variance Form would be required in order for the funding to be committed.

The use of any surplus may be subject to the overall spend profile of the LGF programme.

### **S3.14 Changing the scope, delivery timetable financial profile or funding contribution of a project**

Any significant changes to a project must be approved by the Investment Panel or by Delegated Authority as per the original decision. The Programme Delivery Team will provide guidance on what constitutes a significant change should scheme promoters require clarification.

The scheme promoter must present the Programme Delivery Team with the implications of the potential change in terms of:

- Delivery timescales
- Spend profile
- Outputs (facilitating value for money calculations)
- Funding contribution
- Funding profile

The Investment Panel will approve the change if it is considered to be justified and can be accommodated in the programme given the implications on spend profile, outputs and delivery timescales etc.

An increase in the Growing Hull and East Yorkshire grant contribution to a project may be considered if the funds are available and the intervention rate remains within eligible limits. An increased investment will generally only be authorised if there is a proportionate or higher increase in other contributions, additional outputs are achieved and if value for money remains the same or is improved. An increased investment would also be subject to a review of the project sponsor's ability to deliver within the required timescales.

Where a scheme incurs significant cost increases or programme slippage from the time of application approval, the funding offer may be revoked should the cost increases result in the scheme becoming unaffordable or no longer providing value for money or the slippage results in the scheme and associated outputs no longer being deliverable within the required timeframe.

# Schedule 4: Getting Building Fund

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## **S4.1 Background**

On 10th June 2020 the Secretary of State wrote to all LEPs and combined mayoral authorities requesting proposals for capital projects that could be delivered within the next 18 months. Projects were required to demonstrate clear deliverability and strategic fit with two priorities; economic growth and green recovery. These would be submitted for the new Getting Building Fund (GBF) which was subsequently announced by the Prime Minister.

It was confirmed that to support a smooth transition to the new the geographical arrangements the Humber LEP was only able to propose projects delivered in Hull and East Riding as projects in North and North East Lincolnshire would be proposed through Greater Lincolnshire LEP. A programme proposed by the Humber LEP was accepted by government with an allocation of £13.4m GBF and the programme has been subsequently transferred to the HEY LEP. Any changes to the agreed programme will need to be considered and agreed by government.

## **S4.2 Decision-making process**

The Getting Building Fund was designated as a strategic programme under Part B of this Framework and follows the processes detailed in Appendix 3. There are no deviations from Part B.

## **S4.3 Accountable body**

Getting Building Fund resources will be paid via a Section 31 grant determination to Hull City Council as the accountable body. The proper use and administration of this funding will be set out through the grant funding letter/agreement and this Assurance Framework. Hull City Council will not use this funding for its own purposes without a clear mandate from the LEP. The Government expects that Getting Building funding will be:

- i. Used to deliver the outputs agreed between HMG and the LEP and in accordance with decisions made through the Assurance Framework.
- ii. Deployed solely in accordance with decisions made through this local assurance framework and monitoring and evaluation framework agreed between the LEP and the Council as accountable body, such frameworks to be consistent with the standards set out in the national accountability and monitoring and evaluation frameworks.

Hull City Council, as accountable body for the HEY LEP is responsible for ensuring that expenditure is spent in accordance with all applicable legal requirements including, UK subsidy control, state aid and public procurement law. In addition, the accountable body is also responsible for ensuring that specific proposals have gone through normal planning processes. Project sponsors will be required to provide evidence of this as a condition of the funding, and the draw-down of funding will be dependent on this being provided at an agreed point.

## **S4.4 Cost of appraisals and accountable body work**

The cost of locally-commissioned appraisals at EOI, Outline and Full Business Case will be met from a ring-fenced M&A allocation from within the Section 31 grant. The cost of the accountable body's work and the LEP's programme management role will also be met from this allocation.

#### **S4.5 Responsibility for programme's value for money**

The Chief Operating Officer of the HEY LEP will have overall responsibility for the programme's value for money, alongside the statutory responsibilities of the accountable body's Section 151 officer.

In line with national guidance, the LEP will apply a flexible and proportionate approach to the assessment of business cases and in particular value for money, recognising the local economic conditions of the area.

#### **S4.6 Responsibility for scrutiny of proposals and recommendations**

Funding decisions are made on the basis of impartial advice. At all times there is a clear separation between those acting as scheme promoters and those appraising projects and advising decision-makers, so the LEP and Hull and East Riding Unitary Leaders Board can act on impartial advice on the merits of (at times competing) business cases.

At programme formation stage, the LEP's Investment Programmes Manager will have responsibility for managing the process of project identification and prioritisation, including scrutiny of proposals by sub boards of the LEP.

The LEP Executive will be responsible for ensuring Outline Business Cases are scrutinised. The accountable body will be responsible for ensuring that each Full Business Case is independently scrutinised according to the agreed criteria, as set out in the programme guidance. The LEP's Investment Programmes Manager will have responsibility for ensuring that the Full Business Case and appraisal results are reviewed by the appropriate sub board or panel. The sub board will be given a recommendation from the LEP Executive on what its recommendation to the LEP Board and Hull and East Riding Unitary Leaders Board should be.

#### **S4.7 Responsibility for costs**

Project sponsors will be required to fund their own assurance certification regarding annual spend (where appropriate). Project sponsors will also be required to fund their own project audit costs.

#### **S4.8 Implementation process**

The process is as follows:

1. LEP Executive informs the project sponsor of the decision subject to signing the funding agreement, and reminding them that no public announcement should yet be made
2. Accountable body receives confirmation (Minutes) from the LEP (Board and relevant sub boards and groups) and Hull and East Riding Unitary Leaders Board which have given approval to a project
3. Accountable Body & LEP agree final terms of grant offer letter (including any special conditions) which have emerged from the external due diligence exercise (which is carried out before the LEP Board/s and the Hull and East Riding Unitary Leaders Board give approval to projects).
4. Accountable Body sends a draft funding agreement to the project sponsor
5. Accountable Body draws up Funding Agreement
6. A Decision Record and Report by the Accountable Body's S 151 officer approves the drawing up of the Funding Agreement
7. Funding Agreement (Offer Letter) is signed
8. As part of Claims process, and as specified in the Funding Agreement, project reports on a quarterly basis to the accountable body. In line with its reporting arrangements to central government, and as part of the LEP's and the accountable body's operating practices this information will be shared with the LEP.
9. Monitoring and verification checks (as specified in the Funding Agreement)
10. Project closure; audit and evaluation (if required) as specified in the Funding Agreement

The LEP Executive and accountable body continually share information throughout this process as part of the joint programme management team. This is reported onwards to the LEP Board and sub-boards as required.

#### **S4.9 Funding agreements**

Awards of funding by the LEP will be accompanied by a written legal agreement between the accountable body and the delivery agent 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
- Clear instructions on who is to receive the information requested
- External audit requirements
- Record retention
- Procurement requirements
- Management and insurance

The agreement will be signed by a senior representative of the delivery organisation and by the accountable body on behalf of the LEP. The agreement will specify the name of the senior responsible officer within the LEP Executive Team with whom the delivery organisation should liaise on monitoring and implementation issues.

The Funding Agreement will also specify any particular requirements before funding is released (e.g. proof that planning permission is in place; confirmation that other funding is secured).

#### **S4.10 Supporting delivery and implementation**

Delivery and implementation are supported by a joint LEP Executive/accountable body programme delivery team.

Each project and programme funded by the LEP has a named senior responsible officer within the Executive team, which will be one of the Executive Directors (or their substitute). They are responsible for:

- ensuring regular ongoing communication with delivery bodies
- identifying issues and risks including non-delivery
- providing support to overcome barriers
- ensuring that implementation and delivery progress is reported through the LEP structure.

In addition, for Local Growth Fund projects, the Executive Team will provide information to support regular update sessions with the Cities and Local Growth Unit Assistant Director covering Hull and East Yorkshire.

The LEP draws on the accountable body for support with legal, finance, audit, procurement and other relevant issues, as well as the independent appraisers for advice on deliverability and value for money.

#### **S4.11 Managing delivery and implementation issues**

The flagging and scrutinising of potential at-risk projects at the sub-board and Board level will be made through the provision of clear and accessible papers and dashboards. The LEP will endeavour to act on feedback to make improvements that will support the Board and sub-boards to maintain effective oversight of delivery.

Should the LEP Executive or accountable body identify concerns with a project, they may call a joint project review meeting with the project sponsor. The review meeting may also be attended by BEIS and other relevant departments/agencies, and any other LEP involved with the wider project. The purpose of the review meeting will be to clarify the status of the project and the way forward, to enable the LEP Executive and accountable body to provide advice to the LEP Board and relevant sub-board.

If the LEP Executive or accountable body have concerns about a project's deliverability or adherence to the terms of the funding, the project sponsor will be given the opportunity to rectify the situation within a reasonable timeframe. However, should it not be possible to do this the LEP Executive and accountable body may recommend to the LEP Board that the project should be removed from the programme (and returned to the pipeline if appropriate). If the project has already commenced, the accountable body will be responsible for securing any clawback under the terms of the funding agreement.

Exceptionally, should the LEP Executive and accountable body believe urgent action is required to protect the programme's delivery or to safeguard public funds, they may recommend to the LEP Board that a "hold" is placed on a contracted project. This is in addition to the accountable body's legal obligations through the claims process. When a project is "on hold", no further LGF claims may be paid until the hold is released by the LEP Board, although the project manager should continue to report implementation and delivery progress via the LEP structure.

The LEP Executive and accountable body will work with any project on hold to resolve the issues as quickly as possible, but the onus will be on the project sponsor to provide evidence that the project is deliverable and compliant. If it is not possible to resolve the issues with the project, the LEP Executive and accountable body may recommend to the LEP Board that the project is cancelled and clawback is triggered.

The LEP Executive will seek confirmation of the deliverability of projects in the programme, including the availability of match funding and ability to create the necessary outputs, up to a year in advance of their expected start and at other relevant points, in addition to the normal monitoring process, recognising the lengthy time period between projects entering the programme and funding being committed. This may include carrying out a "stocktake" of the programme. If there is insufficient confidence that a project is deliverable within the required timescales, including enabling the LEP to meet its annual spend and output targets, the LEP Executive may recommend to the LEP Board that the project be returned to the pipeline and the funding be reallocated.

#### **S4.12 Monitoring delivery**

Monitoring for projects will be against a menu of metrics appropriate to the project, as well as project milestones and risks (see below). Monitoring requirements and arrangements will be included in funding agreements. The information required is captured on templates provided by the LEP, but the level of detail will vary depending on the type and size of project. Satisfactory reporting of monitoring information will be a condition of retention in the programme and of the funding agreement with the project, linked to the draw-down of funds.

Projects in the Allocated Programme and Committed Programme are required to submit a return by the 15<sup>th</sup> day of every month. At the end of every quarter the return is a detailed claim form, setting out details of expenditure, milestones and outputs achieved, and risks, against which GBF may be paid in arrears. Projects are required to continue submitting claims until all match funding and outputs have been evidenced, although the reporting frequency may by agreement be reduced after physical completion.

The monitoring returns and claim forms are reviewed by the joint LEP Executive/accountable body programme delivery team, which checks claims for compliance with funding conditions and monitors risks – recommending mitigating actions to the LEP Board/sub-boards are required.

The LEP Executive will summarise monitoring reports for the LEP's sub boards and the accountable body for the programme. These will highlight areas of good practice and identify any issues of concern. The Executive will also arrange to meet delivery bodies where this would be helpful.

The LEP Board and accountable body will receive an overview report using a "traffic light" RAG system, which will highlight key milestones and any incidences of under-performance. This overview report will be provided by the LEP Executive, based on the monitoring returns from projects.

Monitoring reports will be presented to funding bodies in the relevant format, and summary information will be published on the LEP's website. Annual/bi-annual progress summaries at the programme level will also be produced as required by funders. In the case of annual summaries, these will be published alongside the LEP's Annual Review wherever possible.

#### **S4.13 Management of risk**

Project risks are identified at every stage of the approvals process, with a detailed risk register template required to be completed at Full Business Case stage. The independent scrutiny of business cases includes paying particular attention to whether risks are comprehensively identified and appropriate mitigation is in place.

During delivery, project sponsors report to the LEP and accountable body on risk as part of the reporting and claims cycle. Risks are reviewed in the first instance by an officer group comprising the LEP Executive and accountable body, and escalated to the relevant sub-board of the LEP and main Board where appropriate. This also includes any propriety or value for money risks that may be identified by the LEP Executive or accountable body. The named individual responsible for the identification and management of risk is the Investment Programmes Manager.

Where mitigating action is required from the LEP/accountable body, this is identified and recommended in the report. A highlight report covers the RAG status of every project, and risks/issues are set out in more detail on an exception basis.

At a programme level, risks are aggregated to provide projections for expenditure and achieving outputs. These are also reported to the Board and sub-boards, along with any mitigating action required (e.g. pausing a project, accelerating other projects).

#### **S4.14 Evaluation**

Project sponsors are required to evaluate the success of their projects in line with their Full Business Case proposal and will be expected to support evaluation of the wider programme. In addition, a project may be subject to full evaluation by the programme following completion. This will not apply to all projects and will be agreed prior to commencement of the project. The LEP is committed to good quality evaluation, where there are useful things to be learned, and encourages project sponsors to "design in" evaluation from the outset. Evaluation objectives relate back to the business case and build on the assumptions used in the appraisal process.

#### **S4.15 Surpluses arising during delivery**

By exception, surpluses may arise during delivery as a result of projects under-spending, failing to deliver or funding being clawed-back. Where possible, the LEP will seek to reinvest any such funding in order to achieve the same or additional outputs in agreement with government. This may be subject to the approval of the specific funding body.

The LEP Executive will recommend how to manage any surplus arising to the LEP Board, with the recommended course of action depending on the amount of funding, time available to spend it and any conditions from the funding body. The project pipeline will normally be the first recourse. A Full Business

Case, externally appraised and approved in the normal way, would be required in order for the funding to be committed.

## **S4.16 Changes to projects**

### **S4.16.1 Changing the scope of a project**

Any significant changes to the scope of the scheme post prioritisation must be approved by the Humber LEP Board. The HEY LEP Executive will provide guidance on what constitutes a significant change should scheme promoters require clarification.

The scheme promoter must present the LEP Executive with the implications of the potential change in terms of:

- Delivery timescales;
- Spend profile, and
- Outputs (facilitating value for money calculations).

The HEY LEP Board will approve the change if it is considered to be justified and can be accommodated in the programme given the implications on spend profile and delivery timescales. Further approval will also be required from Government for significant changes to projects or replacement projects through change request process.

### **S4.16.2 Changing the delivery timetable of a project**

Any significant changes to the project delivery timetable post prioritisation should be approved by the LEP Board. The LEP Executive will provide guidance on what constitutes a significant change should scheme promoters require clarification.

The scheme promoter must present the LEP Executive with the implications of the change in terms of delivery timescales and spend profile.

The LEP Board will approve the change if it is considered to be justified and can be accommodated in the programme given the implications on spend profile and delivery timescales. The LEP Executive will notify any changes to Government, and seek final approval where necessary.

### **S4.16.3 Changing the financial contribution to the project**

An increase in the Getting Building Fund contribution to a project will not normally be possible, since the LEP is unlikely to have unallocated funds. The LEP's policy is not to increase the intervention rate to projects. An increased investment will only be authorised if there is a proportionate (or higher) increase in other contributions and the project's outputs, and if value for money remains the same or is improved.

Where a scheme incurs significant cost increases or programme slippage from the time of prioritisation the HEY LEP retains the right to reassess the scheme and lower its priority should the cost increases result in the scheme becoming unaffordable or no longer providing value for money or the slippage results in the programme no longer being deliverable within the programme funding period.

Should a scheme be delivered under budget, the LEP contribution will decrease in proportion to the co-funding amounts specified in the funding agreement unless agreed otherwise by the LEP Board.

### **S4.16.4 Changing the profile of funding**

From time to time it is necessary to adjust the funding profiles of projects, such as to deal with slippage, underspends, requests for acceleration or a change in the profile of funding received by the LEP. The LEP Executive has delegated authority to agree changes with project sponsors, in consultation with the accountable body. Changes will generally be agreed by mutual consent, but where this is not possible they will be referred to the LEP Board for approval. Where projects are selected to be accelerated, or

involuntarily delayed, the LEP Executive will make a recommendation to the LEP Board, based on the LEP Board's original prioritisation of projects and the LEP Executive's assessment of risk and deliverability.

As the contracting body, the accountable body will confirm any agreed variation in profile in writing with the project sponsor.

# Schedule 5: Growth Hub

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## S2.1 Background

The Growth Hub exists to bring together business support delivery in Hull and East Yorkshire and sign-post businesses to the most appropriate source of support. The Growth Hub offers a website with comprehensive information about support available in the area, a number of advisers hosted in each local authority area, and a wider partnership of support organisations that are committed to working together.

The LEP complies with the “Principles of Funding” set out in relation to the BEIS funding. These include using robust monitoring and evaluation systems to exercise continuous service improvement; ensure excellence in quality delivery and deliver greater levels of impact on business.

The Growth Hub has expanded its offer with ERDF funding which will conclude in March 2023. The contractual requirements arising from that are not replicated in this Framework.

## S2.2 Governance

The Growth Hub activity is led by the Business Support Board on behalf of the main LEP Board. Membership of this Board consists of business and representative organisations, the University of Hull, the Federation of Small Businesses, FEO and local authorities. The Business Support Board makes operational and strategic decisions and reports to the main LEP board on a bi-monthly basis.

## S2.3 Accountable body

The accountable body for the Growth Hub is Hull City Council. Funding from BEIS for the Growth Hub is paid to the accountable body quarterly in advance under section 11 of the Industrial Development Act 1982, following receipt of a written request from the accountable body on behalf of the LEP. Grant offer letters have been issued annually for the BEIS funding and signed by the accountable body.

The cost of accountable body work is covered by the general arrangements for the LEP. The cost of annual audit is met by the programme.

## S2.4 Responsibility for programme’s value for money

The LEP Chief Operating Officer is responsible for the programme’s value for money.

## S2.5 Delivery arrangements

The accountable body employs the programme management staff (as part of the LEP Executive) and the adviser covering Hull. It contracts with East Riding of Yorkshire Council which hosts advisers on behalf of the Growth Hub. Both Local Authorities presently contribute £10,000 each towards the cost of the adviser in their area, with the remaining funding coming from the BEIS grant.

The contracts set out the terms of the programme, the outcomes that are expected to be achieved and the reporting that is required. The LEP Executive collates monitoring information and will provide this to the Business Support Board and BEIS.

## S2.6 Evaluation

An evaluation was carried out in 2020/21 utilising uplift funding from BEIS. Proportionate evaluations are carried out annually in line with funding conditions.

## **S2.7 Communications and engagement**

The Growth Hub's identity is a subset of the LEP's, and as such draws on the LEP's communication channels and its own communication channels – including website, social media, newsletter and events. Partner organisations are encouraged to promote the Growth Hub and signpost clients to it.

The Growth Hub's progress is reported as part of the LEP's Annual Review, and an additional Annual Report specific to the Growth Hub is also produced for BEIS as a condition of the funding.

# Schedule 6: Humber Industrial Cluster Plan

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## S6.1 Background

The Humber Industrial Cluster Plan (HICP) has been co-developed by the Humber LEP working with membership organisation CATCH and eight industrial partners and was successful in bidding for funding from the UK Research and Innovation (UKRI) Industrial Strategy Challenge Fund (ISCF) Cluster Plan competition with the LEP as Lead Partner. It has been adopted as a legacy project by the HEY LEP and reports progress to the Humber Leadership Board in addition to the LEP Board.

HICP will provide an evidence-based Plan for identifying, understanding, prioritising and delivering the measures that will enable the Humber industrial cluster – the UK's largest by carbon emissions – to achieve net zero by 2040, while maximising strategic opportunities to drive the green recovery.

The plan will be informed by ongoing work on proposed industry-led decarbonisation investments and will have access to world-class industrial expertise. A transparent approach to stakeholder engagement will ensure that all appropriate organisations can inform the development of the plan, with direct access to over 300 businesses and all relevant local authorities and agencies through the lead partners.

HICP will enable a phased approach to be taken to decarbonisation – prioritising the implementation of near-term deliverable investments that will significantly reduce the Humber's emissions by 2030, mapping out how carbon capture and storage (CCS) and hydrogen infrastructure can be scaled up over time, and identifying the full range of interventions required to achieve net zero by 2040.

HICP will also outline at a high level the potential for the Humber's industrial decarbonisation to support wider cross-economy decarbonisation, including clean maritime in the UK's largest ports complex, road/rail transport and decarbonisation of the gas supply (25% of the UK's supply passes through the Humber). Linked opportunities and implications for renewable energy, especially bioenergy with carbon capture and storage (BECCS) and offshore wind (both of which the Humber leads on and are integral to decarbonising industry), will also be identified.

Supporting UK leadership of decarbonisation technologies and the creation of local jobs and supply chains are crosscutting themes where HCP will identify future actions the Humber can take to accelerate the green recovery, including resultant opportunities for inward investment and diversification to take advantage of low carbon infrastructure.

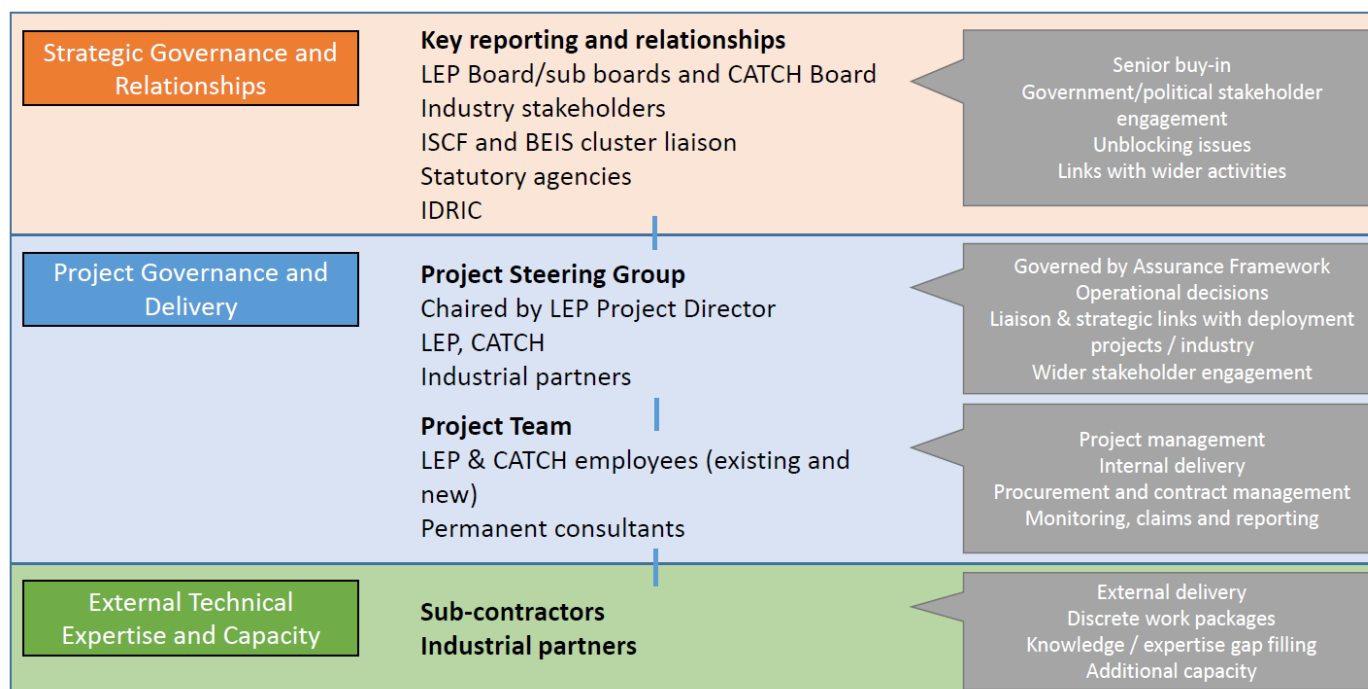
HCP and the evidence base that will be assembled through its development will provide a clear way forward for industry, Government and local leaders to work together to achieve rapid decarbonisation of the UK's largest cluster, whilst maximising opportunities for local people and businesses to benefit from the transition.

The Plan will be published and launched in quarter one of 2023.

## S6.2 Governance

The HICP is led by the project Steering group (SG), chaired by the HEY LEP Project Director (as Lead Partner), which is the Chief Operating Officer and comprises senior representatives of each of the Partners to the HICP, including CATCH as the deputy chair role. The Partners are net contributors to the project as agreed with and monitored under the terms of the funding Grant Offer Letter (GOL) signed with Innovate UK.

The diagram below sets out the relationships and functions of the Steering Group within the wider project delivery structure



A Collaboration Agreement, signed by all 10 Partners establishes the responsibilities and expectations for robust and transparent project governance.

### S6.3 Accountable body

The accountable body for the HICP delivery, including risk exposure and management, is Hull City Council. However, unlike with some other programme funding the accountable body does not receive and manage project funding for any Partner other than the LEP as each Partner is responsible to Innovate UK for their own element of project spend.

Funding from Innovate UK for the HICP delivery is paid to the accountable body quarterly and in arrears against evidenced spend following receipt of a satisfactory claim and supporting evidence.

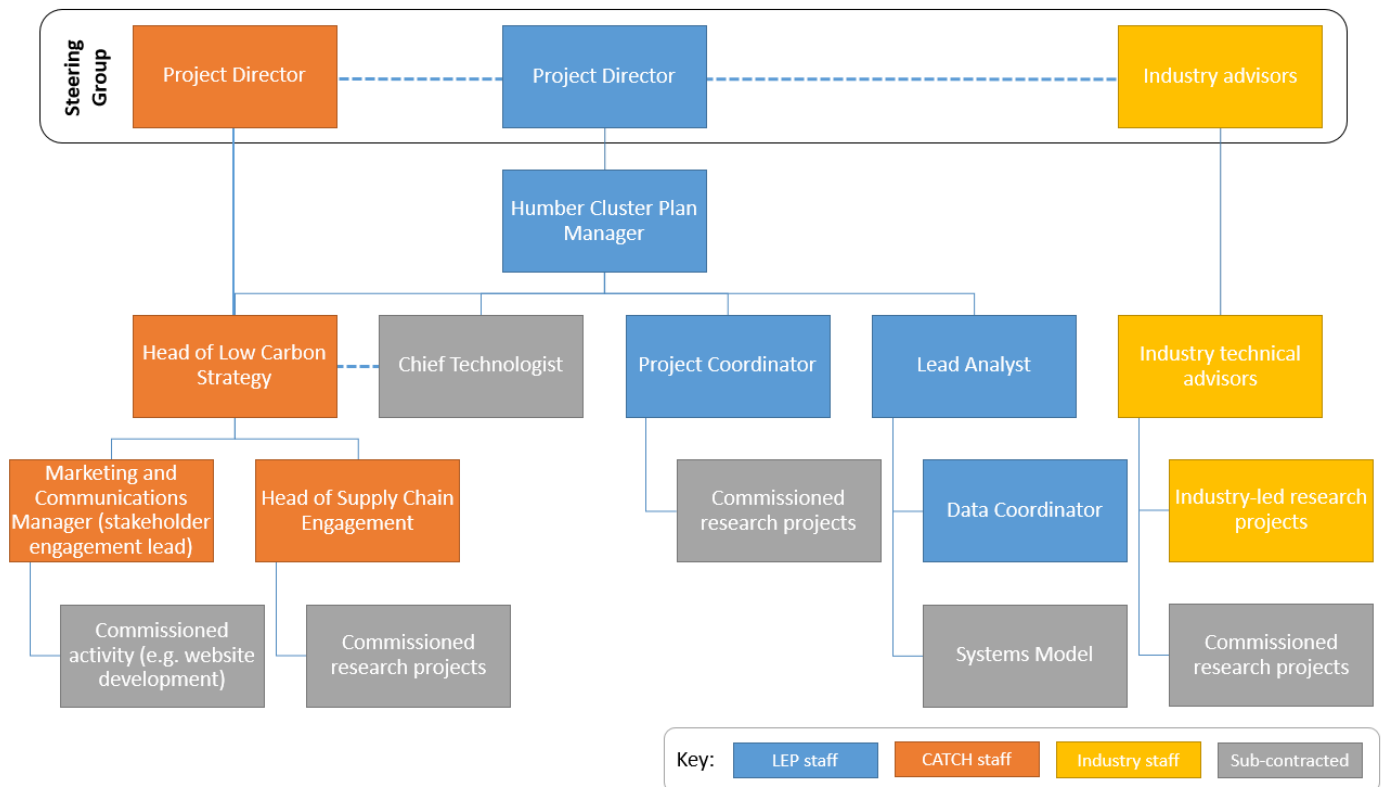
The cost of accountable body work is covered by the general arrangements for the LEP with additional legal and procurement costs as well as the cost of annual audit being met by the project.

### S6.4 Responsibility for value for money

The LEP Chief Operating Officer, also acting as the LEP's Project Director, is responsible for the programme's value for money.

### S6.5 Delivery arrangements

The project will be delivered by a blended Project Team comprising staff from the LEP, CATCH and Industry Partners, with some elements of delivery subcontracted. The diagram below sets out the agreed team structure.



The accountable body directly employs the Humber Cluster Plan Manager and three project staff (as part of the LEP Executive) with the costs being met through the project.

The Humber Cluster Plan Manager is responsible for oversight of project delivery and for ensuring compliance across the project.

## S6.6 Cross Estuary Working

The Humber Industrial Cluster comprises businesses on both sides of the Humber and extends to Drax, sited close to Selby in North Yorkshire. The HCP falls within the scope of cross estuarial working agreed between the Local Authority leaders on both sides of the Humber and is represented within the Humber Estuary Plan adopted by the Humber Leadership Board (HLB) in January 2021.

The role of Lead Partner was accepted by the HEY LEP as part of the transition and legacy arrangements at the close of the Humber LEP at the end of March 2021. However, the project remains pan-Humber in scope.

The Project Team reports progress to the HLB and the HLB also has representation on the project Steering Group in an observational capacity.

## S6.7 Communications and engagement

The HICP has an independent identity from that of the LEP and therefore has its own communication channels – including dedicated project website hosting outputs, data, methodologies and progress, social media, newsletter and events. A dedicated project website hosts updates, and supports consultation and engagement. The LEP promotes HICP activity through its own communication channels and partner organisations are encouraged to promote the HICP.

Collaboration and information sharing with other UK clusters (including any not funded through ISCF) continues through regular meetings of the UK Wide Cross Cluster Group.

The progress of HICP delivery is reported to Innovate UK as a condition of the funding. In addition, a Stakeholder Engagement plan for the project is delivered to the wider interested community.

# Schedule 7: North East and Yorkshire Energy Hub

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## S7.1 Background

HEY LEP is one of six constituent regional LEP partners in the North East and Yorkshire (NEY) Energy Hub which is led by Tees Valley Combined Authority (TVCA) and brings together local authorities, businesses, organisations and communities to help achieve local energy goals.

The NEY Energy Hub is one of five Energy Hubs across England, funded by the Department of Business, Energy and Industrial Strategy (BEIS) to deliver energy strategy and support the transition to Net-Zero carbon emissions by 2050.

The purpose of the Energy Hub is to support and accelerate the development of local and regional, low and zero carbon energy projects across 31 Local Authority boundaries, bring forward business cases that can attract investment in energy infrastructure, share best practice across a national programme, and develop a pipeline of innovative projects to support the region's clean growth agenda.

## S7.2 Governance

An Energy Hub Manager and small core team are based in TVCA with a Hub-funded Energy Projects Manager based in each of the LEP areas and representation from each of the LEPs on the Energy Hub Board.

The HEY LEP Investment Programmes Manager is the representative on the Energy Hub Board, attending monthly meetings. The Energy Projects Manager sits within the HEY LEP's Investment Programmes Team and is line managed by the Investment Programmes Manager.

## S7.3 Accountable body

The accountable body for the Energy Hub is Tees Valley Combined Authority. Funding for Energy Hub activity, including the employment of the Net Zero Projects Lead, is paid to the LEP as a grant by TVCA quarterly in arrears upon meeting the monitoring and reporting requirements set out in the Funding Offer Letter.

Hull City Council is accountable body for Energy Hub activity undertaken by the HEY LEP. The cost of associated accountable body work is covered by the general arrangements for the LEP.

## S7.4 Delivery arrangements

The HEY LEP has a funding allocation to 31<sup>st</sup> March 2023.

Hull City Council employs the Net Zero Projects. The LEP provides representation on the Energy Hub Board through the LEP Investment Programmes Manager role.

The Energy Projects Manager manages any subcontracts delivered with Energy Hub funds.

## S7.5 Communications and engagement

The Energy Hub has an independent identity and therefore has its own communication channels – including dedicated website social media, newsletter and events. The LEP promotes Energy Hub activity through its own communication channels.

# Glossary of Terms

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AFG Panel – Audit, Finance and Governance Panel

AGM – Annual General Meeting

BECCS – Bioenergy with Carbon Capture and Storage

BEIS – Department for Business, Energy and Industrial Strategy

CCS – Carbon Capture and Storage

DfT – Department for Transport

ERYC – East Riding of Yorkshire Council

ESIF – European Structural and Investment Funds

EZ – Enterprise Zone

FOIA - Freedom of Information Act

GBF – Getting Building Fund

GDPR – General Data Protection Regulation

GLLEP – Greater Lincolnshire Local Enterprise Partnership

HCC – Hull City Council

HEY – Hull and East Yorkshire

HICP – Humber Industrial Cluster Plan

HLB – Humber Leadership Board

ISCF – Industrial Strategy Challenge Fund

JSU – Joint Strategy Unit

LEP – Local Enterprise Partnership

LGF – Local Growth Fund

MHCLG – Ministry of Housing, Communities and Local Government

MoU – Memorandum of Understanding

OBC – Outline Business Case

SCG – Single Conversation Group

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TAG – Transport Advisory Group

TCVA - Tees Valley Combined Authority

UKRI – UK Research and Innovation