

Governance, Approvals, Delivery, Monitoring & Evaluation, and Risk

This Appendix sets out the Governance arrangements of GBSLEP and how we have responded to the need for the greater transparency and democratic accountability that will be required to effectively manage and disburse large sums of public money.

In addition to an overarching governance structure, this document sets out:

- The approvals process
- Monitoring and evaluation processes and frameworks
- Risk

1. Governance

1.1 GBSLEP Arrangements

GBSLEP was constituted as a company limited by guarantee in May 2011. The LEP has a number of Company Members – the nine local authorities and six business representative organisation members (the Greater Birmingham Chamber of Commerce, the Herefordshire and Worcestershire Chamber of Commerce, FSB, EEF, RICS and the National Farmers Union). The LEP has an Annual General Meeting every year in June. This is an opportunity for the LEP Board to report on progress and for company members, and wider stakeholders, to hold Directors to account for performance.

1.1.1 The LEP Board

The LEP Board comprises of 18 directors: nine from the business community, seven from local authorities, one representing higher education and one representing further education.

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

Appendix O Private Sector	Public Sector
Andy Street (Chair) Managing Director of John Lewis	Cllr Albert Bore Birmingham City Council
Steve Hollis (Deputy Chair) Midlands Chairman, KPMG	Cllr Roger Hollingworth Bromsgrove DC on behalf of North Worcs LAs
Andrew Cleaves (Transport) International Development Director, National Express	Cllr George Adamson Cannock Chase District Council
Pat Hanlon (Finance) Area Manager, Handlesbanken	Cllr Julian Mott East Staffs Borough Council
Wade Lyn (Social Enterprise) Managing Director, Island Delights	Cllr Michael Wilcox Lichfield District Council
Raza Samar (Reducing Regulation) Owner, RUS Chartered Accountants	Cllr Ken Meeson Solihull Metropolitan Borough Council
Alan Volkaerts (Skills) Operations Director, Jaguar Land Rover	Cllr Steve Claymore Tamworth District Council
Chris Webster (Housing & Economic Growth) CEO Miller Construction	Professor Dame Julia King – HE Representative Vice-Chancellor, Aston University
Tracy Westall (Technology & Innovation) Director, SCC	Dame Christine Braddock – FE Representative Principal, Birmingham Met College

Board Directors were initially given terms of office of one, two or three years to ensure that not all Directors finished at the same time. All new Directors are given a three year term of office. Andy Street, Steve Hollis and Alan Volkaerts have all just had their terms of office extended by three years. Wade Lyn will be finishing his term at the end of April and will be replaced on the Board by Anita Bhalla who is currently chair of the Creative City Partnership and formally of the BBC and Chair of the MAC.

The Board meets every two months and meetings are generally hosted by local businesses. These meetings are held in private but the agendas and minutes are made public. Conflicts of interest are managed in accordance with the Companies Act 2006. LEP Board Directors are required to complete and sign a pro forma every year, detailing:

- Any direct or indirect interests which conflict or possibly conflict with the interests of the Greater Birmingham and Solihull Local Enterprise Partnership Limited;
- Directorships and other relevant situations; and
- Direct or indirect interests in existing transactions or arrangements

1.1.2 The LEP Executive

The LEP Board, its Board Directors and Sub-Groups are supported by the LEP Executive Team. The LEP Executive was formed in May 2011 to support the LEP Board in the development and delivery of the LEP's agenda, including its Strategy for Growth and associated delivery plans. The team also provides the day to day operational management of the LEP and provides a direct link between BCC and the LEP.

The team include four officers fully funded by BCC; one part funded by BCC and part by Department for Transport; and two funded by the LEP Core Fund (a grant of up to £250k given to LEPs from Government if an equivalent level of match funding is provided). There are plans to employ a further two people through the Core Fund to give the LEP Executive the necessary capacity to undertake the work the Board requires.

A number of officers from each of the LAs are also involved in the LEP's agenda ranging from chairing sub-groups to participating in the various workstreams. For example, Solihull MBC provides the Employment & Skills Board secretariat; Cannock Chase has also provided regular officer support to the LEP Executive for two days plus per week, over the last year; and Lichfield DC leads on the Planning agenda.

1.1.3 Accountable Body

Birmingham City Council (BCC) provides the Accountable Body function for LEP funding streams received to date, including Growing Places Fund, AMSCI, Greenbridge, LEP Core Fund and Capacity Fund.

BCC's Cabinet has agreed in principle to act as the Accountable Body for any funds awarded to GBSLEP through the Growth Deal. Once the size of the funding allocation and conditions associated with it are known, formal agreement to this role will be sought.

The Lead Authority as the Accountable Body will have significant responsibility during delivery of the SEP. The Accountable Body will:

- Hold the devolved funding and make payments in accordance with the decisions of the LEP Board, as endorsed by the Supervisory Board;
- Account for these funds in such a way as that they are separately identifiable from the Authority's own funds, and provide financial statements to the LEP Board as required;
- Ensure that the decisions and activities of GBSLEP conform to legal requirements with regard to equalities, environmental, EU issues and other relevant legislation and guidance;
- Ensure (through the Section 151 Officer) that the funds are used appropriately.

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

2. SEP Governance

The governance model established in May 2011 was sufficient when the LEP had limited funding and powers. However, as part of the work undertaken on the Greater Birmingham Project with Lord Heseltine, the Board acknowledged that arrangements needed to be strengthened if the LEP was going to start making decisions in relation to significant levels of public funding.

In doing so, GBSLEP has recognised the need to create one structure that can effectively align and deploy all of the resources available to us in pursuit of our growth ambitions.

While the Governance structure builds on the LEP's established functions, new functions have been created to oversee the delivery of the Strategic Economic Plan.

2.1 The Supervisory Board

A Supervisory Board has been established to strengthen the transparency and democratic accountability of decision-making and deliver the following objectives:

- To provide effective decision-making and clear political accountability for the management of the Local Growth Fund and other significant funding streams that cover the full GBS LEP geography as agreed by the LEP Board
- To empower the LEP Board to deliver decisions taken under the point above;
- To oversee and review the activities of the GBS LEP Board;
- To co-ordinate and liaise with the GBS Local Transport Board;
- To consider any further measures necessary to strengthen the GBS LEP Board.

The Supervisory Board is a Joint Committee comprising the nine Local Authority Leaders (or other appointed member). Each local authority has sought the necessary approvals to delegate to the Joint Committee the economic development functions covered by the general power of competence contained in Section 1 of the Localism Act 2013.

The GBSLEP Chair is a member of the Board (using the power to co-opt non-authority members on to a committee contained in Section 102(3) of the Local Government Act 1972) but will be a non-voting. This ensures a strong connection with the LEP Board and that the views of wider partners other than local authorities will be represented.

The Supervisory Board is scheduled to meet a week after each LEP Board (dates have been published); whether it actually meets will depend on the agenda of the LEP Board and whether any specific decisions are required at that time.

The Supervisory Board will therefore have overall responsibility for taking decisions in relation to the Local Growth Fund and other significant funding streams that cover the full GBS geography. This will ensure transparency of decision-making and will provide clear democratic accountability for public funding decisions.

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In this context, the LEP Board is responsible for setting the LEP's strategic agenda, i.e. developing and approving the SEP, and making decisions regarding expenditure which are taken to the Supervisory Board for endorsement; the Supervisory Board then has the authority to approve this expenditure. In this respect, the Supervisory Board empowers the LEP Board and provides it with the democratic accountability required to invest large sums of public money. In addition, the LEP Board has the authority to recommend full approval to new pipelines of projects (to be endorsed by the Supervisory Board), to delegate authority to Sub-Groups and the Growth Team (a description of which is set out under **Delivery**) to grant programme entry and conditional approval, to remove projects from the programmes where projects are not being delivered according to plan, and can approve other projects to take their place. The LEP Board also has the authority to delegate authority to Sub-Groups and the Growth Team to grant full approval, subject to the decision of the Supervisory Board.

The Supervisory Board will be hosted under local government arrangements by BCC and the Chief Executive of BCC will be Secretary to the Supervisory Board. The Host Authority will also provide s151 and Monitoring Officer roles to the Joint Committee.

The full terms of reference for the Supervisory Board are shown in Appendix A (below).

2.2 Joint Scrutiny Committee

As the Supervisory Board performs executive functions, a Joint Scrutiny Committee has been established to review or scrutinise (including calling in) decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the Supervisory Board. The Joint Scrutiny Committee will be formed of one member from each local authority, making a total of nine.

The Joint Scrutiny Committee will be hosted under local government arrangements by Solihull Metropolitan Borough Council and the Chief Executive of Solihull Metropolitan Borough Council shall be Secretary to the Joint Scrutiny Committee.

The Host Authority will also provide s151 and Monitoring Officer roles to the Joint Scrutiny Committee.

The full terms of reference for the Supervisory Board are shown in Appendix B (below).

2.3 GBS Finance

GBS Finance was established following the City Deal in 2012, and was created to provide a single focus for the financial and fund management operation of GBSLEP. As a platform to consolidate all funds, it presents a public-facing scale of investment opportunity to both public and private sector partners. It is technically a Sub-Group of the LEP Board (and is therefore chaired by a private sector representative), and will provide a governance and financial oversight for LEP partners and stakeholders. It will report to the LEP Board on all financial matters and will advise and support all other groups, boards and committees of the LEP. Its overriding principle is to seek funding or match opportunities and provide a consolidated and robust governance structure. GBS Finance has been operating under a

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Shadow Board but has now transitioned into 'Board proper' status following agreement of its Terms of Reference at the LEP Board on March 17th 2014.

GBS Finance provides an assurance role for projects seeking funding, endorsing and quality assuring all LEP funding bids prior to the relevant accountable body approval process and submission, ensuring their fit to the LEP's Strategy for Growth. It has a role in the approvals process (set out below), providing advice and guidance to LEP Board Sub-Groups and the Growth Team.

The full terms of reference for GBS Finance are shown as Appendix C (below).

2.4 LEP Board Sub-Groups and Investment Panels

LEP Board Sub-Groups cover skills, business support and competitiveness, transport, housing and planning. These Sub-Groups, in conjunction with the Growth Team, are responsible for bringing forward projects to be recommended for approval by the LEP Board, overseeing the development of business cases to conditional approval and full approval (where appropriate); and for monitoring the progress of projects during and after delivery. Sub-Groups may also be granted delegated authority by the LEP Board to approve funding decisions, subject to the decision of the Supervisory Board.

Also at this tier are the **Investment Panels** for funds such as Growing Places, Green Bridge and the Enterprise Zone. In this structure, they are responsible for approving funding decisions under delegated authority from the LEP Board, and for making recommendations regarding funding decisions which fall outside of their remit to the LEP Board.

2.5 Collaboration with Worcestershire and Stoke & Staffordshire LEPs

GBSLEP is establishing protocols with Worcestershire and Stoke & Staffordshire LEPs. These protocols will be vital for the effective and efficient development, decision-making and delivery of schemes, and for ensuring a coordinated and complementary offer to meet business needs, to meet our shared aims of stimulating economic growth and job creation where district authorities lie in two LEP areas, ensuring value for money.

These protocols, shown in full in other appendices set out shared principles and joint working mechanisms. It is envisaged that joint 'panels' (one for GBSLEP and Worcestershire, and one for GBSLEP and Stoke & Staffordshire), comprised of nominated representatives from the LEP Boards and relevant officers, will meet to recommend joint programmes for approval to respective LEP Boards, to resolve matters of significance that required a joint approach and be responsible for collective monitoring of performance.

While the protocol with Worcestershire has been agreed, we are in the process of finalising agreement with Stoke & Staffordshire. These protocols (see end of document), will both be developed into formal agreements by 31st May 2014.

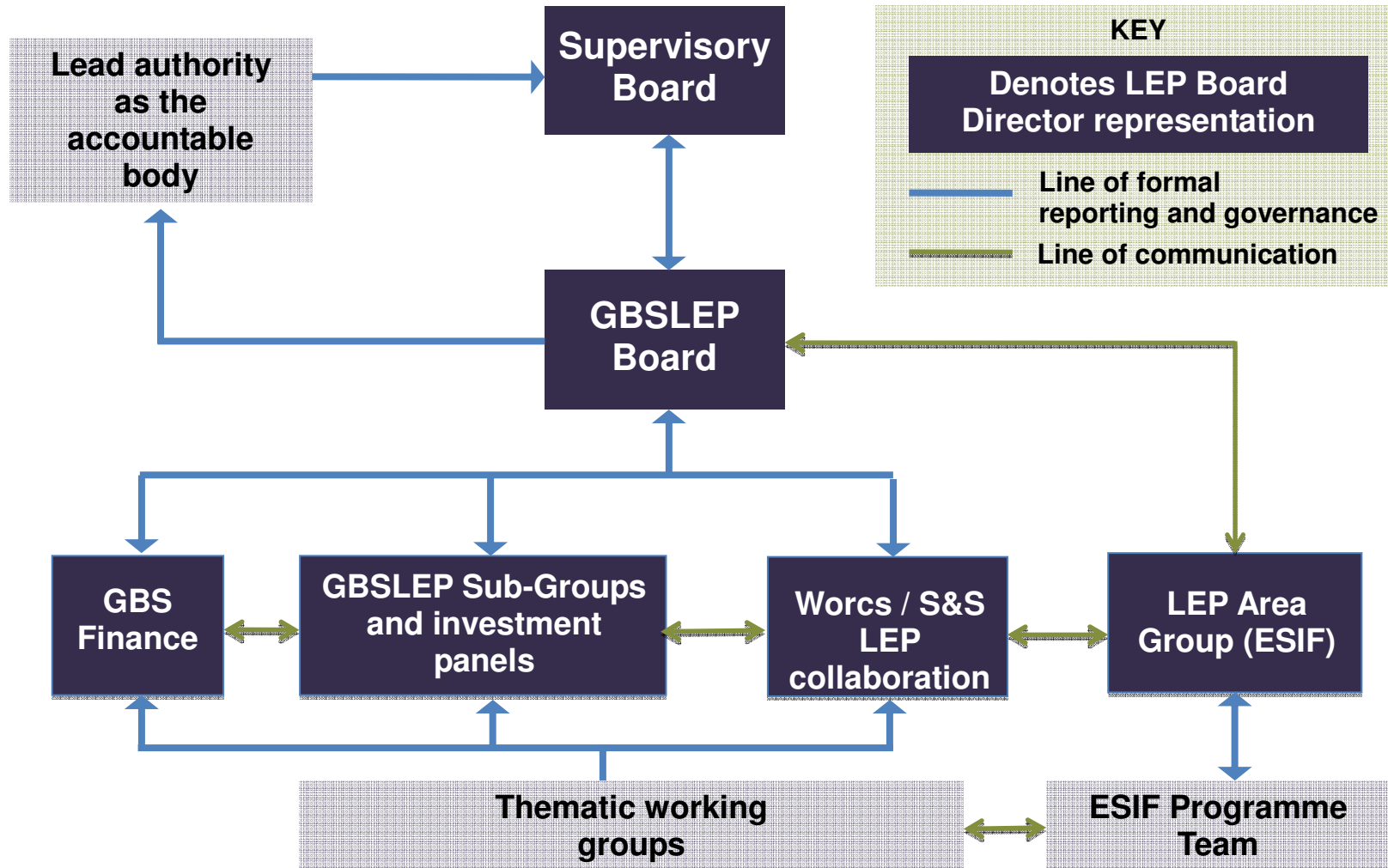
2.6 ESIF and the “Single Pot” approach

GBSLEP’s ambition, following the work with Lord Heseltine on the Greater Birmingham Project, has been to establish a single pot of funding that is controlled by the LEP in support of our growth ambitions.

With regards to the ESIF Strategy, under the current arrangements, the ultimate decision-making body is the Managing Authority rather than the LEP Board. As such, although it is not possible to show an entirely integrated governance structure, local arrangements are in place to ensure strategic alignment. The ESIF Programme Team will work with other programme teams and working groups to ensure the strategic fit of projects coming through their pipeline and being fed into the LEP Area Group. The LEP Area Group is responsible for ensuring the strategic fit of projects and works with the Managing Authority to ensure compliance with EU rules and regulation. It will ensure that the LEP Board receives regular updates on delivery of programmes and projects, to enable the Board to understand the overall impact on the implementation of the Strategic Economic Plan. In addition, the membership of the Area Group is drawn from the LEP Board. It should be noted that there is no local authority role as an Accountable Body for ESIF; nor is there a role for the Supervisory Board.

Clearly, whilst the strategic alignment of funds in accordance with local priorities is a step in the right direction, these arrangements mean that we cannot form the ‘single pot’ which we demonstrated the benefit of during the Greater Birmingham Project. . Therefore, GBSLEP is currently pursuing options for ITI or IB status and, if this status is awarded, greater alignment of governance structures and resources will follow.

Fig. 1 – GBSLEP SEP Governance Structure



3. Approvals process

Different funding streams have different approvals requirements. In particular, it is acknowledged that the approval requirements for projects to be funded via ESIF are markedly different from those to be funded via the LGF. In addition, projects to be funded via mechanisms such as AMSCI or Growing Places have their own approvals processes. The process shown below is therefore focussed on projects seeking funding from LGF.

The approvals process operates as a “dual key” system. The Sub-Groups are responsible for ensuring strategic fit and will provide specialist knowledge on their respective business areas, while GBS Growth Team will ensure that the necessary resources and capacity are in place to deliver. More on the Growth Team is set out below (in section 4.2.1).

There are three stages of approval that take a project from its conception to the release of funds to begin delivery.

3.1 Programme Entry

This stage is for the LEP Board Sub-Group and the Growth Team to agree that a project's Outline Business Case is aligned to the Strategy for Growth and SEP programmes.

This stage provides confidence to project sponsors that funds will be committed and available, thereby enabling them to develop their projects further to Full Business Cases, and to seek any necessary further approvals (including those of local authority governance arrangements) and statutory powers that may be required for delivery.

While a pipeline of projects have been determined and prioritised to receive LGF funding, as set out in this SEP, the projects will not be granted approval until a Growth Deal has been formally with Government and the quantum of LGF to be awarded is known. Following the Deal, the prioritisation process will be re-run to ensure that projects are assessed using the most up-to-date information, and that those chosen will provide the greatest outcome.

3.2 Conditional Approval

This is an interim stage during the development of the Full Business Case, to ascertain that the project delivery profile and value for money assessment remain valid once any necessary statutory powers (such as those for compulsory purchase order) are in place. It is envisaged that this stage is only required for major projects, and is controlled by the relevant LEP Board Sub-Group.

Deviations from specification within agreed tolerances and increases in budget within agreed limits can be approved by the relevant Sub-Group.

If deviations and increases in budget exceed agreed limits, but the business case remains valid, the Sub-Group will refer the matter to the Growth Team for further consideration. Together, the Sub-Group and the Growth Team may decide to continue with the project, or may decide to discontinue it, subject to any dependencies within the programme (in which case, another project or projects may take its place within the programme).

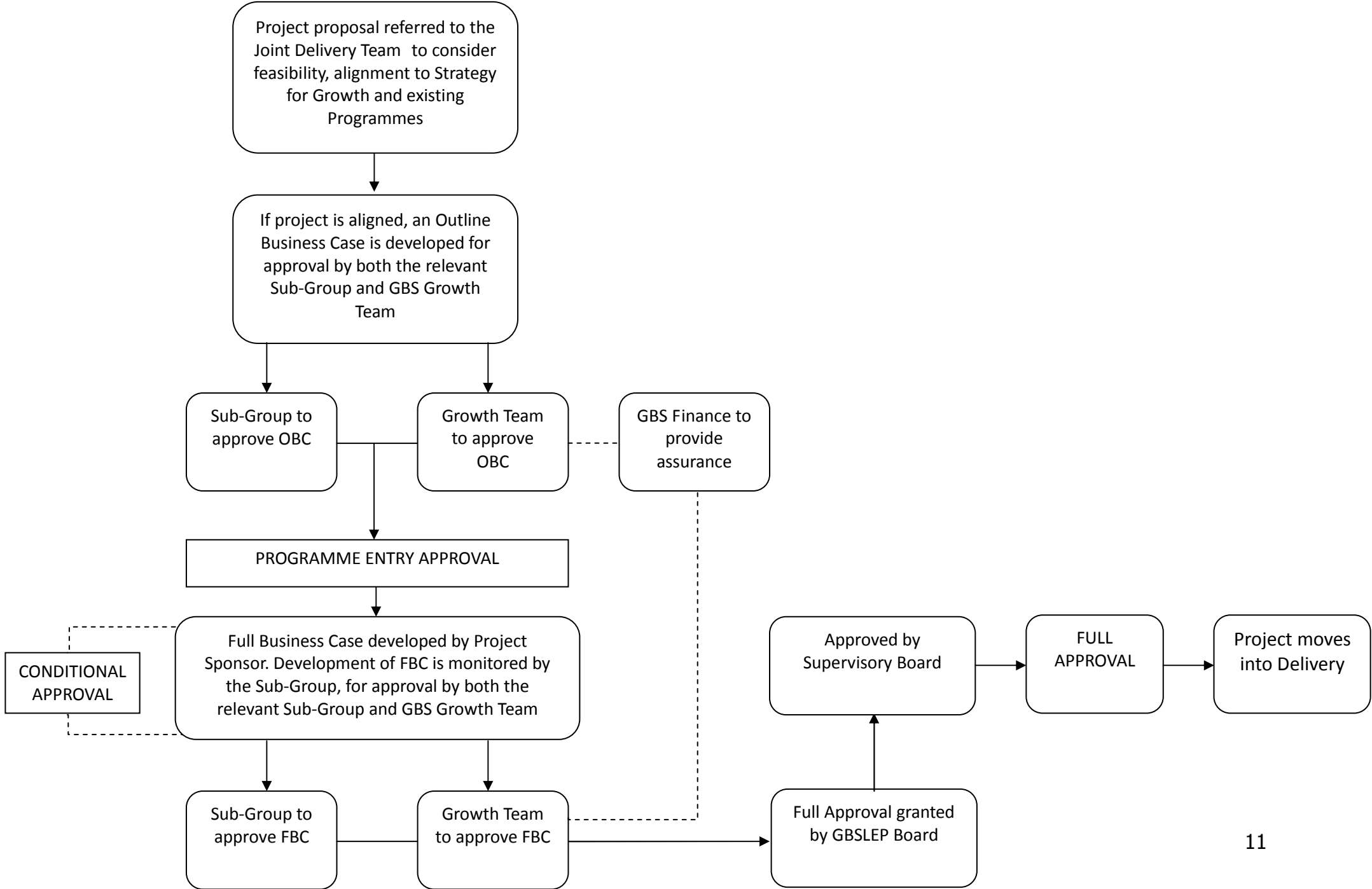
However, if prior to Full Approval the business case and value for money assessments are no longer valid, the Sub-Group will recommend to the Growth Team that the project should

be withdrawn from the programme and the programme amended accordingly (subject to any dependencies within the programme).

3.3 Full Approval

This is the final stage of approval, and will only be granted when all necessary approvals, legal powers and third party contributions are in place, and final costs formally agreed (i.e. contracted) with a delivery partner. This funding decision ensures that funds will be committed for the delivery of the project, and can only be reversed by the LEP Board. Application for Full Approval status will be made after the completion of a Full Business Case, and will be recommended by the relevant LEP Board Sub-Group and Growth Team for approval by the LEP Board, and endorsement by the Supervisory Board.

Fig. 2 – Approvals process flowchart



4. Delivery

4.1 Track record of delivery

The ability to mobilise and deliver a large programme of transport infrastructure is recognised as a key pre-requisite of this SEP.

Delivery partners including the ITA, Network Rail, Highways Agency, Sustrans, Canals and Rivers Trust and local authorities have strong track records of implementing complex projects and programmes collaboratively across the LEP geography, on time and, importantly, to budget. Annual capital expenditure in excess of £100m has been achieved on a consistent basis across a range of key projects listed in the programmes above, with Birmingham City Council alone delivering annual programmes of £40-50m exclusive of Birmingham Gateway. With many existing grant awards and schemes scheduled for conclusion by 2015, significant delivery capacity amongst GBSLEP partners will be available, supported by framework arrangements as required, to implement a substantial annual LGF programme in excess of £60m commencing in 2015/16.

The timely delivery of transport infrastructure also requires strong governance and procurement processes to be in place. Whilst the former is covered in detail in this section, the shared use of partners' professional services and construction frameworks contracts is a well-established practice within the geography. For example, Birmingham City Council, whilst in the process of establishing a new contractor's framework, has made significant use of procurement frameworks managed by the Highways Agency, Centro, Homes and Communities Agency and Walsall Metropolitan Borough Council.

Collaborative working arrangements between delivery partners are set to be strengthened further by March 2015, whilst the potential for both formal and informal shared services models continues to be explored as preparations for mobilising our 2015/16 programme begin.

GBSLEP has also built up a strong track record of delivery on the funding it has received. For example, the Growing Places Fund has committed £22.4m against capital and revenue projects that will create growth and jobs across the GBSLEP area of which, £16.3m has been allocated to the public and private sector as capital loans. At the end of 2013/14 £5.6m has already been spent against contracted schemes with an estimated £11.9m by 2014/15. This investment over a 5-year period is expected to generate and safeguard 4,339 jobs, create 1,137 new housing units, 23,876 m² of new industrial/retail floor space and 4,192 m² of mixed use developments. £13.3m of this will be available for recycling and a significant part of it will be used to create a Mezzanine Fund Programme that will create and safeguard up to 5,600 jobs across the West Midlands geography alongside Regional Growth Fund and West Midlands Pension Fund contributions. In addition to the revolving fund, Growing Places also provides a £4.3m gap funding programme in the form of capital grants which supports up to 25% of the total project cost.

The GBSLEP also has a good track record of delivery with Regional Growth Fund projects. The £32.7m scheme (of which, £15.7m was allocated from the Regional Growth Fund) to improve and re-align the A45 dual carriageway adjacent to Birmingham Airport, reduce congestion and improve accessibility, while also accommodating the new runway extensions being undertaken at Birmingham Airport was completed on time and on budget. The £20m Greenbridge Supply Chain Initiative was launched in July 2013 and has allocated £11.5m. It has now received £7.5m of ERDF to extend the scheme.

4.2 Delivering the SEP

GBSLEP recognises that its delivery capability needs to be further strengthened to ensure the SEP's ambitions are achieved.

4.2.1 GBS Growth Team

The GBS Growth Team will be charged with ensuring the delivery of the Strategic Economic Plan. The Growth Team will not, in its first year at least, be formally constituted as a legal entity. It is intended to be a voluntary coalition, empowered through approval from the LEP Board.

It will consist of the following bodies and their representatives:

- GBSLEP:
 - Chair;
 - Programme Delivery Director;
 - Head of the Joint Delivery Team.
- Local Authorities:
 - Chief Executive and Deputy Chief Executive, Birmingham City Council;
 - Chief Executive and Director for Places, Solihull Metropolitan Borough Council;
 - Districts' Chief Executive representative.
- Marketing Birmingham:
 - Chief Executive.
- Birmingham Chambers of Commerce:
 - Chief Executive/Managing Director.
- Whitehall:
 - GBSLEP's Whitehall Sponsor (**see ask in the main body of the SEP, that GBSLEP's Whitehall Sponsor becomes part of the Growth Team**).

The Growth Team will work collectively and collaboratively to drive forward and manage delivery of the SEP utilising the combined resources of their organisations.

It will meet bi-monthly, with its papers and minutes available to the LEP Board. It will also report annually via its Chair to the Supervisory Board.

The Growth Team has a role in approving projects, in conjunction with the Sub-Groups and taking advice from GBS Finance; in managing the programmes; and it is the first point of escalation where a project is not delivering according to plan, and a resolution cannot be found.

GBSLEP is seeking a revenue allocation to support efficient management and administration of the programmes (see **Summary Growth Deal**). Day-to-day responsibility for delivery will fall to the Programme Delivery Director.

4.2.2 Programme Delivery Director

The Programme Delivery Director is a new appointment that will be funded from the GBS Business Rate Pool. The Delivery Director will formally report to the LEP Chair and will be a member of the Economy Directorate of BCC, with pay and rations being the responsibility of Solihull Metropolitan Borough Council. The Delivery Director will receive regular project monitoring reports to ascertain whether projects are delivering according to plan as part of the programmes articulated in the SEP. Where a project is not delivering, the Delivery Director will be empowered by the Growth Team to call upon all the LEP resources necessary to put it back on schedule, in collaboration with the project manager and working with relevant LEP Board Sub-Group(s).

4.2.3 Joint Delivery Team

GBSLEP is also currently undertaking a Resource Review to provide an initial cross-partnership review of the resources required to deliver the SEP, which will ensure that sufficient resources are in place and seek to identify areas to improve opportunities for sharing expertise and skills across GBSLEP. The Review will make a recommendation to the LEP Board in July, and these resources will be channelled through the programmes identified in the SEP. As a result of the Review, it is anticipated that GBSLEP will assemble a Joint Delivery Team. It is envisaged that the Joint Delivery Team will encompass all of the resources across the LEP required to deliver the SEP, and will work closely with the project managers and with the Programme Delivery Director in monitoring programmes, and it will act as the first point of contact for projects within the approvals process to make an initial assessment of the fit to the LEP's priorities and to determine the best funding stream(s) for the project.

5. Monitoring & Evaluation

5.1 Introduction

Projects will be monitored by their respective delivery body. GBSLEP will monitor projects as part of the programmes articulated in the SEP. The principle of “management by exception” will apply with Sub-Groups, the Growth Team and GBSLEP Board provided with regular updates via a standing agenda item, to ensure the programme is delivering according to plan.

The aim of the evaluation process is to provide an over-arching, robust, transparent and independent assessment of the impact of the activities and interventions of GBSLEP on the local economy, its residents and businesses for the next five years. The evaluation will seek to establish the impact of the SEP by evaluating interventions funded by the LGF, City Deal and ESIF, and the outcomes of freedoms and flexibilities secured against the key strategic aims of the LEP as articulated in the Strategy for Growth.

The monitoring & evaluation framework is set out below.

5.2 Aims, Principles and Scope

5.2.1 Aims

The aim of the framework is to set down a set of agreed principles and methods to ensure that the full range of activities described in the SEP are monitored and evaluated to a high standard, that consistency is achieved across all programmes, that good practice is recognised and used to improve delivery, and that under-achievement is identified and mitigated.

5.2.2 Principles

The key principles that are driving the framework include the need for the monitoring and evaluation to be:

- robust,
- transparent and
- independent

It will assess the impact of the activities and interventions of GBSLEP on the local economy, its residents and businesses.

Transparency and independence will be achieved through robust and documented methodologies and, as far as resources allow, the involvement of organisations and individuals who are outside the formal LEP governance processes in both the commissioning and the delivery of the evaluation. The framework will draw on established and agreed practices already developed by the GBSLEP for other major BIS programmes it delivers, such as the Advanced Manufacturing Supply Chain Initiative (AMSCI), both in terms of monitoring and evaluation processes and also governance.

5.2.3 Scope

As stated above, the framework includes the full range of delivery encompassed by the SEP. In addition to LGF, it will include delivery of the ESIF and the other major programmes, such as City Deal, AMSCI and Growing Places.

The framework will operate for 5 years from 2015/16, and any new LEP programmes coming on stream during that period will be incorporated into the framework. We acknowledge, however, that the impact of some interventions (e.g. some transport schemes) will be observable over a longer time period.

The process will examine both the performance and direction of travel of the local economy and also the specific contribution of the GBSLEP activities to the economic performance and trends of the area. More detailed and specific outcomes and outputs will be considered in the evaluation processes of the constituent delivery programmes. However, the framework includes details of the methodologies and reporting structures from the constituent projects and programmes that provide the building blocks for the higher level measures to demonstrate a robust process from project level upwards.

The evaluation will seek to establish the full impact of the SEP, including the intervention programmes and any freedoms and flexibilities secured, on the key strategic aims of the LEP as articulated in the Strategy for Growth.

In seeking to determine impact, it will attempt to establish the additionality of the observed outcomes and the extent to which they can be attributed to the LEP's activities including, for example, activities delivered through the ESIF, City Deal, RGF, Enterprise Zone uplift and Growing Places.

In seeking to attribute observed outcomes in establishing the impact of LEP activities, the evaluation will be set in the economic context that has led up to and is in place during the delivery of the SEP, and will, where appropriate, and if resources allow, include an examination of counterfactuals.

The evaluation will combine quantitative and qualitative studies (see below) to provide a comprehensive overview of the impact of the SEP.

The table below provides information on some of the major programmes already operating under the LEP, and the evaluation processes agreed with BIS or the relevant Government Department.

Programme	Evaluation
AMSCI	Regular weekly, monthly and quarterly monitoring reports. Annual evaluation.
Growing Places	No formal evaluation, regular monthly and quarterly monitoring reports produced. A half year monitoring report is submitted to DCLG.
Greenbridge	No formal evaluation, but good news stories/case studies will be published.

5.3 Approach

Key to the approach of this work will be to combine quantitative and qualitative data and feedback, and to ensure the evaluation is based around the key objectives of the SEP and the Strategy for Growth.

This will include evaluating performance in terms of the 4 programmes that the SEP projects have been allocated to:

- Growing business
- Enhancing the Regional Economic Hub
- UK Central, the Enterprise Belt and the wider Birmingham area
- Enhancing our growth sectors

The evaluation will also be set in the context of the 5 SEP Game-changers:

- Greater Birmingham Growth Hub
- Birmingham Curzon
- HS2 Connectivity Package
- UK Central and the Interchange
- Birmingham Trained Me to Compete

In addition, the role of the cross-cutting theme of connectivity (in the widest sense) and its role in driving productivity both within the LEP and across its boundaries into adjoining LEP areas will be assessed.

As described above, a key aspect of the work will be to monitor both the overall economic indicators for the LEP area and the contribution that the SEP and wider GBSLEP activities make to this, including the City Deal.

5.4 Challenges

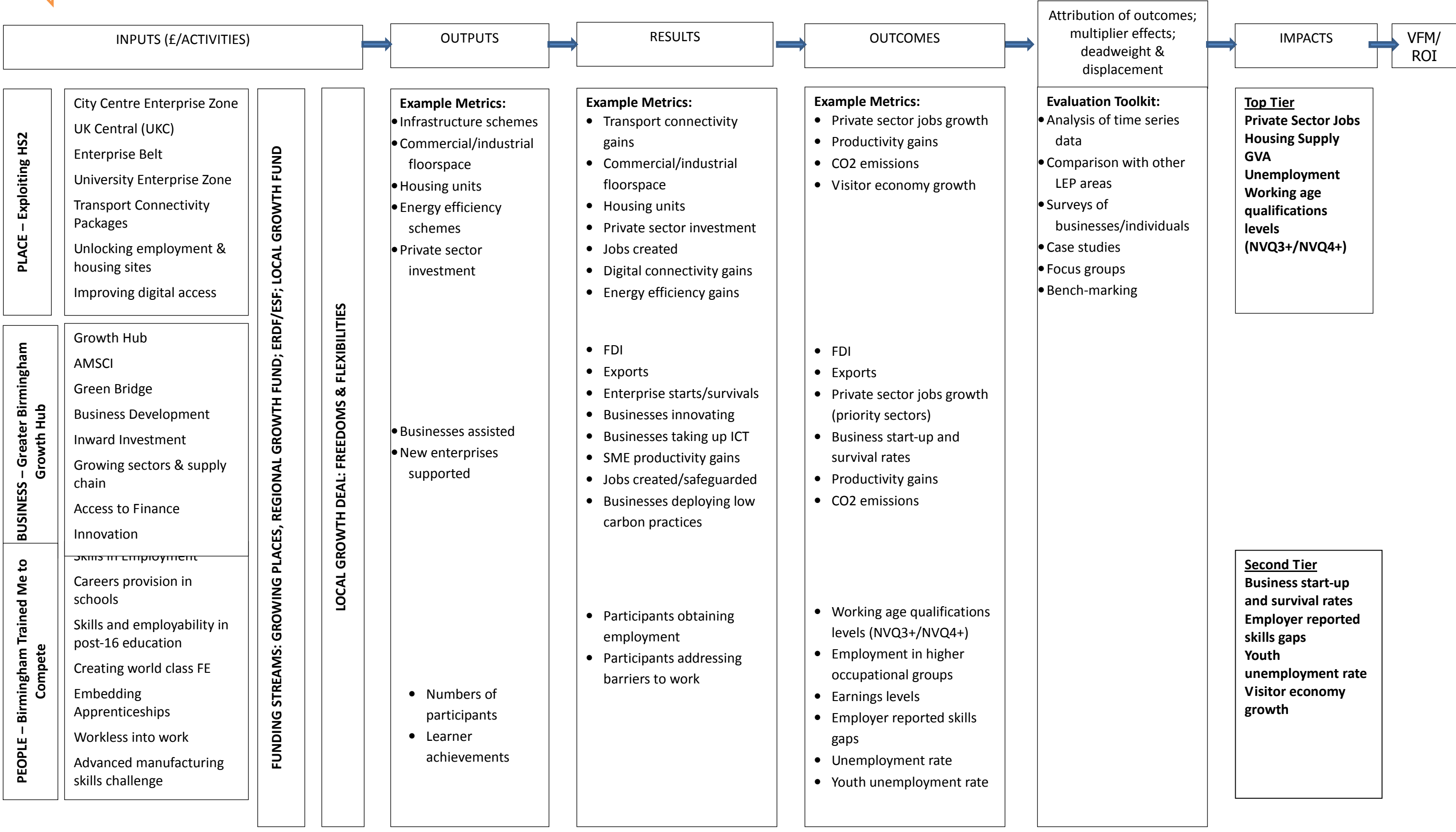
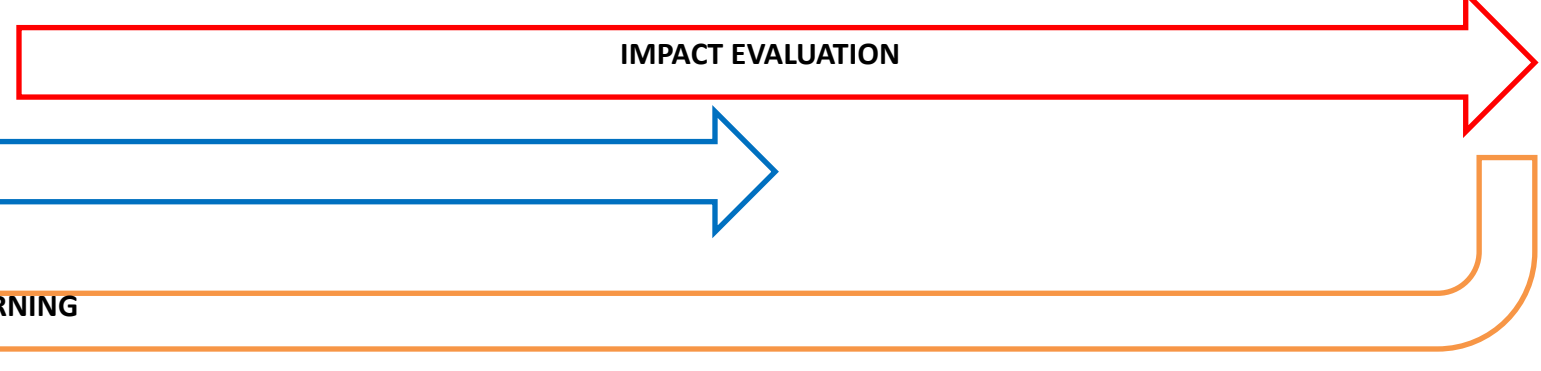
We consider it important that we attempt to monitor and evaluate the full range of LEP activities across a wide range of programmes and delivery structures, not just LGF. This broad approach poses a number of challenges, which include:

- Inconsistency in monitoring measures across existing and future programmes
- Inconsistency in agreed evaluation methods for different programmes.
- Requirements of other agencies (e.g. EU)
- Methodological issues around establishing additional impact including the use of counterfactuals
- No agreed budget for monitoring and evaluation of LGF or for bringing together the broader evaluation of the impact of the LEP's activities.

The schematic on the following page summarises the relationship between the key activities of the GBSLEP and the examples of the metrics that will be used in the monitoring and

evaluation process of both the outputs and the outcomes. The metrics will be refined following the conclusion of the Growth Deal.

Fig. 3 – key activities and the metrics used in M&E



5.5 Method

This section sets out in more detail the methods that will be used.

5.5.1 Outcomes

A number of key measures that will be used to measure the overall condition of the local economy from official statistics. These will be measured annually, and compared to performance in other core city LEP areas and nationally to provide economic context to the measurement of performance against targets. These will include:

- Workplace Jobs by Sector (*Business Register & Employment Survey*)
- GVA (*ONS Gross Value Added NUTS3 Tables¹*)
- FDI (*UKTI*)
- Resident employment (*ONS Annual Employment Survey*)
- Unemployment. (*Claimant Count*)
- Skill levels (*ONS Annual Employment Survey*)

5.5.2 Outputs/impact

Overall economic trends are important to the LEP, as indicated by its high level outcomes, but a key part of the monitoring and evaluation process will be to measure the actual impact of the LEP activities on the local economy, and to compare performance to targets set out in the Strategy for Growth, and also the additional targets proposed for the SEP.

5.5.2.1 Strategy for Growth targets

- A net increase of at least 100,000 private sector jobs between 2011 and 2020
- A net increase of at least £8.25bn GVA between 2011 and 2020
- A decrease in unemployment across the LEP to fall in line with at least the national average by 2020
- An increase in GVA per-head across the LEP to meet the national average by 2020, and exceed the national average by 2025
- An increase in the percentage of the working-age population with NVQ3+ to be above the Core City LEP average by 2020, and out-perform the national average by 2025.

5.5.2.2 Proposed SEP targets (which are additional to the Strategy for Growth targets)

- 50,000 private sector jobs (on top of the 100,000 we have already committed to).
- 12,300 new houses
- 1.7m sqm of commercial space
- £2.3bn GVA over 10 years

¹ A methodology developed by Cambridge Econometrics estimates GVA for the GBSLEP area from NUTS 3 data

- £900m private sector leverage

A BIS multiplier will be used to calculate the GVA of SEP activities.

However, a number of further measures will underpin these high level measures to reflect the range of project delivery outputs from the SEP projects, such as:

- Business start-up and survival rates
- Working age qualifications levels (NVQ3+/NVQ4+)
- Employer reported skills gaps
- Youth unemployment rate
- Visitor economy growth

The evaluation will establish the additionality of outputs/outcomes achieved by considering the extent to which:

- These outputs/outcomes would have been achieved in the absence of the LEP interventions (attribution)
- The outputs/outcomes achieved have led to displacement or substitution (deadweight)
- There has been loss of outputs/outcomes from the LEP area (leakage)

These issues pose particular challenges and will be taken account of in developing the detail of the framework and in the commissioning and delivery of the evaluation process.

Given the close proximity of centres of employment in the Black Country and north Warwickshire leakage is likely but there will also be gains from these areas. We will seek to reflect this when the detail of the methodology is developed.

Reference will be made to project appraisals as regards the potential for projects to deliver additional benefits, taking account of possible deadweight, displacement etc.

The measures that were used to assess and prioritise the projects selected for the SEP (including strategic fit, economic return on investment, deliverability & private sector leverage), will also be used in the evaluation process so there will be a clear relationship between delivery and monitoring.

A specific challenge will be to ensure consistency across a very wide range of programmes, which may have differently defined outputs and requirements to report through different agencies and processes. The integration of the ESIF in particular will pose some issues. This is already the subject of discussion, and will be further explored over the coming months.

5.6 Establishment of robust reporting and monitoring mechanisms from project level upwards

If the overall evaluation is to be accurate and transparent it will be important to ensure that all monitoring and recording processes are robust from project level upwards. There are existing processes in place for a number of LEP programmes such as Growing Places and RGF and good practice from these programmes will be built on. Reporting mechanisms for future programmes and activities, such as UKC, will be based on the same good practice and integrated into the overall evaluation of the LEP.

As an example, the GBSLEP has developed such a process for the £250million BIS funded AMSCI programme, which is working well, and it is the LEP's intention to build on this good practice to monitor and evaluate the SEP activities.

The agreed AMSCI reporting and evaluation is described in the table below, and this format will be used for LGF.

AMSCI monitoring and evaluation schedule		
Activity	Who reported to	Frequency
Issues and corrective activities	Joint Delivery Team	Weekly
Outputs against targets	LEP Board	Monthly
Outputs against targets	BIS	Quarterly
Evaluation	BIS	Annual

The overall monitoring and evaluation process for LGF will follow a similar format.

LGF monitoring and evaluation schedule		
Activity	Who reported to	Frequency
Issues and corrective activities	Joint Delivery Team	Weekly
Outputs against targets	LEP Board	Monthly
Outputs against targets	LEP Board	Quarterly
Outputs against targets plus 'light touch' evaluation	LEP Board/BIS	Annual
Interim evaluation of LGF and wider SEP	LEP Board/BIS	Year 3
Full evaluation of LGF and wider SEP	LEP Board/BIS	Year 5

Draft monitoring forms for LGF are attached as examples of the level of detail that will be reported.

Another critical part of the reporting structure will be the financial reporting systems. A financial report on the AMSCI programme finances and spend is reported to Birmingham City Council's Cabinet, as the Accountable Body, quarterly, and it is the LEPs intention to

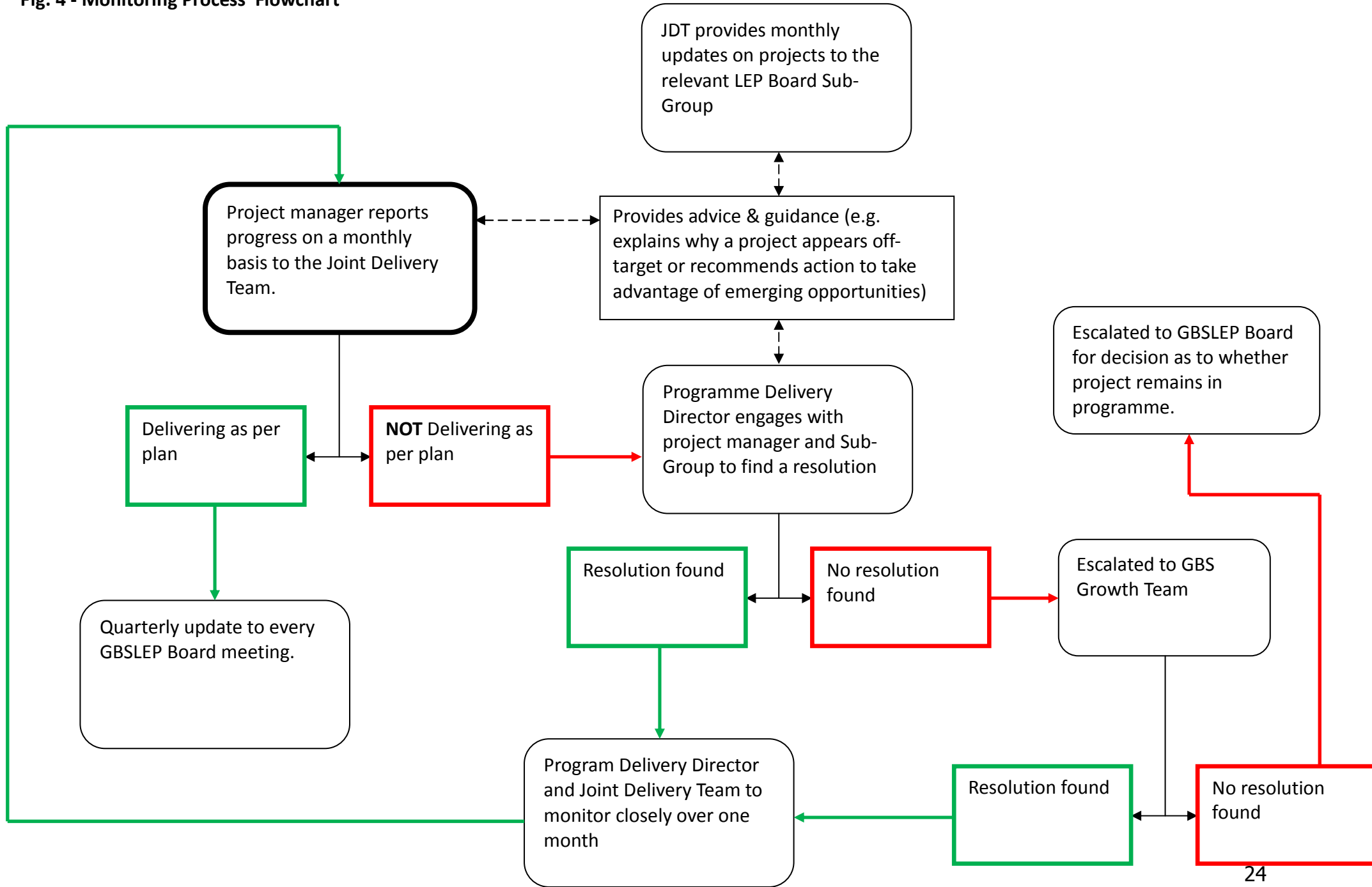
follow this practice with LGF. But financial reporting will also be made to the LEP through the process described above.

Projects will be delivered by their respective delivery body, whether that is local authorities, education establishments, businesses or the passenger transport executive. GBSLEP expects that delivery of individual projects will be monitored by those delivery bodies, in accordance with the project management methodology to which they adhere.

GBSLEP will monitor projects at programme level, in so far as funds are disbursed to them by Government in support of the Strategy for Growth and in programmes set out in this SEP. The principle of “management by exception” will apply, with Sub-Groups, the Growth Team and GBSLEP Board provided with regular updates via a standing agenda item, to ensure the programme is delivering according to plan.

A monitoring process flowchart that sets out how a project will be managed where it is not delivering according to plan is shown below. Ultimately, if a project deviates significantly from its plan and no resolution can be found, a decision will be required from the GBSLEP Board as to whether the project remains part of the programme.

Fig. 4 - Monitoring Process Flowchart



5.7 Toolkit of Evaluation methods

The evaluation will use a range of techniques to ensure that a wide range of stakeholders and beneficiaries are able to contribute to the process and to establish additionality. A key consideration will be how the 'counterfactual' position can be established. The exact mix and scale of techniques could include:

- Analysis of time series data
- Comparison with other LEP areas
- Surveys of businesses/individuals
- Case studies
- Focus groups
- Bench-marking

These activities will cover stakeholders and beneficiaries from the 3 key strands of the GBSLEP Strategy for Growth - People, Business, Place, and will include:

- Local businesses
- Residents who have been assisted through LEP programmes
- Skills providers and beneficiaries
- Transport and other connectivity agencies and users
- Local authorities
- LEP Board members

As described in Section 3 above, the performance of the LEP will be assessed against its 4 programmes and the 5 game-changers.

Within the range of priority projects there are a significant number of enabling activities, mainly around construction, transport and connectivity skills. Transport projects are already subject to Green Book appraisal guidance, so robustness of delivery is assured. The challenge for the LEP is how to account for this enabling activity against our key measures. For example, a new road may make land accessible and attractive to inward investors to enable commercial development and job creation to take place. But the road is only the enabler – the outputs will be accounted for against one or more strands of the 4 SEP programmes. However, the techniques listed above will provide qualitative information on the value of these enabling projects. Synergies with adjoining LEP areas will also be examined where appropriate as some of the connectivity projects are part of cross-LEP activity.

The evaluation will be made in the context of local and wider economic conditions and the performance of other core cities and/or statistical neighbours.

5.8 Value for Money

A key strand of the monitoring and evaluation process will be an assessment of value for money. At the most basic this can be carried out by dividing spend by outputs and comparing with benchmark unit costs. For example dividing the cost of a project to up-skill workers in a particular sector to a Level 3 qualification by the number of workers who gain the qualification gives a cost per head. But for many projects the benefits are less tangible, and can also be affected by context. Using the previous analogy, some workers may already be part-way towards the qualification; others may only be qualified to Level 1 or 2. The results of value for money assessments can be used to determine which projects offer the best use of limited resources and may be more likely to obtain funding in the future. The evaluation will therefore also consider context and other related factors to avoid drawing misleading conclusions.

Return on Investment (ROI) and, in the case of transport projects, Benefit Cost Ratio (BCR) were used to prioritise potential projects for LGF funding and this methodology will also be used to assess the success of the LGF programme. The evaluation will use the sector information obtained through this process to examine the specific impact of the LEP's high value added and priority sectors.

5.9 Evaluation process

The GBSLEP is keen to establish the totality of the impact of its activities. In addition to monitoring and evaluating the interventions delivered through the SEP the GBSLEP intends to include a high level analysis of the impact of the other major programmes it delivers, including AMSCI and ESIF. These initiatives have agreed monitoring and evaluation processes in place, so it will be relatively easy to integrate the findings of their own evaluations into the evaluation of the LGF to form a coherent picture of all SEP related activities. It is the intention of the GBSLEP, wherever practical, to ensure consistency between the key reporting measures of the different delivery programmes and to discount any double-counting through the use of similar reporting processes across projects.

A light touch evaluation is proposed at the end of both Years 1 and 2, undertaken internally, with the emphasis on projects and programmes that have delivered early in the life of the SEP, but which can provide valuable lessons for future projects.

An interim evaluation at the end of Year 3, and a full evaluation at the end of Year 5 will be much more comprehensive and, if resources permit, will be conducted by agencies external to the organisation and individuals who are delivering the SEP and LEP activities, to ensure independence and transparency. If resources do not permit, then individuals who are appropriately experienced will be co-opted on to a task and finish steering group to oversee the work.

A key aim of the evaluation work is to learn which process and approaches work well, and which work less well, so this information can be fed back into the process of future programme design and project approval.

The process of governance for the evaluation process is provided below.

5.9.1 Light Touch Evaluation Governance (end of Years 1 and 2)

- Joint Delivery Team to scope and define the work
- Growth Team and LEP Board to sign off and set timescale
- Joint Delivery Team, or another LEP employee, to undertake the evaluation, overseen by Programme Delivery Director
- Draft report sent to the Growth Team for comment.
- Report submitted to sub-groups, Growth Team and LEP Board
- Sub-groups and Growth Team responsible for ensuring findings and lessons learnt inform future development and approval of projects.

5.9.2 Interim Evaluation Governance (end of Year 3) and Final Evaluation (end of Year 5)

- This process assumes that the evaluation will be conducted by an external body or person (see Section 5.0 below).
- Joint Delivery Team will carry out initial scoping work including rough costings (if any).
- The GBS Growth Team will agree the broad scope and cost (if any).
- The Board and the Accountable body will also sign off the detailed scope and tender documents.
- The GBS Growth Team will set up a task and finish group to oversee and manage the evaluation process. This group will include representation from the Joint Delivery Team, the sub-groups and businesses. The Programme Delivery Director will also sit on the group. However, on a day to day basis the work will be managed by the Joint Delivery Team.
- The GBS Growth Team will ensure that, between them, the members of the task and finish group have the appropriate skills and experience to ensure that the tendering and commissioning process is robust and satisfies all the principles described above.
- The task and finish group, supported by the Joint Delivery Team, will develop the detailed specification and, if appropriate, tender document, commission and manage the work to ensure delivery is as stated in the tender brief.
- The Programme Delivery Director will ensure that whoever carries out the evaluation has access to all monitoring information, and to the appropriate delivery bodies.
- The task and finish group will report regularly on progress to the Growth Team.
- A draft of the evaluation report will be sent to the sub-groups and the GBS Growth Team before the final version is prepared
- The final evaluation documents will be signed off by the GBS Growth Team and the LEP Board.

- The findings will be shared with all groups in the LEP Governance process, and inform into the development and approval process for future projects through the sub-groups and the Joint Delivery Team.

5.10 Strengths and opportunities

The GBSLEP has a number of strengths and opportunities that the LEP will build on, including:

- Strategic location - Destination of High Speed 2 Phase 1 with 2 stations
- Key sector strengths including centre of the UK's automotive sector
- Good track record of FDI
- Exporting success
- One of the youngest and diverse populations in the UK
- Key Regional Economic Hubs (City Centre Enterprise Zone and UKC)
- Forecast employment growth

The evaluation will make particular reference to these and the inter-relationship between them and the outcomes.

5.11 Freedoms and Flexibilities

The SEP is also making a number of 'asks' from Government. The impact of these will be also be specifically examined, where possible using counterfactuals, such as comparisons with similar areas where these flexibilities have not been granted, or what might have been achieved if they had not been granted.

5.12 Resources

There are currently no resources allocated for the monitoring and evaluation of the SEP and LGF, or indeed for any aspect of programme management. The LGF monies are capital funds and there is no provision for revenueising a component. And even if it were possible to top slice, this would take resources away from delivery.

There are a number of existing programmes delivering LEP related activity including some that are funded by BIS. Three very different examples of agreed monitoring and evaluation costs include:

- A total of £160,000 has been agreed with BIS for the £225million AMSCI programme (sum of all 4 rounds). This equates to 0.07% of costs.
- £90,000 for the Marketing Birmingham 'Investing in the City region' £13.8million funded ERDF programme (includes 50% match). This equates to 0.65% of programme cost.

- In accordance with the guidelines set out by DCLG 2% or £449,000 of the total Growing Places Fund allocation has been set aside for the management and administrative support of the revolving fund.

There is clearly a large variation in the level of provision of funding for monitoring and evaluation between programmes. But given the complexity and multi-faceted nature of the LEP activities and the incorporation of all LEP related major programmes, not just LGF, into an all-encompassing assessment of the impact of the full range of LEP, it is our view that a comprehensive, robust and transparent monitoring and evaluation process will involve significant revenue expenditure, which is not currently offered through LGF.

The indicative costings quoted below assume that the majority of the regular monitoring work and the Year 1 and 2 light touch evaluations would be carried out internally by the Joint Delivery Team (see Governance section). However, there are no revenue funds associated with LGF, so even this may be compromised by lack of resources. The possibility of academic bodies undertaking the work was also explored, but there is also a cost associated with this approach.

Three options for evaluation are proposed for consideration:

Option 1: Comprehensive evaluation in line with other major programmes

This option would engage external consultants to undertake the evaluation, governed as described above to bring a team with a wide range of skills and experience to the evaluation work. Of the three options this offers the most comprehensive and independent approach, and should provide the LEP with the only opportunity to really understand the impact of both LGF and the wider LEP activities. It should enable the challenging issues described in Section 3 to be fully unpicked and integrated.

The examples quoted above show that revenue funding agreed for evaluation varies widely between programmes. The SEP is a set of major programme, with an estimated ask from the LGF of around £508 million over 5 years. Whilst a large proportion of these programmes is transport related and are likely to have similar and well established evaluation procedures the programmes also include skills, business growth and infrastructure projects which add to the complexity of the evaluation task.

Indicative costs are hard to estimate for such a complex programme, but based on amounts allocated to other programmes are likely to be in the region of £150,000 for the interim evaluation and £250,000 for the final evaluation.

Pros	Cons
Would provide comprehensive, robust, transparent and independent evaluation of LGF projects.	High revenue cost for which no budget exists.
Would provide an assessment of the impact of the full range of LEP activities.	Relatively large internal resource required to manage.
Evaluation would include feedback from wide range of stakeholders and beneficiaries	

Evaluation would be undertaken by a team of people with range of skills and experience, adding value to the work,	
Opportunity for innovative approaches higher from a team working together and bouncing ideas off each other.	
Counterfactuals and additionality could be explored in detail to add value to the work.	

Option 2; Scaled down evaluation

Lower levels of available resources would require a scaled back and less comprehensive evaluation. An alternative, cheaper, option would be to employ an individual (s), with no vested interest in or connection to the LEP (to maintain independence) on a contract basis to carry out the work. Indicative costs for this could be in the region of, £20,000 for the interim evaluation (4 month contract) and £30,000 for the final evaluation (6 month contract). The direct financial advantages of this approach are clear. However, the disadvantages of this approach is that one individual on their own would not have the range of skills and expertise that a team of consultants could offer, limiting innovation and value of approach. This option should enable some of the challenging issues described in Section 3 to be explored, but not in so much depth as with Option 1. The ‘one person’ approach could severely impact on the techniques used and the quality of the findings and the impact of this on the direction going forward could be much greater than the money saved. The reduced costs reflect the reduced delivery package.

Pros	Cons
Relatively cheap	Unlikely to bring the wide range of skills and expertise compared to Option 1, reducing quality and depth of final report.
Independent	Reduced quality and depth of report would impact on ability to take lessons learnt forward into future projects.
	Very dependent on one person – little room for manoeuvre if not satisfactory

Option 3: Minimal evaluation

The cheapest option would be to carry out a scaled back evaluation in-house by the Joint Delivery Team. A very minimal evaluation would result, as the team would have many other demands on their time. And in any case, no resources exist for this team. This option would offer relatively little to the LEP in terms of evaluating LGF or drawing together findings from the wider LEP activity to assess the overall impact of the LEP. It would be unlikely that any of the challenging issues described in Section 3.0 above could be covered in any depth.

Pros	Cons
No extra revenue expenditure.	Minimal evaluation of LGF in terms of scope and depth.
	Little opportunity to learn from good practice from LGF projects.
	Minimal stakeholder and beneficiary feedback possible.
	Minimal opportunity to consider counterfactuals.
	Not possible to determine overall impact of LEP activity.

Fig. 5 – Draft LGF checkpoint report



DRAFT LGF CHECKPOINT REPORT

NB Please submit to craig.wakeman@birmingham.gov.uk before 5pm every Thursday

SEP Programme:	LOCAL GROWTH FUND	Report Date:	
Completed by:			
Period Covered From:		To:	

1. Overall Programme Summary			
Area	ROYG		Comments
	Last	This	
Programme 1			
Programme 2			
Programme 3			
ESIF			
Dependencies			
Issues			

2. Portfolio Status (Project/Substream)						
Name	Overall status	% Complete	Workload Schedule (scope)	Resource / Cost	Benefits	

3. Successes this Reporting Period
•

4. Significant activities & deliverables in next Reporting Period
•

5. Key Programme Dependencies		
Ref:	Description	ROYG

6. Top 3 Issues				
LGF Ref:	Description	Action	Owner	Due by

7. Top 3 Risks				
LGF Ref:	Description	Countermeasures	Owner	Proximity

8. Change Control				
LGF Ref:	Description	Next Steps	Owner	Due by
				dd/mm/yy

9. Client Meetings/Key Engagement			
Meeting	Contact	Date	Reason

10. Comments/AOB

6. Risk management

GBSLEP recognises that risk is an integral part of innovation in order to deliver the key priorities set out in the Strategy for Growth and the SEP programmes. Proactive management of risk will enable us to take full advantage of opportunities that arise and make the best use of the resources available to us – and in particular, a clear understanding of the opportunities and threats arising from the changing social, political, environmental, legislative and technological will form a key part of our Risk Management Strategy.

Given the broad scope of this SEP, it will not be possible to identify every risk. We have therefore focussed on high risks and getting early warning of when they become more imminent, or start to take effect, and to enable us to be in the best position to make the most of opportunities.

Risks at programme level will be managed by the Programme Delivery Director, who will be responsible for overseeing the creation of GBSLEP's Risk Management Strategy and SEP Risk Register.

Risks management of individual projects will be undertaken by the project manager responsible for the project, in accordance with the delivery bodies' own risk management strategies. The risks identified will feed in to GBSLEP's SEP Risk Register.

An update on risk will form part of the regular update to the LEP Board.

An initial summary Risk Register is shown below.

Following the agreement of the Growth Deal and a confirmed allocation of funding, we will revisit this Register and consider the impact on these risks, and whether any additional risks have arisen.

Risk/Issue		GBSLEP Action	Residual Risk	
			Likelihood	Impact
1.1	Failure to deliver	<p>GBSLEP has a strong track record of delivery, as detailed throughout the SEP. To ensure we are able to deliver on the significant sums of LGF we are seeking, we will bring together the GBS Growth Team (capable of bringing to bear all the resources available across the LEP in support of delivery); appoint a Programme Delivery Director. In addition, a Resources Review is currently underway and will bring together a Joint Delivery Team.</p> <p>Furthermore, the prioritisation process we have undertaken used deliverability as a key criterion.</p>	Low	High
1.2	Lack of revenue funding harms delivery	<p>Local authority resources are contracting and are forecast to decrease until at least the end of the SEP period. This poses challenges for development costs of projects to be delivered in future years, and for management and administration of programmes (including the Growth Hub), posing a risk to delivery.</p> <p>This SEP includes a number of asks for revenue funding to support delivery. However, the LGF (for 2015/16 at least) is a capital fund with no revenue availability, and a change in policy would be required to make revenue available.</p> <p>Alternatively, GBSLEP could attempt to capitalise revenue costs – however, this is a sub-optimal outcome as it reduces the funds available to deliver.</p> <p>In addition, GBSLEP has created the GBS Growth Team to manage resources as efficiently as possible across the LEP and will look for further options to alleviate revenue pressures. The Resource Review underway will bring together the Joint Delivery Team from across the LEP, to ensure that resources are deployed as efficiently as possible.</p>	Significant	High

Risk/Issue		GBSLEP Action	Residual Risk	
			Likelihood	Impact
1.3	Quantum of LGF sought is not awarded	<p>GBSLEP has undertaken a rigorous prioritisation exercise to bring forward our high priorities. An ask of £86m to begin delivery in 2015/16 does not, in this context, seem unreasonably large. It represents a range of projects that are deliverable, with strong outputs and good value for money, and add value to the national policy context</p> <p>However, we recognise that the LGF is a limited capital pot with many proposals across 39 LEPs worthy of support. There is a residual risk that, no matter how strong our offer, a relatively constrained resource will be spread thinly.</p>	High	Medium
1.4	Change in the local political landscape	<p>Recently, leaders of local authorities within GBSLEP have stepped down or been changed. In addition, some of these authorities have local elections this year which could mean a change in political leadership.</p> <p>Whilst this SEP has been completed with the support of all the local authorities, a change in the political landscape could see a desire for new priorities.</p> <p>However, the strategic agenda has been set with a broad consensus and built upon a great deal of engagement with a wide range of stakeholders. While change is possible, it is unlikely to have a significant impact.</p>	Medium	Low
1.5	Change in the national political landscape	<p>General elections are scheduled for May 2015, shortly after the SEP period begins. It is possible that there will be a change in Government and, with it, a different approach to devolution and to local economic development. This could mean that more money is committed to the Local Growth Fund from other departments; and equally, it could mean that the approach is aborted.</p> <p>This SEP has broad support from local MPs across all political parties, which means that we would seek to see our priorities implemented through whichever means Government puts in place.</p>	Medium	Significant

Risk/Issue		GBSLEP Action	Residual Risk	
			Likelihood	Impact
1.6	Significant shifts in national policy (e.g. HS2 does not happen)	<p>Regardless of a change of Government, it is entirely possible that significant changes could be made to national policy. For GBSLEP, a particular risk surrounds HS2 which has yet to secure full legislative approval.</p> <p>HS2 will be a truly transformational project that will act as a catalyst for growth and regeneration. While it provides an excellent opportunity on which to capitalise, it does not provide the sole rationale for our proposed investments in Birmingham Curzon and the Connectivity Package. These are game-changing investments in their own right, capable of significantly enhancing the city centre offer by improving the public realm and facilitating a step-change in efficient, affordable public transport, bringing sites to market by increasing their viability and making the area a desirable location in which to invest.</p> <p>Should HS2 not arrive due to changes in national policy, it will likely have a negative impact on forecast economic and employment growth, reducing demand for office space and enhanced connectivity – and we will scale back our ambitions accordingly.</p>	Medium	Significant

Key

Measures of likelihood

Indicator	Description
High	Almost certain, is expected to occur in most circumstances. Greater than 80% chance.
Significant	Likely, will probably occur in most circumstances. 50% - 80% chance.
Medium	Possible, might occur at some time. 20% - 50% chance.
Low	Unlikely, but could occur at some time. Less than 20% chance.

Measures of impact

Indicator	Description
High	Critical impact on the achievement of objectives and overall performance. Critical opportunity to innovate/improve performance missed/wasted. Huge impact on costs and/or reputation. Very difficult to recover from and possibly requiring a long term recovery period.
Significant	Major impact on costs and objectives. Substantial opportunity to innovate/improve performance missed/wasted. Serious impact on output and/or quality and reputation. Medium to long term effect and expensive to recover from.
Medium	Waste of time and resources. Good opportunity to innovate/improve performance missed/wasted. Moderate impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover from.
Low	Minor loss, delay, inconvenience or interruption. Opportunity to innovate/make minor improvements to performance missed/wasted. Short to medium term effect.

A. Supervisory Board: Draft Terms of Reference

1. Governance

- 1.1 The Supervisory Board acts as a Joint Committee under ss 101, 102 Local Government Act 1972 and s9E(b) Local Government Act 2000 and pursuant to the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012.
- 1.2 Political Proportionality rules will not apply to the Supervisory Board as so constituted.
- 1.3 The Supervisory Board will include the local authorities within the GBS LEP area i.e. Birmingham, Bromsgrove, Cannock Chase, East Staffordshire, Lichfield, Redditch, Solihull, Tamworth and Wyre Forest.

2. Host Authority

- 2.1 The Supervisory Board will be hosted under local government arrangements by Birmingham City Council and the Chief Executive or nominated Strategic Director of Birmingham City Council shall be Secretary to the Supervisory Board. The Host Authority will also provide s151 and Monitoring Officer roles to the Joint Committee.

3. Objects of Supervisory Board

- 3.1. To provide effective decision making and clear political accountability for management of the Single Local Growth Fund and other significant funding streams that cover the full GBS LEP geography as agreed with the LEP Board;
- 3.2. To empower the GBSLEP Board to deliver decisions taken under 3.1;
- 3.3 To oversee and review the activities of the GBSLEP Board;
- 3.4 To co-ordinate and liaise with GBS Local Transport Board; and
- 3.5 To consider any further measures necessary to strengthen the GBSLEP Board.

4. Membership

- 4.1. One member from each constituent authority. Such member to be the Leader (or other appointed member) from each constituent authority (voting).
- 4.2. The Chair of GBSLEP (non-voting).
- 4.3 Each Supervisory Board member to identify an alternate (an Executive Member).

5. Voting

- 5.1. One member one vote for local authority members.
- 5.2. Normal rules as to declarations of interest to be applied in accordance with the law and regulations governing pecuniary interests and Birmingham City Council Code of Conduct. The Chair has the right to decide whether observers declaring an interest can observe the meeting or should be asked to leave.
- 5.3. No ability to vote for private sector members.
- 5.4. In the event of any voting member of the Committee ceasing to be a member of the Executive which appointed him/her, the Executive shall forthwith appoint another voting member in his/her place.
- 5.5. Except as otherwise provided by the Local Government Acts 1972 and 1985, all questions shall be decided by a majority of the votes of the voting members present, the Chair having the casting vote in addition to his/her vote as a Member of the Committee.

6. Quorum

- 6.1. Four members present (one from Birmingham City Council, one from Solihull MBC, one District from Staffordshire and one District from Worcestershire).

7. Meetings

- 7.1. The Chair of the Meeting will be elected at the first meeting and then each Annual Meeting of the Supervisory Board (usually on the same day as the LEP's AGM) and if the Chair is not present at any meeting within 10 minutes of the start of the meeting then those present will elect a Chair to act for that meeting.
- 7.2. Only a voting member is entitled to be elected as Chair or Vice-Chair of the Committee.
- 7.3. Each person entitled to attend will send an alternate as per para 4.3 in the event of his or her unavailability. The Secretary for the Supervisory Board shall be informed prior to the commencement of the meeting of any alternate members attending.
- 7.4. The Supervisory Board will meet as required but at least a meeting of the Supervisory Board must be convened by the Chair within 28 days of the receipt of a requisition of any two voting members of the Supervisory Board addressed to the Secretary to the Supervisory Board. All requisitions shall be in writing and no business other than that specified in the requisition shall be transacted at such a meeting. Meetings so requisitioned shall be called with a minimum of 7 days' notice (except in the case of emergency).

8. Standing Orders

8.1. Standing Orders for the Supervisory Board shall be the Standing Orders from time to time of Birmingham City Council

9. Administration

9.1 (i) The Secretary shall keep proper accounts of the money received and expended by the Supervisory Board.

9.1 (ii) The Secretary shall apportion the expenses of the Supervisory Board between the Councils in proportion to the population of each Council in the Greater Birmingham and Solihull Local Enterprise Partnership area.

9.2 This Terms of Reference and, subject as hereinafter mentioned, the functions of the Supervisory Board may be amended at any time by the unanimous agreement of the voting members of the Supervisory Board.

B. GBSLEP Joint Scrutiny Committee –Terms of Reference

1. Governance

The Joint Scrutiny Committee will act as a Joint Committee under sections 101 and 102 Local Government Act 1972 and s9F Local Government Act 2000 (as amended).

1.2 Access to Meetings

Normal rules apply as to public access i.e. as a Joint Committee the public has access except for exempt business.

1.3 Host Authority

1.3.1 The Joint Scrutiny Committee will be hosted under local government arrangements by Solihull Metropolitan Borough Council and the Chief Executive of Solihull Metropolitan Borough Council shall be Secretary to the Joint Scrutiny Committee.

1.3.2 Solihull Metropolitan Borough Standing Orders will apply to the Joint Scrutiny Committee (save for section 5 below).

1.3.3 The Host Authority will also provide s151 and Monitoring Officer roles to the Joint Scrutiny Committee.

2. Objects of Joint Scrutiny Committee

2.1 To review and/or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the Supervisory Board

2.2 To make reports or recommendations to the Supervisory Board with respect to the discharge of any functions which are the responsibility of the Supervisory Board.

3. Membership

3.1 One member from each constituent authority.

3.2 Power for the committee to co-opt other members as it sees fit [this can include further councillors but also covers ability to co-opt members from the private sector etc.]

4. Voting

4.1 One member one vote for local authority members i.e. nine in total.

4.2 No ability to vote for non-local authority members or Members co-opted under (3.2).

4.3 Conflicts of Interest will be dealt with in accordance with the Members Code of Conduct of the Host authority.

5. Quorum

- 5.1 Four members present (one from Birmingham City Council, one from Solihull MBC, one District from Staffordshire and one District from Worcestershire).

6. Meetings

- 6.1 The Chair of the Meeting will be elected at the first meeting of the Committee at the start of each municipal year. A Vice Chair shall also be elected at the same meeting.
- 6.2 Meetings are to take place when there is a valid call-in of a decision and also when the Committee considers it expedient to have an overview of the overall expressed purpose and intended outcomes of the GBSLEP provided that a minimum of one meeting of the Joint Scrutiny Committee shall be held in each municipal year.

C. GBS Finance Board – Terms of Reference

1. Consolidation of the reporting of fund management and outcomes to create a consistent and efficient reporting process
2. Creation of the GBSLEP Finance best practice governance template for individual fund management
3. Identification of all funding streams under LEP management and contributory outcomes of those aligned to LEP priorities
4. To source and leverage new private and public funding streams within a business, social and ethical framework
5. Review of existing funding boards and committees the relationships between each of these and GBS Finance
6. Allocation of unfettered funds to fund managers/project leads in accordance with the Economic Growth Strategy.
7. Endorsement and quality assurance of all LEP funding bids prior to the relevant accountable body approval process and submission, ensuring their fit to the LEP Strategy for Growth
8. Responsibility for increasing financial and social leverage
9. Monitoring role for the GBS LEP management and operational budget.

Governance Template for Funding Allocation Projects

Each funding project or programme managed by the LEP will be required to meet the governance standard set by the GBSLEP. GBS Finance will assist each fund manager or budget holder in achieving this and may make recommendations as required to the governance in order to ensure consistent and robust fund management across the LEP.

There is an over-riding principle that all local authorities are stakeholders in the funds allocated or awarded to the GBSLEP. All fund management, project groups and committees should reflect this position.

Each project and investment committee will set a quorate for all decisions and recommendations to be approved by its members.

1. Project Team

- Write proposal, bid, reports
- Maintain records (in partnership with its local authority accountable body) of all management and administration costs
- Identify and obtain approval from the accountable body
- Monitoring of project – outcomes, milestones, financial performance
- Claims administration – including all checks and due diligence

- Management and administration of investment committee, including co-ordination of legal and financial support

2. Application process

This must be compliant with any conditions laid down by the fund awarding body. A number of examples exist for Growing Places, AMSCI, Green Bridge and apart from all applicant and project detail as required, must include:

- Timeline for award – by competition, rounds, or ongoing
- Support for application completion – access to expert sector advice as required
- State aid guidance signposted
- Clear instruction on type of funding – grant, loan, equity, blend
- Anticipated applicant costs – legal, arrangement, monitoring fees
- Decision process – conditional offer, unconditional offer, cabinet approval

3. Initial Assessment of Applicants

This must be fit for purpose according to the type of fund, award and applicants. It will include:

- Compliance with all award criteria
- Financial due diligence of the applicant and project
- State aid clearance/guidance
- Expert skills interpretation of application

4. Investment Committee

This Committee must reflect the geography and nature of the award – ie cross-authority, cross-LEP or national, including advisors and experts from the applicable fields.

Membership will include:

- Sector experts – these may be internal to the LEP or sourced independently
- Funding body – eg BIS, DCLG may wish to be represented
- Accountable body representative
- Advisors to the committee as required – finance, legal
- The roles, whether voting or advising, will be made clear to all participants.

5. Recommendations of the Investment Committee

- A conditional offer will be made to the applicant setting out the terms of the award and any conditions precedent.

- Detailed due diligence and legal documents will be prepared as required.
- Unconditional offer made to applicant.
- Conditional and unconditional offer letters will be signed in accordance with the delegations contained in the cabinet report. This should normally be by 2 separate officers with the required financial approval limit.
- All legal documents must be either prepared or approved by the accountable body legal representatives

6. Decision making

- As appropriate reports will be submitted through the Accountable Body cabinet process.
- Monthly monitoring will commence when a project or programme bid is approved by the LEP Board.



Greater Birmingham & Solihull LEP and Worcestershire LEP Protocol

With the North Worcestershire area (comprising Bromsgrove, Redditch and Wyre Forest districts) being part of both the WLEP and the Greater Birmingham and Solihull LEP areas, collaboration across the two LEPs is fundamental in ensuring the effective and efficient investment in the overlapping area. Both LEPs have complementary offers and the common aim is to reinforce each LEP's ambitions as well as establish maximum advantage for local businesses.

Working Together

The WLEP and Greater Birmingham and Solihull LEP have forged a mutually constructive working relationship since their inception where Chairs, Board Members and Executive Officers exchange views and participate in respective workshops and Sub Groups on a regular basis. North Worcestershire is represented on both LEP Boards, as well as through officer level involvement in parallel mechanisms, which have overseen the development and delivery of both SEP and ESI Fund Strategies. This arrangement has already proved invaluable in supporting initiatives of joint interest such as aligning co-funding through Growing Places to support the Hoobrook Link Road Scheme in the Wyre Forest District Council area which opens up significant employment and housing land opportunities.

The primary concern of both LEPs is to stimulate economic growth and create jobs. In doing this they recognise that businesses must be able to access prompt, assured and consistent support services, help and advice whichever sign posted route they pursue. It is the confirmed intention of both LEPs that the operating landscape for businesses is simple, co-ordinated and effective and responsive and there is a mutual LEP commitment in delivering results and achieving real impacts to meet business needs.

Both LEPs have established excellent engagement with business networks and representative organisations across the private sector in Worcestershire. It is also significant that both Birmingham Chamber of Commerce and Herefordshire and Worcestershire Chamber of Commerce have established a formal agreement and are working together collaboratively alongside both LEPs which means that private sector interests are represented in a consolidated way.

A Protocol Agreement has been developed and agreed by both LEPs as illustrated below. It will join up common programmes and initiatives to strengthen business and job opportunities as well as respecting unique LEP offers which would meet diverse needs in specific localities in either LEP. The agreement will also ensure that there will be neither duplication or gaps in services and offers by both LEPs' activities. The agreement provides a robust framework within which barriers to growth will be removed, innovations nurtured and mutually beneficial outcomes realised which is testament to our good working relationship. The formal agreement will be countersigned by both LEP Chairs following final approval by the GBS LEP and WLEP Boards either at their next meetings or virtually.

Protocol Agreement Aim: WLEP and GBSLEP working together to achieve economic growth and job creation in North Worcestershire

Protocol Principles: The framework for respective LEP commitments to North Worcestershire are based on the following principles:

- co-ordinating strategic ambitions, sectoral and delivery priorities where possible;
- synchronising business support by aligning LEPs' local programmes and services to provide consistent responses and delivery to businesses as much as practically possible;
- working jointly through local business engagement mechanisms with North Worcestershire;
- joint liaison with government on initiatives of mutual interest;
- agreeing the most appropriate mechanisms for preparing funding bids;
- agreeing respective "LEP leads, LEP Support" roles for common programmes;
- as each LEP's separate negotiations with the major National Opt-In Programmes are confirmed, establishing alignment, co-ordinated and consistent support and signposting where possible;
- managing resources and programmes to maximum mutual effect;
- where there is commonality across the LEPs, agreeing a consistent programme and project development appraisal process and criteria for ESI, government or local funding purposes; and
- agreeing an appropriate performance management system which incorporates efficient monitoring, review and reporting of programme and project delivery to both LEP Boards

Working Mechanisms:

- A joint GBSLEP -WLEP Panel which will meet three times annually or as/when significant issues arise requiring joint resolution
- Joint Panel to comprise two nominated LEP Board representatives and Executive Director from each LEP, ideally one from the private sector and one from the public sector
- Continuous liaison between both LEPs will be maintained through both Executive Teams
- Depending on agenda items to be subject of Panel discussion, LEP Board representatives will be invited to contribute specialist knowledge and LEP intelligence i.e. chairs of respective Place Sub Groups if considering development sites or infrastructure schemes
- Panel will submit joint reports to respective LEP Boards on Panel meeting outcomes, programme/project updates as well as performance management culminating in an annual review of progress and a forward look to the next year
- Panel will escalate any substantive issues of non-agreement to respective LEP Chairs via both Executive Teams in the first instance and ultimately respective LEP boards
- Panel will recommend joint decisions on programmes, projects, funding or issues arising to both LEP Boards for formal approval
- Panel will use the North Worcestershire Economic Development & Regeneration (NWEDR) Portfolio Holders, service and North Worcestershire Business Leaders mechanisms as channels for wider consultation with local businesses, interests and

organisation

- Panel will require the support of the NWEDR service to co-ordinate the delivery of joint priority objectives, programmes and projects to ensure effective use of combined resources, impacts and outcomes as well as avoiding duplication
- Panel will nominate one LEP to lead a common programme theme on behalf of both LEPs where appropriate i.e. first confirmed arrangement will be WLEP (as well as Stoke and Staffordshire LEP) managing the GBS LEP EAFRD funds (£1.14m) in a tri-partite alliance delivering projects which fulfil respective SEP strategic objectives and rural priorities and align fully with WLEP and SS LEP EAFRD funding



Draft Protocol for Joint Working between Greater Birmingham & Solihull LEP and Stoke & Staffordshire LEP

The Stoke on Trent and Staffordshire LEP (SSLEP) and Greater Birmingham and Solihull LEP (GBSLEP) are committed to working together to deliver maximum value and effectiveness from the work that they undertake. Both LEPs will set out their strategic priorities for the next 5-10 years in their Strategic Economic Plans and European Structural and Investment Fund Strategies. These documents provide a robust, clear and connected strategic framework from which both LEPs will develop specific detailed solutions and proposals to meet the needs of the business community. However, in pursuing their respective ambitions, as set out in these documents, the LEPs will have shared areas of interest where they can work together to deliver results to mutual benefit, especially to meet the needs of businesses located in the overlapping areas of Cannock, Tamworth, Lichfield and East Staffordshire.

The SSLEP and GB&S LEP have forged a mutually constructive working relationship since their inception. Chairs, Board Members and Executive Officers exchange views and participate in respective workshops and Sub Groups on a regular basis. Cannock Chase, Tamworth, Lichfield, East Staffordshire have representation on LEP Boards and at officer level there has been extensive liaison during the development of both Strategic Economic Plans and EU Investment Strategies. This formal agreement sets out how the two LEPs will continue to work together and make joint decisions, with a focus on utilising existing governance arrangements rather than creating an additional layer of decision making.

Protocol Aim: SSLEP and GBSLEP work together to achieve economic growth and job creation in both LEP areas, with a particular focus on the overlapping area comprising Cannock Chase, Tamworth, Lichfield and East Staffordshire.

This formal agreement will join up common programmes and initiatives to strengthen business and job opportunities as well as respecting unique LEP offers which would meet diverse needs in specific localities in either LEP. The agreement will also seek to ensure that there will be neither duplication nor gaps in services and offers by both LEP activities and priorities. This agreement is intended to cover any joint working regardless of funding mechanism. Joint projects may be funded by a variety of means, including (but not limited to) European Structural Funds, Local Growth Fund, and Growing Places Fund.

Principles for Joint Working:

When working together the LEPs will:

- determine shared priorities and focus resources accordingly;
- will seek the delivery of mutually agreed outcomes;
- seek to maximise the value of interventions and avoid duplication;
- ensure value for money through a co-ordinated approach;
- work with respective governance mechanisms and avoid creating additional decision making structures.

In order to achieve the Protocol aim both LEPs will:

- Co-ordinate strategic ambitions, and sectoral and delivery priorities where possible. Specifically LEPs will share information in order to jointly identify shared priorities and opportunities for collaboration (primarily in, but not limited to, the overlapping area), based on the work they have each undertaken on SEPs and EU Investment Strategies; this includes; where possible working together to help with consistency of asks and making efficient use of resources to help avoid duplication to partners;
- Recognise that LEPs have their own governance and management arrangements regarding calls under the EU Investment Strategies that will need to be taken account of. DCLG will advise on cross LEP potential projects proposed and cross lep mechanisms for dealing with implementation of these projects;
- Maintain open, inclusive and regular dialogue with Cannock, Tamworth, Lichfield and East Staffordshire to ensure complementary priorities and programmes are developed under the EU Investment Strategies;
- When considering any new work streams / projects consider whether there is an opportunity for joint working as part of the project appraisal process;
- Share information about emerging priorities and new ideas for potential future projects on an ongoing basis to allow for joint working and, even where there is no specific opportunity for joint working, to avoid duplication, in particular where projects impact the overlapping area; agree a fair and transparent mechanism to resolve any differences with all those partners effected;
- Agree a common local mechanism to consult and liaise with partners, local people, interests and organisations on mutual business growth, skills and jobs ambitions, initiatives, proposals, programmes and innovations;
- Undertake joint liaison with government on initiatives of mutual interest; and
- As each LEP's separate negotiations with the major National Opt-In Programmes are confirmed, establish an aligned, co-ordinated and consistent approach to project development, funding and delivery.

Where joint projects or programmes are identified specific arrangements will be agreed, including:

- highlighting the most appropriate funding source and mechanisms for preparing joint funding bids in consultations with local partners
- identification of respective "LEP leads, LEP Support" roles
- development of a consistent programme and project development appraisal process and criteria for European Monies, government or local funding purposes where projects are of mutual interest
- development of an appropriate performance management system which incorporates efficient monitoring, review and reporting of programme and project delivery to both LEP Boards

Protocol Working Mechanisms

The GB&S LEP and SSLEP will consolidate established LEP-to-LEP dialogue and will:

- Create a group to jointly determine potential joint projects and develop proposals regarding how they will be managed. These proposals will then be channelled through the individual LEP governance arrangements for formal endorsement. Membership of this group will be drawn from relevant existing groups (to ensure agendas remain aligned

and make use of the governance arrangements that are already in place) and will include representation from across the over-lap area, as well as the two LEPs

- Decisions will ultimately channelled through the individual LEP governance arrangements for formal endorsement;
- Continuous LEP-to- LEP liaison will be maintained through both Executive Teams.

The principles of this protocol will be reviewed periodically by both LEPs and, if necessary, adjusted accordingly to reflect changing strategic priorities and the requirements of EU and UK funding opportunities.