

Enterprise M3 Board

31 January 2017

Enterprise M3 Governance, Accountability and Transparency – Item 10

Enterprise M3 Board is asked to:

APPROVE the revised Assurance Framework at Appendix A

APPROVE the establishment of an Enterprise M3 Resources, Finance and Audit Committee

AGREE the appointment of a new Board Member representing Higher Education

AGREE the appointment of a new Chair for the Rural Action Group

1. Background

- 1.1 In recent months, the Board has received a number of papers relating to issues of Enterprise M3 governance, transparency and accountability. These areas remain a key area of focus for the LEP and its partners (including central government) and this paper summarises recent work, seeking Board approval and agreement to a number of developments.
- 1.2 Governance, accountability and transparency will be a key area of work for Enterprise M3 over the course of 2017. The Nominations Committee will be overseeing work relating to the recruitment of new Board Members and increasing the diversity of our Board and a verbal update on progress will be given at the Board Meeting. We are also involved, via the LEP Network, in a peer review of transparency and the first outputs from this work will be available in early February 2017. This work will further inform our ongoing work on accountability and transparency.

2. Enterprise M3 Assurance Framework

- 2.1 The work of Enterprise M3 is governed by its Assurance Framework, this document sets out the policies and procedures of the LEP and is published on our website. Our first Assurance Framework was published in 2015 to give clarity around the first year of Local Growth Fund. Since then, Enterprise M3 has updated the Assurance Framework on an annual basis, with the most recent amendments agreed by the Board in March 2016.
- 2.2 In October 2016, Government issued guidance to all LEPs which details required amendments to Assurance Frameworks, the majority of this guidance responds to points raised by last year's National Audit Office report on Local Growth and LEPs. All LEPs are required to revise their Assurance Frameworks in line with this guidance and have it signed off by their Accountable Body before 28 February 2017 in order to draw down the Local Growth Fund allocation for 2017/18. A revised Assurance Framework must also be published on the Enterprise M3 website.
- 2.3 A draft of the revised Assurance Framework is attached at Annex A and proposed changes for agreement by the Board have been shown in red. For ease of circulation, the Annexes to the Assurance Framework have been removed but these can be provided on request, by emailing Rachel Barker – rachel.barker@enterprisem3.org.uk.

2.4 The following major changes have been made to update the Assurance Framework:

- A named representative (Tim Colman) for the SME community has been included in Table 1.
- The Nominations Committee and the Enterprise Zone Programme Steering Group (interim) have been added to the document
- The text relating to declarations of interest and a register of Board Members interest has been strengthened (see 3.2.6)
- Text requiring that all Board Members adhere to the '7 principles of public life' has been inserted (see 3.2.6)
- Additional text has been added to clarify who has overall responsibility for the decisions taken by Enterprise M3, including delegated responsibility relating to approving cost increases on LGF/GEF projects (see 3.1.12)
- Wording has been added to clarify that we openly publicise funding opportunities (4.2, point a)

2.5 The majority of the required revisions to the Assurance Framework have been made and are reflected in the draft at Annex A. However, we are seeking further clarification on a small number of points in the Government guidance and it is possible that we will need to make some additional changes. If this is the case, the Enterprise M3 Board is asked to agree that authority to approve these amendments is delegated to the LEP Chair. The most significant issue relates to additional guidance on how we manage transport schemes provided by the Department for Transport which requires us to establish a number of separate processes for the approval and delivery of transport schemes. We are working with the Department of Transport and the LEP Network to ensure that these requirements are reflected in our Assurance Framework in a proportionate manner. In addition, we are also seeking expert guidance from our Accountable Body on the requirements for a Diversity Statement and it is anticipated that additional text will be added to strengthen the Assurance Framework in due course.

2.6 In addition to making the required amendments to the Assurance Framework, we are also undertaking a comprehensive review of our processes and procedures to ensure that we act in a transparent and accountable way. This review includes additional work to our website to ensure that it is user-friendly and that material is accessible and that we communicate openly on our activity. We are also working with our Accountable Body to ensure that we meet the requirements set out in the Local Government Transparency Code and we anticipate that as a result we will shortly be publishing details of senior staff remuneration and additional detail on our finances and expenditure. We will also be reviewing the publication of meeting papers and processes for public engagement with our work. All of this work will be underpinned and informed by a 'peer review' process for LEPs that has been facilitated by the LEP Network and we will be working with Worcestershire LEP and Greater Cambridgeshire and Greater Peterborough LEP in the coming months to review procedures and share best practice. The outcome from this work will be reported to the Board in due course.

3. Enterprise M3 Resources, Finance and Audit Committee

3.1 Over recent years, the budget of Enterprise M3 has increased significantly and we have also been able to secure income from a number of different funding streams, including key partners. To date, the Enterprise M3 Board has had responsibility for setting and overseeing the budget for all revenue (operational funding) and reports are frequently brought to Board Meetings for approval or noting. A remuneration sub-committee has been established to deal with staffing issues, including recruitment and contract extensions. In addition, the LEP Director has been supported by an Executive Steering Group who have

acted in an advisory role on a range of operational issues, including finances and resources.

- 3.2 As the role of Enterprise M3 increases, agendas for Board Meetings are becoming increasingly full and it is therefore recommended that Enterprise M3 establish an Enterprise M3 Resources, Finance and Audit committee who would look at each of these issues in detail. This would allow for greater scrutiny of Enterprise M3's operational budget and a more detailed input from Board members. It would also allow us to streamline existing processes as it is envisaged that this group would replace both the Executive Steering Group and the remuneration sub-committee and it is proposed that we work with both groups in the coming weeks to engage them in these proposals.
- 3.3 In a similar way to the Nominations Committee, the Board would continue to receive updates on the work of this group at each Board Meeting. The approval to the establishment of the Resources, Finances and Audit Committee at this stage will be in 'shadow' form and subject to a final approval of a Terms of Reference at the March Board Meeting. However, an in principal approval at this stage will allow us to start working with interested group members and planning the business of future meetings in the coming weeks.
- 3.4 It is proposed that the Resources, Finance and Audit Committee has decision making powers and that members are drawn from the Enterprise M3 Board. Our current working assumption is that this group shall consist of the following groups, drawn from the Enterprise M3 Board: Business Board Member (Chair), Not for Profit, FE, HE, Local Authority in addition to the Accountable Body and the LEP Director.

4. Higher Education Board Member

- 4.1 As reported in September 2016, Dr Malcolm Parry's term of office has come to an end and we have been engaging with our Higher Education institutions to appoint a successor to the Board. Malcolm Parry has made a huge contribution to the work of Enterprise M3 since he joined the Board in June 2011 and we are delighted that he will continue to work alongside us, particularly supporting us on our digital activity.
- 4.2 Following discussions with the HE institutions in the Enterprise M3 area, two candidates expressed an interest in joining the Enterprise M3 Board and have met with Geoff French, Mike Short (as Chair of the Nominations Committee) and Kathy Slack. As a result of this process, it is proposed that Professor Paul Hogg, Vice Chancellor of Royal Holloway joins the Board from March 2017, representing our HE institutions. The Board is asked to agree this appointment.

5. Rural Action Group – appointment of a new Chair

- 5.1 After 5 years in post, John Jervoise has indicated his wish to step down as Chair of the Rural Action Group in 2017. Enterprise M3 has recently gone through a process of asking for expressions of interest for this role and Mark Lebus has offered to take on the role for a period of 3 years. Mark is the founder, co-owner and Managing Director of LC Energy – one of the largest UK biomass suppliers. He was a founder Board Member of the UK Wood Heat Association, and a director of the Surrey Hills Enterprise Board, so has a wide range of suitable experience at both a practical and strategic level. The Rural Action Group have confirmed that they support this appointment and the Board is now asked to formally agree the appointment of a new Chair for the Rural Action Group.

Rachel Barker
23 January 2017

Annex A – draft Assurance Framework (January 2017)

Proposed amendments (for approval by the Board) are shown in red.

Enterprise M3 Assurance Framework

This Assurance Framework (“Assurance Framework”) is to be read in conjunction with the Memorandum of Agreement between Hampshire County Council and Enterprise M3 Local Enterprise Partnership (the “MoA”) www.enterprisem3.org.uk/how-we-operate/

This Assurance Framework is a ‘living document’. It shall be reviewed on an annual basis and published on the above website.

For the avoidance of any doubt, this Assurance Framework applies to all funding streams held by Hampshire County Council, in its role as the Accountable body to the Enterprise M3 Local Enterprise Partnership. This funding includes both capital and revenue funding.

1. Name of the LEP

1.1 The Enterprise M3 Local Enterprise Partnership (“Enterprise M3”)

2. Geography of the LEP

2.1 The Enterprise M3’s geographical area covers parts of both Surrey and Hampshire. It brings together localities within the following local authority district areas in Hampshire and Surrey:-

- Basingstoke and Deane Borough Council;
- East Hampshire District Council (partial);
- Elmbridge Borough Council;
- Guildford Borough Council;
- Hart District Council;
- New Forest District Council (partial);
- Runnymede Borough Council;
- Rushmoor Borough Council;
- Spelthorne Borough Council;
- Surrey Heath Borough Council;
- Test Valley Borough Council (partial);
- Waverley Borough Council;
- Winchester City Council (partial);
- Woking Borough Council

For further information on the geography of the Enterprise M3 see www.enterprisem3.org.uk/map/

3. Governance and Decision Making

3.1 Overall Structure

3.1.1 Following the announcement on the Local Growth Fund, Enterprise M3 commenced a review of its governance procedures to ensure that it was fit for its future role. This review was driven by the changing role of local enterprise partnerships (LEPs) and has been focused on the increasing need for LEPs to focus on delivery; effective relationships with the business community; and political/financial accountability.

3.1.2 Enterprise M3 Board Members have agreed the high-level governance structure for Enterprise M3 which includes the following sub-groups:

- Enterprise M3 Board
- Enterprise M3 Programme Management Group
- Enterprise M3 Nominations Committee
- Enterprise Zone Programme Steering Group (interim)
- Enterprise M3 Executive Steering Group
- Enterprise M3 European Management Group
- Enterprise M3 Action Groups

3.1.3 A summary diagram of the governance structure is contained within Annex' A'. A short description of the Board and each sub-group is set out below, with specific focus on the roles of the Board and sub-groups in terms of the governance of the Enterprise M3's funding streams.

3.1.4 There is also a Joint Leaders Board, which is chaired and supported by local authorities within the Enterprise M3 area. This group includes representatives from all local authorities within Enterprise M3 and meets to consider issues affecting those authorities. The Joint Leaders Board is not a sub-group of the Enterprise M3 Board, but provides the views of local authorities within the area. The Board does receive regular updates on discussions by the Joint Leaders Board and considers this at Board meetings.

3.2 The Enterprise M3 Board

3.2.1 The Enterprise M3 Board ("the Board") is responsible for the overall strategic direction of Enterprise M3 as set out in the Enterprise M3 Strategic Economic Plan ("the Strategic Economic Plan"), establishing targets and priorities and monitoring progress towards those targets. It will do this with full regard to the resources available. It will seek the views of the Joint Leaders Board, along with the Enterprise M3 Programme Management Group, the Nominations Committee, the Enterprise M3 Executive Steering Group, the Enterprise M3 European Management Group, the Enterprise Zone Programme Steering Group, the Enterprise M3 Action Groups and the wider business community and stakeholders.

3.2.2 The representatives on the Board are intended to provide an appropriate geographical and sectoral balance across the Enterprise M3 area. Board members do not have appointed deputies.

3.2.3 In light of the priorities identified in the Strategic Economic Plan and with the desire to strengthen links to the 16 local authorities, the Board decided in November 2013 to increase its membership. The maximum number of Board members was increased to 20 and, at its meeting in March 2014, it was agreed that the representation on the Board would be made up as set out in Table 1 below.

Table 1: Enterprise M3 Board (Correct at 17 January 2017)

Representing	Geographical Coverage
Business x 8	At least one private sector Board member from an SME
Business Support Organisations x 2	1 Hampshire, 1 Surrey

Public Sector x 6	2 Hampshire Districts/Boroughs 2 Surrey Districts/Boroughs 2 County Councils
Third Sector x 1	
Higher Education x1	
Further Education x1	
Ministry of Defence x1	

Tim Colman is the named Board Member who will engage and represent the SME Business Community.

- 3.2.4 District council representatives are selected by the Enterprise M3 Joint Leaders Board and the county councils put forward county representatives. Business Board member vacancies are advertised on the Enterprise M3 website and a representative is selected following applications and interview by the Chair and one Board Member. Nominations from the third sector, further education, higher education, business support organisations and Ministry of Defence representatives are agreed with the Board.
- 3.2.5 The Chair of the Board is drawn from business membership and will hold the appointment for three years; this can then be renewed for one further term of three years only. The Board will agree the renewal of the appointment of the Chair. Board Members are appointed initially for up to three years, after this time the appointment is reviewed and may be extended for one further term only with agreement with the Board. Board members may only serve a maximum of six years.
- 3.2.6 Details of the individuals currently serving as members of the Board can be found on the Enterprise M3 website at: www.enterprisem3.org.uk/board-members/. All Board Members must complete a Declaration of Interest form when they join the Enterprise M3 Board and this must be reviewed on an annual basis. A register of all Board Member interests is available to view on the Enterprise M3 website at: www.enterprisem3.org.uk/board-members/. All Board Members are made aware of the 'Seven Principles of Public Life' when they join the Enterprise M3 Board and agree to adhere to the conduct set out in this guidance.
- 3.2.7 The Board shall hold an Annual Meeting which can take the form of a conference. The Board shall hold ordinary meetings on such day and at such time and place as they may determine between each Annual Meeting.
- 3.2.8 No business shall be transacted at any meeting of the Board unless a quorum of at least six Board members is present. Both the public and private sectors shall be represented within the quorum of at least six Board members.
- 3.2.9 The Enterprise M3 shall publish on its website a public notice of the Board meeting at least five clear working days before any meeting of the Board. Copies of the Agenda and any papers (save for confidential and exempt items) to be considered at a meeting of the Board will be open for inspection by the public at least five clear working days before any meeting of the Board, unless a matter is to be considered as a matter of urgency, in which case the item will be available for inspection as soon as it is added to the Agenda for the Board meeting. The public may make written representations to the Board, details of such will be published on the website of Enterprise M3. The minutes will be published on the website as soon as reasonably practicable after they have been signed by the Chair of the Board at the following Board meeting.

- 3.2.10 Where an item is placed for decision by the Board, the majority of members must agree to the position. If a decision is split, the Chair has the casting vote.
- 3.2.11 Board members may make decisions out of session via written communication (hardcopy or electronic). Unless unavoidable, a minimum of two weeks should be allowed for decision making out of session.
- 3.2.12 All financial decisions with regard to projects are made by the Enterprise M3 Board and the Enterprise M3 Board have overall responsibility for the contract management of the Growth Hub. Cost increases to projects previously approved by the Board may be agreed outside of Board Meetings in order to prevent unnecessary delays in delivery. Cost increases of less than 10% may be approved by the LEP Director and cost increases below 20% can be approved by the Programme Management Group. The Enterprise M3 Board will approve any cost increases that exceed £3 million.
- 3.2.13 The Board will approve an annual budget and once approved the Director can approve requests for funding, as detailed within that plan. For requests above this amount or for expenditure outside of the financial plan, authorisation will be sought from the Resources and Audit Committee. This should only be required in exceptional circumstances.
- 3.2.14 The Director cannot approve their own expenses but can approve expenses of others. The Chair or other Board Members can approve Director's expenses.

3.3 Enterprise M3 Programme Management Group (PMG)

3.3.1 The Enterprise M3 Programme Management Group ("the PMG") plays a key role in the ongoing management of Enterprise M3's funding programmes. The group does not have decision-making powers, rather it is an advisory group to the Board.

3.3.2 The PMG comprises the following representatives:

- 3 x Private Sector Enterprise M3 Board member (1 to chair)
- 2 x Local Authority Member (one of whom will provide a link to the European Management Group)
- 2 x Local Authority Senior Officer
- 1 x Homes and Communities Agency representative
- 1 x Accountable body representative
- 1 x LEP Director

Additional members for transport-related items only:

- 2 x Local Authority Transport Lead Members
- 1 x Private Sector Chair of Enterprise M3 Transport Action Group

3.3.3 The main focus of the PMG is around the Local Growth Fund and the Growing Enterprise Fund, although it will have oversight of all funding programmes held and influenced by Enterprise M3. Responsibilities of the PMG include:

- Reviewing and making recommendations to the Board on the relative priority of proposals for funding;
- Consideration of due diligence and Action Group advice on proposals, and recommending to the Board whether proposals should proceed to contracting;
- Overseeing the development of an appropriate pipeline of proposals to be funded in future, and making recommendations to the Board around this.
- Making recommendations to the Board around the alignment of the funding programmes administered by the LEP.

3.3.4 The Enterprise M3 Action Groups provide the PMG with advice to aid the PMG in making recommendations to the LEP Board.

3.3.5 Further detailed information about the role of the PMG, including its terms of reference can be found on the Enterprise M3 website at www.enterprisem3.org.uk/pmg/

3.4 Enterprise M3 Nominations Committee

3.4.1 The Enterprise M3 Nominations Committee sets the policy for the Enterprise M3 Board on issues in relation to the membership of the Board and its associated governance structures This includes the following:

- Setting the policy for board appointments and specifying descriptions of the role and capabilities required for board appointments in light of existing skills and experience of current board members
- Planning for the future, including succession planning, to ensure that that the Board Membership reflects and can deliver the priorities of Enterprise M3's Strategic Economic Plan.
- Maintaining a balance within the Enterprise M3 Board and associated governance structures, including age, gender, ethnicity, public and private sector, sectors, geography and skills.
- Supporting the Enterprise M3 Board and Director by assuring succession planning with an ongoing pool of Board or Action Group candidates, which offer continuity, diversity and a skill set that supports the Enterprise M3 objectives.
- Assisting the preparedness of candidates with appropriate induction requirements, including background objectives, reports, meeting frequency and guidelines to help avoid conflicts of interest.
- Ensuring that Enterprise M3 through the membership of its structures, remains relevant to its stakeholders
- Developing new talent within the governance structures
- Identify opportunities to develop the capacity and competencies of board members and members of other groups such as media and public speaking training
- Building a reputation for progress and transparency

3.4.2 To achieve the above, the Nominations Committee will produce an annual work plan setting out key areas of focus for the year ahead and take forward actions identified. The Nominations Committee will provide a quarterly report to the Enterprise M3 Board.

3.4.3 The Nominations Committee comprises of the following members:

- 3 x Private Sector Enterprise M3 Board Member (1 to chair)
- 1 x Local Authority Member
- 1 x representative from the business support organisations
- 1 x Director of Enterprise M3 LEP

3.4.4 Further detailed information about the role of the Nominations Committee, including its terms of reference can be found on the Enterprise M3 website at [\[GIVE LINK HERE\]](#)

3.5 Enterprise M3 Executive Steering Group

3.5.1 The Enterprise M3 Executive Steering Group (“the ESG”) offers peer support, expertise and advice on operational matters, including business planning, resource planning and budgets. The ESG is not a decision-making body but may be given delegated powers (from time to time) to review specific issues and sign-off arrangements. The ESG meets bi-monthly. The ESG does not have a role in the allocation of funding.

3.5.2 The membership of the ESG comprises the following:

- Enterprise M3 Board Member (Chair)
- Enterprise M3 Director
- 2 x District/Borough Chief Executives (1 Hampshire; 1 Surrey)
- 2 x County Council representatives (with HCC also representing the Accountable body)
- 1 x FE representative (nominated by the FE sector)
- 1 x HE representative

3.5.3 Further detailed information about the role of ESG, including its terms of reference can be found on the Enterprise M3 website at www.enterprisem3.org.uk/esg/

3.6 Enterprise M3 European Management Group (EMG)

3.6.1 The Enterprise M3 European Management Group (“the EMG”) will supervise the development and administration of the LEP’s European Structural and Investment Funding Programme (“the ESIF”). The EMG is a local sub-committee of the National Growth Programme Board for ESIF. The EMG is not a sub-group of the LEP Board, however its geographical coverage is contiguous with that of Enterprise M3.

3.6.2 The EMG will undertake a range of functions around the ESIF programme. The EMG is not a decision-making body, **rather it will provide recommendations and guidance on strategic fit and value for money to the Managing Authorities for ESIF**. The LEP has responsibility for recruitment to the EMG.

3.6.3 The membership of the EMG is subject to EU regulations and includes a wide range of representation from across the public, private and not-for-profit sectors. The LEP has appointed a Chair for the EMG from amongst its Board. Other members will be appointed through nomination by their sector.

3.6.4 The membership of the EMG comprises representatives from the following sectors:

- Enterprise M3 (chair);
- Local authorities;
- Private sector;
- Not-for-profit sector;
- Environmental;

- Trade unions;
- Higher education;
- Further education;
- Wider education and skills sectors;
- Rural;
- Equality and diversity; and
- ESIF Managing Authorities.

3.6.5 Further detailed information about the role of the EMG, including its terms of reference can be found on the Enterprise M3 website at www.enterprisem3.org.uk/emg/

3.7 Enterprise Zone (EZ) Programme Steering Group (interim)

[Most recent Terms of Reference for the group to be inserted here]

3.8 Enterprise M3 Action Groups

3.8.1 Enterprise M3 Action Groups (“Action Groups”) will play a key role in providing specialist advice and recommendations to the Board around particular projects. Enterprise M3 has the following Action Groups:

- Innovation & Enterprise Action Group
- Global Competitiveness through People Board
- Land & Property Action Group
- Transport Action Group
- Rural Action Group

3.8.2 The Action Groups will reflect the key issues and priorities in each sector. The Action Groups do not have financial decision-making responsibility.

3.8.3 Each Action Group will contain at least one Enterprise M3 Board member, and will be chaired by a member of the private sector, selected by the group. Chairs will be selected by each Action Group and agreed by the Board. The Chairs of the Action Groups are appointed for terms of up to two years.

3.8.4 The Action Groups provide the interface between the individual businesses, local authorities and other public sector agencies throughout the Enterprise M3 geographic area.

3.8.5 Each Action Group will have its own Terms of Reference. These terms of reference can be found on the Enterprise M3 website at www.enterprisem3.org.uk/action-groups/

3.9 Joint Leaders Board

3.9.1 The Joint Leaders Board (“the Joint Leaders Board”) brings together the Leaders of all 16 Local Authorities in the Enterprise M3 area with the purpose of strengthening the local authority governance arrangements in support of Enterprise M3, to assist in the development and implementation of actions that will deliver the Strategic Economic Plan, and to collaborate on economic development issues affecting the wider area.

- 3.9.2 The Joint Leaders Board strengthens local authority collaboration in support of Enterprise M3 and provides democratic accountability for the Enterprise M3 growth agenda. The Joint Leaders Board also:
- advises Enterprise M3 on the collective view of councils around strategic priorities and the Strategic Economic Plan;
 - co-ordinates the contribution of councils on actions and activities to deliver the Strategic Economic Plan – making best use of, and potentially aligning, economic development resources and activities;
 - acts as a forum for collaboration and discussion between the Enterprise M3 LEP councils on issues affecting economic development and regeneration across the area – particularly spatial planning (including the ‘duty to co-operate’), housing and transport;
 - appoints the district level local authority members to the Enterprise M3 Board and to the Programme Management Group.
- 3.9.3 The chairing and administration of the Joint Leaders Board is managed by local authorities. The Chair of the Joint Leaders Board is appointed on an annual basis from amongst the membership of the Joint Leaders Board. These roles are appointed at the first meeting of the municipal year and are eligible for re-appointment. In the absence of the Chair, the Joint Leaders Board shall appoint a Chair for the meeting.
- 3.9.4 Further detailed information about the role and operation of the Joint Leaders Board can be found on the Enterprise M3 website at: www.enterprisem3.org.uk/joint-leaders-board/

4. Transparent Decision Making

- 4.1 Enterprise M3 recognises the importance of having clear arrangements in place which enable effective and meaningful engagement of local partners and the public. The Enterprise M3 also acknowledges the importance of operating transparently giving the public and stakeholders confidence that decisions made are proper, based on evidence, and capable of being independently scrutinized.
- 4.2 For these reasons, Enterprise M3 has put in place a range of arrangements to ensure transparency and openness:-

a) Website

Enterprise M3 will maintain a dedicated website through which local partners and the public can keep in touch with progress on implementing the Growth Deal and can access key documents www.enterprisem3.org.uk. Details of any funding opportunities are made available through the Enterprise M3 website.

b) Decision Making

Enterprise M3 will generally publish on its website Board papers, agendas and minutes to comply with local government legislation, unless the Board paper is of a confidential nature or an exempt paper falling under Schedule 12A Local Government Act 1972, as amended. The papers presented to the Board will broadly cover decisions made to provide funding to particular projects, programme updates, the rationale behind funding decisions, and details of successful projects.

The publication of the Board papers, agendas and minutes are all referred hereto at paragraph 3.2.9.

c) Data Protection and Freedom of Information

Enterprise M3 is an informal partnership and cannot act as data controller of personal data. The Enterprise M3 will adhere to the processes established by the County Council

in relation to its obligations under the Data Protection Act 1998 and the Freedom of Information Act 2000, as set out at clause 9 of the MoA.

Members of the Board are fully committed to ensuring that they share information in accordance with their statutory duties/relevant legislation. Partners recognise that any data or records supplied to public bodies are potentially subject to the provisions of the Data Protection Act 1998 and the Freedom of Information Act 2000.

Enterprise M3 will also adhere to the Local Government Transparency Code and, through the County Council as the Enterprise M3 LEP's Accountable body, will ensure that all Freedom of Information and Environmental Information Regulation requests are dealt with in line with the relevant legislation.

d) Conflicts of Interest Policy

Enterprise M3 publishes on its website a Conflicts of Interest Policy. www.enterprisem3.org.uk/the-board

e) Risk Register

Enterprise M3 will retain a Risk Register, which will be reviewed on a regular basis. Member organisations will review the risk of their own involvement with the Enterprise M3 in accordance with their own procedures. The Risk Register will be published on its website. www.enterprisem3.org.uk/how-we-operate/. **Kathy Slack, Enterprise M3 Director has overall responsibility for the identification and management of risk within Enterprise M3.**

f) Register of Interests

Enterprise M3 will maintain a Register of Interests of its members in accordance with its Register of Interest Policy published on its website. www.enterprisem3.org.uk/board-members/

g) Compliments and Complaints Policy

Enterprise M3 will publish on its website a Compliments and Complaints Policy as well as details around how members of the public and other stakeholders can contact Enterprise M3 and provide input to the decision-making process. www.enterprisem3.org.uk/how-we-operate/

Should Enterprise M3 receive any complaints from stakeholders, members of the public or internal whistle-blowers where it is alleged that the Enterprise M3 is acting in breach of the law, failing to adhere to its framework or failing to safeguard public funds, such matters shall be referred to the County Council, as the Accountable Body for the Enterprise M3 who shall deal with such matters in liaison with the **Department for Business, Energy and Industrial Strategy** and/or other government departments as appropriate.

h) Equalities and diversity

Enterprise M3 and the County Council, in undertaking its role as the Accountable Body to the Enterprise M3, shall comply with their responsibilities under the Public Sector Equality Duty as set out in section 149 of the Equality Act 2010 and they should have regard to these requirements when apportioning funding.

The Board is committed to ensuring equality of opportunity in the delivery and accessibility of its services. **In particular, Enterprise M3 will look to ensure diverse representation at Board and sub-group level which is reflective of the local business community (including geographies and protected characteristics). Partners are committed to providing a safe environment free from unlawful discrimination and harassment both in employment and service delivery.**

Enterprise M3 and the County Council shall have due regard in the exercise of their roles and responsibilities to the need to:-

- eliminate discrimination, harassment and victimization and any other conduct prohibited under legislation;
- advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it

i) Liability and Indemnity Insurance

Enterprise M3 will provide Trustee and Trust Fund Liability insurance. Public liability and trustee indemnity insurance will be provided to a limit of £1m which will cover damages and claimant costs and defence costs. The policy covers both the organisation and the personal liability of trustees (directors or committee members), in relation to running the trust. This is referred to in the policy as maladministration. A full copy of the insurance policy is available on request.

j) Local Engagement

Partnership engagement is recognised as a key strength of Enterprise M3 with partners regularly commenting on the high levels of engagement. Enterprise M3's approach is to use early and ongoing engagement with a wide range of partners, driven by the Board. Enterprise M3 holds regular consultative meetings and communication.

Enterprise M3 consults with business forums, and the not for profit sector, and organises annual conferences, skills events, transport events on an ad-hoc basis. Enterprise M3 also engages with the public and stakeholders via its Action Groups.

To ensure the partners and stakeholders are kept up to date with the overall funding programme, Enterprise M3 will continue to use its established communications channels and tools, such as the monthly stakeholder newsletters and regular partner meetings and will build on these where necessary.

k) Development, Prioritisation, Appraisal and Approval of Projects

Enterprise M3 will publish on its website arrangements for the development, prioritisation, appraisal and approval of projects (set out within Annex 'C'). This will be undertaken with view to ensuring that a wide range of delivery partners can be involved.

l) Social Value for Investment

The Enterprise M3 shall consider how additional social value could be obtained through its procurement activities, which will primarily focus on how its economic objectives can be achieved through each project.

5. Accountable body – Role and Responsibilities

5.1 Enterprise M3 is not a legal entity. It is an informal partnership for which the County Council acts as the lead Accountable body for all funding streams under the control of the Enterprise M3 LEP.

5.2 The respective roles and responsibilities of Enterprise M3 and the County Council, in undertaking its role as the Accountable Body to the Enterprise M3 LEP, are confirmed hereto as set out in Annex 'B'.

- 5.3 The nature and scope of the relationship between the County Council and the Enterprise M3 is also set out in the MoA. The MoA sets out the support arrangements that the County Council, in its role as Accountable body, currently provides to Enterprise M3 in the form of administration, business and technical support arrangements. Authority for the County Council to enter into the MoA was secured at the Cabinet meeting on 27 October 2014 and the Executive Member for Policy and Resources on 12 March 2015.
- 5.4 The County Council is accountable for ensuring that all grant income received, payments out and any applicable repayments for all funding streams under the control of Enterprise M3 LEP are accounted for and administered correctly (which are subject to the County Council's normal internal and external audit controls).
- 5.5 The County Council in undertaking its role as Accountable body to Enterprise M3 shall ensure that expenditure is spent in accordance with all applicable legal requirements and also in accordance with the County Council's rules and procedures as set out in its Constitution and Financial Procedures. In particular, the County Council shall comply with its financial duties and rules which require it to act prudently in spending, which are overseen and checked by its Chief Finance Officer.
- 5.6 The County Council would not comply with a decision of the Board if it considers:
- the decision did not comply with the County Council's rules and procedures as set out in its Constitution and Financial Procedures;
 - 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).

In such circumstances, the County Council and Enterprise M3 shall seek to resolve the matter by a process of consultation. If the matter cannot be resolved within a reasonable period of time, then the matter shall be escalated to the Executive Director of Enterprise M3 and the County Council's Director of Economy, Transport and Environment who shall decide on the appropriate course of action to take. If the matter still cannot be resolved, then the matter will be referred to an independent arbitrator to reach an agreement. The costs of an independent arbitrator shall be borne by the County Council and Enterprise M3 respectively.

- 5.7 In terms of scrutiny arrangements, Enterprise M3 has a Joint Leaders Board to ensure involvement of all of the local authority leaders. In order to help ensure appropriate decisions are made around the use of all funding streams secured by Enterprise M3, the PMG oversees the funding programme. The County Council, as the Accountable body, is represented at a senior officer level on PMG. This is in addition to the County Council's Deputy Leader having a seat on the Board.

6. Ensuring value for money: prioritisation, appraisal, business case development and risk management

6.1 Overall Management

- 6.1.1 Enterprise M3 has robust arrangements in place to ensure value for money and effective delivery, through strong project development, project and options appraisal, prioritisation and business case development. These are set out hereto within Annex 'C'.

6.2 Funding – Allocations and Agreements

- 6.2.1 Funding will be provided for individual and indivisible schemes or for coherent packages of closely-related schemes. Funding will not be provided for unspecified or loosely-defined uses.
- 6.2.2 Funding will only be used for schemes and/or purposes specified in the bid and associated approval decision, unless expressly approved by the Board.
- 6.2.3 The County Council, as the Accountable Body of all funding streams under the control of Enterprise M3, is responsible for compliance with the funding terms and conditions laid down by DCLG, BEIS, the DfT and/or any other relevant government funding agencies, which includes the obligation to repay, in whole or in part in the event of non-compliance with those terms and conditions.
- 6.2.4 The funding of cost increases will be considered on a case by case basis. As a general rule, Enterprise M3 will expect promoters to bear cost increases that could reasonably be considered to be within their control. Enterprise M3 may fund cost increases, for example where the reason for the cost increase could not reasonably have been expected, such as a change in legislation or scope of the project.
- 6.2.5 Prior to disbursement of funding to a project, a legal funding agreement must be in place with the delivery organisation. The legal funding agreement will be in substantially the same form as the template legal funding agreement attached hereto at Appendix 'D'. In the case of the County Council being the delivery organisation, the County Council will confirm compliance with the terms of the legal funding agreement in the form of a letter as the County Council is unable to enter into a legal funding agreement with itself. In the event that there is an irreconcilable difference/disagreement with the terms of the legal funding agreement arising between the County Council being the delivery organisation and Enterprise M3, then the matter shall be escalated to the County Council's Director of Economy, Transport and Environment, the County Council's Chief Financial Officer and the Executive Director of Enterprise M3. If the matter can still not be resolved, the matter will be referred to an independent arbitrator. The costs of which shall be borne by the County Council being the delivery organisation and Enterprise M3.
- 6.2.6 The legal funding agreement will:-
- set out delivery milestones for the project, a projected payment schedule (where applicable) and will include arrangements for reporting monitoring information back to Enterprise M3;
 - provide assurance that any local contributions specified within the business case will be provided and accept liability for all cost increases; and
 - confirm that the awarded funding will only be used for the project for which it was awarded and that all reasonable efforts to control costs will be made.
- 6.2.7 Scheme promoters will be expected to bear scheme development costs for the first part of the application process. The preparation of detailed business cases is to be funded by scheme promoters. However, Enterprise M3 may agree to fund reasonable costs which comply with the funding terms and conditions.

6.3 Evaluation and Monitoring

- 6.3.1 The template for submitting full business case application requires promoters to clearly specify the Evaluation and Monitoring strategy. This forms an integral part of an application. As part of their evaluation of a proposal, Enterprise M3 will assess the adequacy of a promoter's Evaluation and Monitoring strategy, giving consideration to evaluations that are

proportionate to the value and scale of each scheme, whilst being affordable and representing value for money.

- 6.3.2 Enterprise M3 will specify the monitoring metrics projects are expected to report on and the frequency on which these reports are required.
- 6.3.3 Evaluation methodologies and requirements will also be agreed with scheme promoters. Generally, the expectation will be that the scheme promoter funds evaluation activity from the project budget. Report(s) are to be produced and published on the Enterprise M3's website after suitable intervals/ period, following completion of the schemes.
- 6.3.4 The Evaluation Report(s) would aim to demonstrate the extent to which the assumed/ predicted impacts and benefits have been realised. They could cover the following measures, as appropriate for a scheme:
- Net additional jobs created in the Enterprise M3 area that can reasonably be linked to the intervention.
 - Net additional housing or employment floor space created or enabled as a consequence of the intervention (either directly or as part of a wider package of enabling measures).
 - Private sector investment leveraged as a result of the delivery of the intervention (either directly or as part of a wider package of enabling measures).
 - Local Gross Value Added (GVA) created and/or safeguarded.
 - Demonstrable contribution to retention of existing businesses in the Enterprise M3 area.
- 6.3.5 If appropriate and feasible, Enterprise M3 may produce consolidated evaluation reports, covering several schemes that are related either by geography or by type of intervention or scale of funding or some other relevant criteria, with the aim of drawing out common findings and recommendations for future decision making.
- 6.3.6 Enterprise M3 will produce an overall evaluation strategy setting out how it intends to undertake this. Individual scheme evaluations will be required to adhere to the principles set out within the overall evaluation strategy.

Annex A – Updated copy of Enterprise M3 Governance Structure 2017 (to include EZ Programme Steering Group and Nominations Committee)

Annex B – Roles and Responsibilities – Prioritisation, Deployment and Approval of Funding (no proposed changes other than to amend typos)

Annex C – Prioritisation, Appraisal, Value for Money and Business Case Development (amended so that process applies to LGF and GEF funding, responsible staff members updated, awaiting guidance on whether any further changes required in relation to transport projects).

Annex D – Template Legal Agreement for LGF (2016 version of the document to be included).