

# North East Local Enterprise Partnership Assurance Framework

2021

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Version 7

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## Preamble

The North East Local Enterprise Partnership (North East LEP) supported by its Accountable Body, the North of Tyne Combined Authority (NTCA), coordinates and manages significant public resources provided from Central Government and generated through local investment activities. These resources are channelled through investment programmes that support the delivery of the North East Strategic Economic Plan (SEP), helping to create the right conditions to attract private sector investment and to facilitate economic growth and job creation.

HM Government requires Local Enterprise Partnerships (LEPs) to prepare a 'local assurance framework' that explains how their funding will be spent with regularity, propriety and deliver value for money. This Assurance Framework has been updated to reflect the latest requirements set out in the 'National Local Growth Assurance Framework' v.4 September 2021.

All North East LEP funding decisions are held to account locally through the NTCA which operates under the Local Government Financial Framework, as set out in the Department of Levelling Up, Housing and Communities (DLUHC's) Local Government System Statement.

This local assurance framework provides an overview of the North East LEPs current governance arrangements and contains links to more detailed strategic and operational policies that are either located on the North East LEP website or that of the NTCA. The LEP website was updated in February 2021 with a joint statement by the LEP Board Chair and Executive Director regarding their commitment to good governance and transparency, this can be viewed [HERE](#).

I confirm that the North East LEP Local Assurance Framework remains compliant with the DLUHC 'National Local Growth Assurance Framework' v.4 and that all financial resources continue to be managed in accordance with this framework.

Janice Gillespie  
Section 73 Officer  
North of Tyne Combined Authority (Accountable Body for the North East LEP)  
Date: 30 September 2021

# 1. Introduction

## 1.1 Purpose and scope of the Assurance Framework

This Assurance Framework sets out the operational management structures and decision-making accountabilities that are necessary for the effective control and delivery of all funding received by the North East LEP from Central Government and other sources. It sets out how we engage stakeholders, make transparent and fair decisions, secure value for money and communicate project funding decisions taken by the North East LEP Board and how we subsequently monitor and evaluate the impact of our investment decisions.

The North East LEP has a planned gross revenue budget of £7.906m in 2021/22. The majority of the LEPs resources are capital with a planned Local Growth Fund (LGF) residual budget expenditure of £17m and £36m under the Getting Building Fund (GBF) in 2021/22. New loans from the North East Investment Fund will be limited this year as we transition funds into a new Commercial Property Investment Fund from April 2022. In addition, £22m is forecast to be invested in Round 1 and 2 Enterprise Zone infrastructure that allows delivery partners to borrow and to be repaid by future business rates income to the North East LEP.

Around 90% of our budget is managed through programmes and distributed to public and private sector organisations who deliver activities in support of the North East Strategic Economic Plan (SEP) via project grants and loans. Amounts awarded to projects this year are expected to vary between c£10,000 and £6m. We have set out in this assurance framework the operational management arrangements for each funding programme that the North East LEP is currently directly responsible for managing and highlight the relationship and support that we receive from our Accountable Body, the North of Tyne Combined Authority.

The main Funding programmes currently directly managed are:

- Strategic Growth and Infrastructure Fund (funded by Growth Deal Local Growth Funding)
- North East Investment Fund (funded by Growing Places Funds and Regional Growth Funds)
- Enterprise Zone infrastructure investments (mainly funded by borrowing against future business rates income projections)
- Getting Building Funds - a two-year capital programme introduced by DLUHC in July 2020

We also manage on behalf of Government smaller scale business support programmes including in 2021/22 a new Made Smarter Programme. Although resources are now tapering off following the UK's departure from the European Union, we continue to work with local authority partners, and Managing authorities (DLUHC for European Regional Development Fund (ERDF), DWP for European Social Fund (ESF) and DEFRA for the European Agricultural Fund for Rural Development (EAFRD) in helping to ensure resource allocations are maximised to support the regional economy.

Where we deliver activities directly, we also secure a mix of income from external funds to support the delivery of strategic interventions across the region such as ‘North East Ambition’ initiative working with schools, College’s and SMEs to improve careers education and aspirations of young people. Several business support interventions in the context of COVID 19, introduced in 2020, are continuing into 2021 using both local and additional Government funding.

## **1.2 Financial Accounts and latest Budget**

Annual accounts and budgets for the North East LEP are audited and reported to the NECA. The latest accounts for 2020/21 can be viewed [HERE](#) . Our latest revenue budget forecast for 2021/22 is £7.906m. Item 6 on the 27<sup>TH</sup> May 2021 LEP Board agenda breaks down the 2021/22 budget and also confirms the final outturn position for 2020/21. This can be viewed [HERE](#). Information on projects receiving funding awards since the establishment of the North East LEP are published on our website and can be viewed [HERE](#).

Progress on Government funded schemes is reported to the North East LEP Board and Investment Board on a regular basis and as required, performance monitoring information is also submitted to Government on a quarterly or six-monthly basis.

## **1.3 About the North East Local Enterprise Partnership**

Established in 2011, we are one of 38 LEPs in England approved by the Government to play a central role in determining local economic priorities and to undertake activities to drive economic growth and support the creation of local jobs. We are a local business led partnership that brings together 7 local authorities, businesses and further and higher education sectors. The North East LEP area covers the local authority areas of Newcastle upon Tyne, North Tyneside, South Tyneside, Gateshead, Sunderland, Northumberland and Durham. The North East LEP operates with a Board and a constitution but it is not a legal entity. Therefore, we rely on the NTCA to perform an Accountable Body function on our behalf including the administration of budgets. This relationship is set out in a ‘Host Authority and Accountable Body Agreement’ that has been updated in 2020 and can be viewed [HERE](#).

## **1.4 About the North of Tyne Combined Authority (NTCA)**

The North of Tyne Combined Authority was created on 2 November 2018 by a legal order made by the Secretary of State following a period of public consultation. The area of the Authority includes the areas of the councils of Newcastle upon Tyne, North Tyneside and Northumberland. It is a mayoral combined authority, with an elected Mayor since May 2019.

The North East LEP Chair is a member of the NTCA Cabinet.

Further information on our Host Authority can be found [HERE](#).

## **1.5 Collaboration with the North East Combined Authority**

The North East LEP works collaboratively with the NECA, its previous accountable body. The NECA covers County Durham, Gateshead, South Tyneside and Sunderland. The North East LEP Chair attends the Leadership Board of NECA as a non-voting observer.

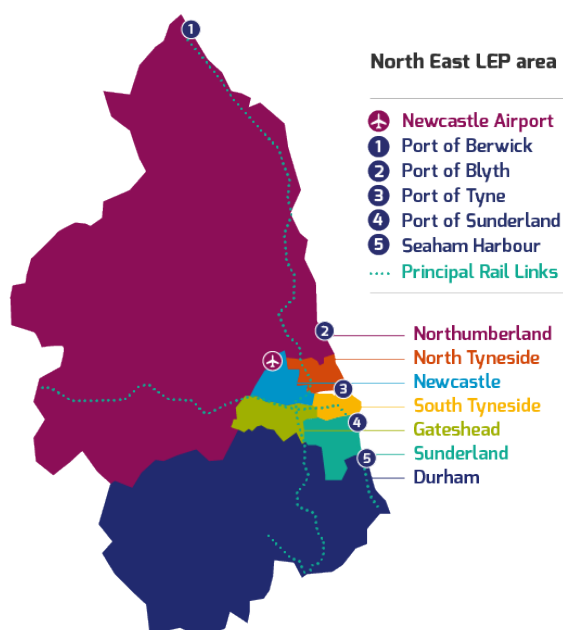
## 1. Strategic Context

The North East LEP operates over a diverse economic geography, characterised by remote and sparsely populated uplands including the Northumberland National Park and North Pennines Area of Outstanding Natural Beauty and a bustling urban heart centred around the Tyne and Wear conurbation, flanked to the south by the historic Durham City and also ‘new towns’ and market towns.

The North East has a population of almost 2 million and in 2017 the local economy contributed £40.1 billion or 2.6% towards England’s total GVA. Since the 2008 recession the North East has experienced sustained recovery and employment in the North east LEP area reached its highest ever level of 909,900 in the 12-month period Apr 2017 to Mar 2018.

In Spring 2020 the COVID 19 pandemic began to disrupt our investment programmes and presented new delivery challenges which we are responding to on an ongoing basis; allowing projects flexibilities; additional support and allocating available funds where appropriate to help tackle specific needs, complementing national UK government interventions.

**Figure 1: North East LEP area**



### 2.1 North East Strategic Economic Plan (SEP)

All North East LEP funding programmes are designed to support our ambitions set out in the North East 10 year ‘Strategic Economic Plan: More and Better Jobs’, which initially drew on the evidence in the North East Independent Economic Review led by Lord Adonis in 2013. The cornerstone of the SEP is the ambition to create over 100,000 new private sector jobs creating a better balanced and sustainable economy with 70% being ‘better jobs’. Following stakeholder workshops and consultations during 2018 an updated SEP was published in January 2019. You can read the latest SEP and three year Delivery Plan 2019-22 [HERE](#).

We are committed to both directing and influencing local, national and residual European resources, towards the four areas of strategic significance in the North East Strategic Economic Plan:

- Digital
- Advanced manufacturing
- Health and life sciences
- Energy

To measure progress four high level performance indicators are being tracked over time, relative to the national economy, these are;

- Reduction in the gap in productivity.
- Reduction in the Employment rate gap.
- Reduction in the gap in private sector employment density.
- Reduction in the gap in economic activity rate.

On 14<sup>th</sup> February 2019 we formally launched an updated SEP that set out progress against strategic targets against these indicators by 2024/25 and a programme of action over the period 2019-21. A series of documents and events during 2020/21 profiled progress against plans including a 2020/21 End of Year Review, a Delivery Plan for 2021/22 and publication of our third 'Our Economy' annual performance report. Our on-going investment decisions will be informed by the latest available market evidence and policy context and COVID 19 Economic Recovery Plan published in conjunction with regional partners. The SEP objectives are being delivered through 5 operational themes – Investment and infrastructure, Transport & Connectivity, Business Growth, Innovation and Skills, Employability, Inclusion and progression. In association with these themes we have several Sub-Boards to challenge, develop initiatives and monitor progress. The roles, membership and responsibilities of these Boards can be viewed [HERE](#).

## **2.2 Carbon NET Zero - North East Energy for Growth Strategy**

During 2021 the North East LEP is working with regional partners to prepare a North East Net Zero Strategy in the context of COP26 UN Climate Change Conference in Glasgow. This will build upon the Energy for Growth Strategy published in 2019 that is supporting the development and implementation of a pipeline of project investments to build a green economy and reduce carbon emissions. More on this strategy and how this is guiding investment decisions can be found [HERE](#)

## **2.3 Strategic Transport Plan for the North East**

In 2021 Transport North East on behalf of the North East Joint Transport Committee, published the first region-wide Transport Plan for the seven local authority areas in the North



East, covering two Combined Authorities and can be viewed [HERE](#). The plan sets out transport infrastructure investment priorities for our region up to 2035. This plan is informing LEP funding decisions and in the short-term our Project Development Accelerator Fund is providing opportunities for priority transport schemes to bid for funding to help develop their business cases.

The North East Transport Plan objectives under the vision: ‘Moving to a green, healthy, dynamic and thriving North East’ are:

- Carbon-neutral transport
- Overcome inequality and to grow our economy
- Healthier North East
- Appealing sustainable transport choices
- Safe, secure network.

## **2.4 Working with other LEPs and Government beyond the North East**

On occasions the North East LEP will collaborate with other LEPs and Government to develop and take forward specific projects, sectors and initiatives in support of wider strategic policies and plans. This approach makes sense where there are common interests, mutual benefits, economic advantages and efficiencies. One such arrangement is the Northern Powerhouse network that the North East LEP has signed up to help raise the profile, attract investment and realise the economic potential of the North. Also, in 2018 we were asked by Government to become a lead Career Hub, to share knowledge and expertise to support new Hubs elsewhere in England. The principles and standards set out in this assurance framework will be applied, as appropriate, when we enter into collaborative working arrangements with other areas beyond the North East.

### 3. Overview of North East LEP Funding Programmes

#### 3.1 Summary of Current and planned funding schemes

The following table summarises the main funding schemes either directly managed by the North East LEP or where we have some influence over the allocation of funds that are managed by other bodies. This list will be updated annually. During 2019/20 we are researching and developing a business case to form a Commercial Property Investment Fund.

Funding	North East LEP Role	Brief Description
<b><u>Local Growth Fund (LGF)</u></b>	Direct project funder	£270.1m programme 2015-2021 with a tail of strategic projects planned for full completion by 2024. Capital project grant funding has been applied to major investments in innovation, transport, skills and economic infrastructure.
<b>North East Growth Hub</b>	Direct project funder	The North East Growth Hub is part of a national growth hub network providing local business with easy access to a range of local business support services. We use revenue funding to procure services to support the Growth Hub digital platform and to deliver associated business support services.
<b><u>Getting Building Fund (GBF)</u></b>	Direct Project Funder	£47m programme 2020-2022 with a small tail of projects planned to complete in 2022/2023. Capital project grant funding scheme delivering a mixture of green infrastructure, town and city centre improvements, strategic commercial and industrial development site / building initiatives.
<b><u>Enterprise Zone Funding Programme</u></b>	Partnership funding with EZ site owners.	Planned investment of £166m between 2012-2028 across 21 EZ employment sites. Focussed on agreements with site owners who borrow to fund infrastructure costs to help attract investment, with loans repaid by future Business rates income to the North East LEP.
<b>North East Investment Fund (NEIF)</b>	Direct project funder	£55m revolving loan funding supporting private sector commercial property or business development projects.

	Provision of funds into an external fund scheme manager	<b>North East Property Fund</b> – pilot launched in June 2017 in partnership with Santander and FW Capital. Focussed on smaller scale, mainly residential market projects.
	Provision of funds into an external fund scheme manager	<b>JEREMIE Fund Extension</b> - comprises a suite of seven investment funds, providing debt and equity finance to SMEs based in the North East of England.
<b>European Structural Investment Funds (ESIF)</b>	Promotion and local strategic guidance to scheme management authorities.	Work closely with national funding awarding bodies DCLG (ERDF), DWP (ESF) and DEFRA (EAFRD) on residual funds and closure of programmes following EU Exit on 1 <sup>st</sup> January 2021.
<b>North East Fund</b>	Facilitator, enabling scheme development.	Establishment and support to an operational management company that oversees the appointment and subsequent performance management of five sub fund managers.

### 3.2 Local Growth Fund

We manage a combined total of £270.1m of capital funding received from Central Government from Local Growth Fund Rounds 1, 2 and 3. This resource is now allocated and is assisting over 90 infrastructure projects / mini programmes that support the delivery of the Strategic Economic Plan. A dedicated Growth Deal: Local Growth Fund page is maintained on our website and can be viewed [HERE](#) . This page is used to help organisations access ‘calls for projects’, publish summary listings of project grant awards and makes links to individual project pages where details and progress on each project is made available.

The LGF brings has supported projects through a combination of approaches. The three approaches are:

- ‘Closed calls’ - time limited calls for project expressions of interest - open to private, public and voluntary sectors.
- Restricted calls - normally restricted to local authorities and other public bodies involved with public transport and other non- commercial strategic public infrastructure provision.
- Commissioning - either through a grant award or procurement process - open to private, public and voluntary sectors – used in circumstances where the North East LEP may have a requirement for proposals to come forward to meet a specific need or economic opportunity.

A combination of the above approaches has been applied over the lifespan of the LGF Programme 2015-2021 and will apply in the allocation of any residual resources returned through project

underspends from 1 April 2021. In 2021 for example, the Green Energy Accelerator Project, a residual LGF programme initiative, will use a closed project call approach to invite proposals for each of the 7 local authorities in the North East to submit expressions of interest for the development of new green energy projects.

### 3.3 North East Growth Hub

Over the financial year 2021/22 we will commit £700,000 in core revenue funding to maintain and further develop the North East Business Growth hub digital platform and associated business support services. This budget is overseen by the LEP Business Growth Director and performance monitoring reports are taken to the North East LEPs Business Growth Advisory Board. All services procured are advertised in accordance with the Accountable Body procurement policies with successful tenderers selected by the North East LEP Board and awarded by the Accountable Body.

### 3.4 North East Investment Fund (NEIF)

NEIF operates as a loan fund and comprises of resources originally provided under the Government Growing Places Fund and Regional Growth Fund, with an initial budget totalling £55m. Private, public and voluntary sector organisations can apply. The fund objectives, application forms and selection criteria can be found [HERE](#). Due to the COVID 19 pandemic the scheme has been suspended for new loans. Available resources in the short-term have been re-deployed to expand the Getting Building Fund in the North East and to help tackle specific needs associated with the COVID 19 pandemic. By the end of 2021/2 a strategic refocussing of resources is planned to create a new regional Commercial Property Investment Fund and to appoint a new Fund Manager.

Under normal circumstances the Fund is accessible on an 'open call basis'. This means that applications are welcomed from eligible projects at any time. Applications are not considered competitively against other projects but on their merits against the NEIFs selection criteria. Applications are appraised prior to being taken to the North East LEP Investment Board. The Investment Board's recommendations are then reported to a North East LEP Board meeting for determination. We provide case studies of previously funded projects and a list of organisations receiving loans can be viewed on our website [HERE](#). The **North East Property Fund, established** using NEIF budgets in 2018, is managed under contract from the North East LEP by FW Capital. The objective of this fund is to unlock smaller scale housing and commercial development schemes that typically find it difficult to secure bank loans. In 2021 we plan to increase the NEIF contribution from £5.7m to £10m and to extend the management contract period. Performance updates are reported to the Investment Board.

In 2016 the North East LEP Board agreed to provide £4.5m from NEIF to enable the extension of the **North East JEREMIE Fund**. The JEREMIE Fund comprises a suite of seven investment funds, providing debt and equity finance to SMEs based in the North East of England. Managed by North East Access to Finance Ltd the scheme extension has bridged a gap with repayments to the NEIF expected by 31 December 2021. The North East LEP has observer status on the Board and receives detailed quarterly reporting documentation covering:

- Progress towards investing funds

- Statement of ring-fenced bank accounts
- List of investments made
- Returns generated
- Status of Legacy account
- Defaults and bad debts
- Outputs generated

### 3.5 Enterprise Zones (EZs)

The North East LEP has been successful in securing from Government Enterprise Zones through two bidding rounds.

In the first wave of EZs 115 hectares of land were designated on ten sites clustered in 3 localities with a strong focus on attracting investment from offshore, renewables and low carbon automotive sectors. Many of these sites are brownfield with abnormal development costs requiring significant advance investment in remediation, on and offsite highway and utility infrastructure. The localities are:

- Three sites adjacent to the A19 at Sunderland
- Three sites on the North Bank of the Tyne
- Four sites near the Port of Blyth

In November 2015, a second wave of EZ's were announced for the North East covering an additional 175 hectares across a further ten sites, in both urban and rural areas.

The second wave of EZ sites were launched in April 2017. The current total infrastructure budget estimate requirement for 2020/21 is £15.2m. Further information on all EZ sites can be viewed Under EZ regulations the North East LEP is entitled to retain all income from additional business rates generated over a period of 25 years. To improve the competitiveness and to accelerate the pace of development and receipt of EZ rates income, NECA and the North East LEP are supporting advanced enabling infrastructure works, funded in the short-term by borrowing and repaid by future business rates income. To ensure this approach is financially sustainable, investment using the Enterprise Zone mechanism is based on an externally verified model. Each site was selected in line with SEP priorities and subject to an external, independent evaluation of the cost and income assumptions. This ensures that each site proposal met market need and represented a financially sustainable investment.

A Business Growth and Investment Strategy is used to guide Round 1 EZ investment plans. For Round 2 sites, following initial application, each site has developed a high-level investment plan. A final revised proposition will be taken through a further external validation and verification before investment decisions are taken. This provides a sound understanding and investment envelope for each site to inform subsequent investment recommendations to the North East LEP Board by the Investment Board. The overall financial model will be updated on an annual basis in line with

actual performance to consider if any modifications are required or impacts on investment decisions.

An overarching Implementation Plan has been developed prior to the launch of the Round 2 sites setting out key activities, milestones and risks and performance management arrangements. The Implementation Plan will be submitted to Government following endorsement by the Investment Panel. This is supported by the national Memorandum of Understanding on delivery of Enterprise Zone sites and underpinned by a local agreement between the seven local authorities, the North East LEP and North East Combined Authority setting out the practical issues of delivery and providing long-term certainty over delivery. This includes approaches to borrowing which seek to minimise the costs of borrowing using low cost options through the local authorities, North East Combined Authority and North of Tyne Combined Authority.

Individual applications for Enterprise Zone investment are assessed through a standardised approach as described under the NEIF; using corporate business case forms and guidance on an open basis. In addition to the internal strategic assessment to confirm that the application contributes to the delivery of the Enterprise Zone site and fit with the strategic ambition for the location, the process includes a further external assessment through due diligence processes to consider financial and legal elements and ensure value for money.

This evaluation including expert, external support informs the recommendations made by the Investment Board to the North East LEP Board for approval and confirmation by the Accountable Body.

It is intended that EZ loans are repaid back to the NEIF as soon as practically possible so that this resource can be recycled through the NEIF for other loans.

### **3.6 Getting Building Fund (GBF)**

Established in 2020, the North East LEP was awarded £47m under this Government initiative that aims to stimulate and support a green economic recovery from the COVID -19 pandemic. The North East LEP Board approved up to a further £8m in matched funds from its NEIF programme to enable more projects to be supported. There are currently 16 capital projects in the programme, this includes a Commercial Property Investment Fund Pilot programme that is turn plans to support up to six private sector led projects.

### **3.7 The North East Fund**

The is a £120m business support fund that the North East LEP has helped establish in conjunction with local partners and commenced in December 2017. The fund comprises of legacy money generated from historical business funds which have operated in the North East LEP area since 2003 together with European Regional Development Fund and European Investment Bank (EIB) finance. North East (SPV) Ltd, a wholly owned subsidiary of the 7 constituent authorities of the North East LEP, has been established as a new holding fund management company. The has procured the appointment of five fund managers.

A circa £120m budget is allocated by the North East (SPV) Ltd between five individual FCA authorised fund managers offering a suite of venture capital and loan funds to support small and medium sized enterprises in the North East LEP area from 2017-2023.

Having been instrumental in setting up the North East Fund, the North East LEP Board will receive performance monitoring reports and will help promote business access through the North East Growth Hub.

## **4. Governance of Resources – Accountable and Transparent Decision-making**

### **4.1 North East LEP Board**

The North East LEP is a business led partnerships with an 18 strong Board that includes the Leaders and elected Mayor of the constituent local authorities, Higher Education and Further Education representatives and 9 local business leaders that are selected through an open recruitment process. In addition, the North of Tyne Combined Authority and North East Combined Authority each have an observer. In accordance with Government requirements, the North East LEP appointed Ammar Mirza CBE to represent the interests of small and medium sized businesses and Carol Botten as both the Voluntary Community and Social Enterprise Champion and the Diversity Champion. A biographical profile of each of our current Board members can be viewed [HERE](#).

The North East LEP Board meets bi-monthly and is chaired by a private sector Board member with two Vice Chairs (one Private sector and one local authority). The Board constitution was updated and agreed at the Board meeting on 28 May 2020; it can be viewed [HERE](#). In line with the Constitution, we will use a public advert and follow the Nolan Principles to fill any private sector Board vacancies, and for the Board to elect its Chair and Vice-Chairs from its membership. When recruiting to the Board we will:

- Utilise the support offered by Government through their recruitment media to fill vacancies as required;
- Liaise with the business representative organisations ahead of the relevant Board meeting, (namely, the CBI, NEECC, FSB, Entrepreneurs Forum and Make It (formerly EEF)), to understand their preference for Chair and Vice Chair(s) to inform the Board’s decision.
- Assess any weaknesses in Board composition and have due regard to the need to maintain a balance of private sector representation that reflects the economic and demographic characteristics of the North East.
- Set out the range of experience, knowledge, commitment and leadership qualities required by the Board Chair and through our succession planning arrangements, provide for a 3-month handover period from the outgoing Chair.

The North East LEP Board is supported by 3 ‘Advisory Boards’ that are aligned to the priorities defined in the SEP. In addition, an Investment Board performs a supporting the North East LEP

Board with a delegation to consider and determine capital investments of up to £5m. A Technical Officer Group in turn supports and provides advice and recommendations to the Investment Board / Board on project investment decisions.

Terms of reference for these and other Advisory Boards can be found on the governance page of our website [HERE](#).

**Figure 2: North East LEP Organisational Structure.**



### 4.1.1 Investment Board

The Investment Board was formed in 2017 following an operational review by the LEP Board. It replaces the former Investment Panel and has delegated authority to consider and approve project funding awards of up to £5m. The terms of reference for the Investment Board and current membership can be viewed on the LEP website [HERE](#). It is chaired by a North East LEP Board member and includes non-voting specialist advisors, recruited through open advert, with extensive experience of investment in both commercial property development and business expansion schemes. The Investment Board meets on a bi-monthly basis to consider project requests for loan and grant finance. For projects requesting over £5m, it makes investment recommendations to the North East LEP Board where decisions are taken.

### 4.1.2 Technical Officer Group (TOG)

The TOG core function is to plan the delivery and monitor progress and appraise project business case proposals for NEIF, Enterprise Zone, LGF and GBF programmes ahead of projects progressing to Investment Board/ main LEP Board for determination. The Group is chaired by the North East LEP Chief Executive and has representation from the NTCA Executive Team including Monitoring Officer and Section 73 Officer. The Local Authority 'Economic Directors Group' is represented and



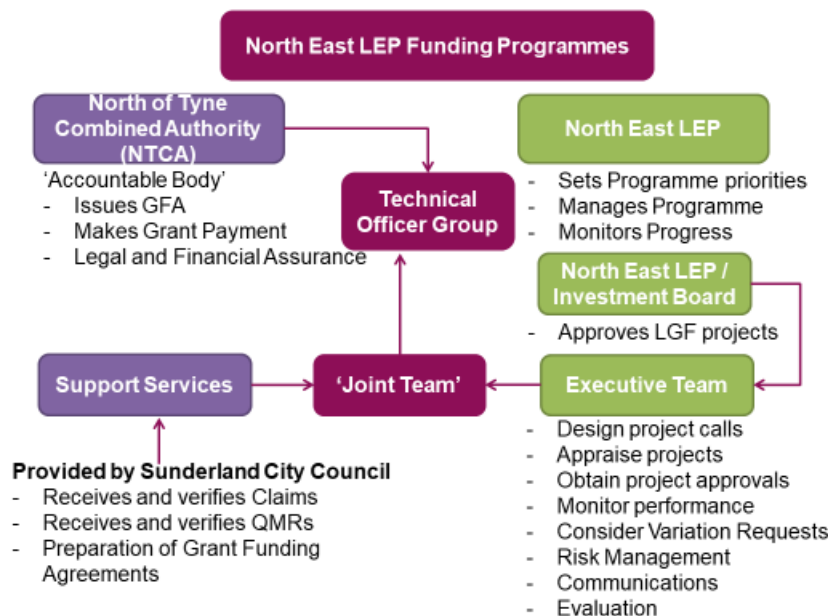
a representative from the Department for Business Energy and Industrial Strategy (BEIS) attends as an observer. The Group is involved in establishing operational guidelines, preparing project calls, assessing project expressions of interest, making funding recommendations to the Board and monitoring progress of funded projects. Terms of reference for the TOG can be viewed [HERE](#).

Operational management relationships between the North East LEP and NTCA in regard to all funding programmes is set out in Figure 3 below.

#### 4.1.3 Scheme of Delegation

On 20<sup>th</sup> May 2020 the North East LEP Board adopted a new scheme of officer delegations. This sets out the circumstances and financial thresholds where decisions can be taken by the LEP Executive Team. It identifies the authority levels at and below Chief Officer level and provides clarity about the authority of officers and the limits of that authority. The scheme can be viewed [HERE](#).

**Figure 3: Operational Management Arrangements for Funding Programmes.**



#### 4.1.3 The North East Growth Company Ltd

In 2018 the North East LEP via the NECA registered the 'North East Growth Company' to support the delivery of the SEP by enabling opportunities to access funding to deliver initiatives that the LEP itself by virtue of its status was ineligible to apply for. The Directors of the company include the Chief Executive of the North East LEP and the Head of Paid Service, Monitoring Officer and Section 73 Officer from the NTCA.

## 4.2 The North East Combined Authority (NTCA)

The North of Tyne Combined Authority was created on 2 November 2018 by a legal order made by the Secretary of State following a period of public consultation. The area of the Authority includes the areas of the councils of Newcastle upon Tyne, North Tyneside and Northumberland. NTCA

entered into a devolution deal with Central Government enabling a shift of powers, funding and responsibility from central government to the local level. NTCA controls a £600m investment fund, worth £20m a year over 30 years, which is expected to generate £1.1 billion for the local economy, create 10,000 new jobs and leverage £2.1 billion in private sector investment.

All decisions made by the NTCA Cabinet, including delegated decisions, taken as the North East LEP's Accountable Body, are published in accordance with the requirements of the Local Government Act 1972 and the Openness of Local Government Bodies Regulations 2014. The Cabinet comprises the Elected Mayor, two elected members from each constituent council and a representative of the North East Local Enterprise Partnership. The committee arrangements for NTCA can be found [HERE](#).

### **4.3 Scrutiny and independent Audit**

The [NTCA Overview and Scrutiny Committee](#) fulfils an independent scrutiny function. It has 7 representatives, including an independent Chair and Vice Chair. It undertakes scrutiny of the NTCA/North East LEP decisions and delivery programmes. The Overview and Scrutiny Committee may 'call-in' decisions including those taken in relation to those matters and funding decisions where NTCA is acting as the Accountable Body.

The NTCA Audit and Standards Committee is a key component of the NTCAs corporate governance arrangements and is an important source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment and reporting on financial and other performance, and for the promotion and maintenance of high standards of conduct by its elected and co-opted members

The Committee also monitors performance against NTCA's Internal Audit plan. Internal Audit is required to provide an objective audit service in line with the Public Sector Internal Audit Standard and other professional auditing standards. Internal Audit reports are published. The most recent report, examining North East LEP governance controls and processes for NEIF loans, was undertaken by the North East LEPs previous accountable body and can be viewed [HERE](#).

The annual accounts of the NTCA are subject to external audit by appointed auditors. The finances of the North East LEP are audited as part of the overall audit of NTCA's financial statements, which include all North East LEP income and expenditure. Consultation on NTCA, including the North East LEP, planned budgets is undertaken in the 3 months prior to the new financial year.

The latest North East LEP accounts are included in the NTCA accounts for 2020/21 which can be viewed [HERE](#)

### **4.4 Transparency of decisions**

Reports for approval and minutes of decisions taken by the North East LEP Board and NTCA are published on their respective websites. Where decisions are taken through delegated or urgent decision-making procedures (normally to the North East Chair / Vice Chairs and the NTCA Head of Paid Service), these are appropriately reported to the next North East LEP Board or NTCA Cabinet on a quarterly basis. Board papers can be found on the following links:

North East LEP Board [HERE](#).

NTCA Cabinet [HERE](#).

If reports are deemed to be confidential at the time of the Board meeting, papers will not be publicly available, however, once funding is awarded, the recipient, project and amount of funding awarded will normally be shown on the North East LEP website.

#### **4.4.1 Freedom of Information**

Both the NTCA and North East LEP publish and make available information relating to their decisions and operational policies and programmes on their respective websites and additionally welcome enquiries from member of the public for to release any further information that is in the public interest.

Where members of the public choose to seek information more formally under the Freedom of Information (FOI) Act 2009 they can do so by following the NTCA Data Usage Policy (including FOI) that can be viewed [HERE](#).

#### **4.4.2 Conflicts of interest and codes of conduct**

All members of NTCA Cabinet and the North East LEP Board sign up to codes of conduct as set out in their respective constitutions. These codes are consistent with 'Nolan's Principles of Public Life' that state those members will act with selflessness, integrity, objectivity, accountability, openness, honesty and leadership at all times. The Code of Conduct is set out in Appendix 2 of the North East LEP Constitution and can be viewed [HERE](#). All staff employed by NTCA and working within the North East LEP Executive Team are required by their terms and conditions of employment to sign up to a code of conduct which can be viewed [HERE](#).

#### **4.4.3 Register of Interests, gifts, hospitality and expenses.**

Where Board members have personal interests these are required to be declared and registered as set out in the NTCA constitution – Part 5 [HERE](#) or the North East LEP Constitution [HERE](#). Each North East LEP Board Member and Chief Executive's Register of Interests, together with a declaration of any gifts and hospitality received are updated at least annually and can be viewed under their individual biographies [HERE](#). In addition to Board members, co-opted Independent Advisors (non-voting members) that may be able influence funding decisions are also required to complete a register of interests. Board members are only entitled to claim for expenses incurred in exceptional cases, any expenses paid are logged on an Expenses Register that is updated bi-annually and published on our website [HERE](#).

#### **4.4.4 Conflict resolution**

Every effort will be made by the NTCA Cabinet and North East LEP Board Chairs and Chief Officer to informally resolve conflicts without recourse to the provisions set out in the North East LEP and 'Host authority and Accountable Body Agreement'.

The Parties will use their reasonable endeavours to resolve any dispute between themselves by negotiations in good faith in the first instance through day to day consultation but if the Parties fail to resolve any dispute within 14 days the matter shall be escalated to the chief executives of the Parties and the Chairman of the North East LEP Board. In the event that the chief executives and

the Chair of the North East LEP Board fail to resolve any dispute escalated to them within 14 days, then any of the Parties shall be entitled to request that the matter be referred to mediation in the first instance. Any Party may then refer a dispute to mediation in accordance with the CEDR Model Mediation Procedure by giving notice in writing (the 'Mediation Notice'). Further details are set out in the Accountable Body Agreement [HERE](#).

#### **4.5 Raising a concern and whistleblowing**

The North East LEP and NTCA are committed to continuous improvement, the best use of public money and the absolute highest standards of probity. We know that things can always be done better and that sometimes, even with good intentions, sometimes mistakes do happen.

We welcome questions and concerns raised by anyone – staff, suppliers, grant recipients and the public. We have various policies under which matters will be investigated but each of them has common elements:

- 1) Matters raised will be acknowledged and logged. The substance is most important and if it has not been made under the appropriate procedure, it will not be lost, it will simply be addressed under the most appropriate procedure.
- 2) Chief officers will be made aware and may be personally engaged in investigation and resolution
- 3) We will seek to clarify and resolve enquiries at the lowest appropriate organisational level and if they cannot be resolved at the level there is a defined process for escalation
- 4) Appropriate measures will be put in place to respect the rights both the person raising the concern and staff involved to ensure all being treated fairly.
- 5) We will seek to respond within agreed timescales and keep the person who raised the issue appropriately informed.
- 6) Investigation will be conducted by person not connected with the matter
- 7) There will be a right to appeal or internal review of the outcome of any investigation.

The detailed relevant policies are:

The North East LEP Complaints Procedure can viewed on the North East LEP website [HERE](#)

For members of the public who wish to raise a concern - the North East LEP whistleblowing and raising a concern policy that can be viewed [HERE](#) .

Concerns about the use of Public Money: NTCA Anti-Fraud and Corruption Policy can be viewed [HERE](#)

Concerns about member or officer conduct: Member and Officer Protocols and Code of Conduct.

Any other Complaints: formal complaint procedures through which service users may raise issues related to their experience of services received.

All staff employed by the NTCA, including those employed to service the North East LEP, are made aware of the whistle blowing policy which is set out in the NTCA constitution. Support staff and secondees employed directly by Sunderland, Newcastle or North Tyneside Council also have the facility to raise issues under their own local authority whistle blowing policy and other related policies and procedures.

#### **4.6 Promoting Diversity**

The North East LEP is committed to promoting equal opportunities (in accordance with the Equalities Act 2010) throughout the organisation. This related to everyone engaged with our organisation – Board members, employees, suppliers, grant recipients and visitors. Our Equal Opportunities policy has been adopted by our highest decision-making board and compliance is monitored by these boards and the Organisations' Chief Officers.

All organisational policies and every decision we make is assessed from an equality and diversity perspective.

We seek to ensure the overall make up the North East LEP Board reflects the diversity of our business population in terms of geography, business size and sectors and business leaders that reflect local gender and ethnicity characteristics. Where North East LEP Board vacancies arise, we seek to promote applications from any under- represented protected groups, business sector or geographic localities to help ensure we retain a diverse and representative balance and also meet LEP Government guidelines in terms of private sector representation and the proportion of women on the main Board. The Board has met the requirement that by 2020 at least one third of members are women and is aiming to achieve equal representation by 2023.

All employees are made aware of the NTCA Equal Opportunity Policy [HERE](#) and their responsibilities to comply with this policy and avoid discrimination of any groups or individuals with protected characteristics:

- Age
- socio-economic background
- race (which includes colour and ethnic/national origin)
- disability
- religion or belief
- gender
- gender identity
- pregnancy or maternity
- sexual orientation
- marital or civil partner status

#### **4.7 Stakeholder engagement and communications**

A wide range of media channels are used to disseminate information on funding opportunities, funding decisions and progress on supported projects. Members of the public can find a range of information on our website on each funding scheme. For instance, a summary quarterly project status update on the Growth Deal Strategic Growth and Infrastructure Fund can be viewed [HERE](#).

Each approved project also has a dedicated project web page and regular new releases are issued reflecting milestone achievements by projects.

The launch of the current SEP on 14<sup>th</sup> February 2019 was attended by circa 350 local business and stakeholder representatives. Major communication events planned in 2021 including our third 'Our Economy' event and public AGM have been disrupted due to COVID 19. We have instead reverted to online events and increased our use of social media platforms.

The North East LEP Advisory Boards provide conduits for stakeholders to be engaged and to offer their expertise on an ongoing basis in the development and delivery of investment programmes.

The North East LEP communication's team ensure stakeholders are kept up to date with our activities using a variety of channels – from our website and social media, to newsletters, press releases and interviews in the local media.

In September 2020, we launched a video explaining North East LEP vision to support the economy post-Covid-19 – in the month following its launch, the video had been viewed 28,800 times on Twitter, 5,100 times on LinkedIn 1,950 times on YouTube.

Following an open recruitment campaign, in September 2020, our new Board Chair was featured on the front cover of regional business magazine, North East Times with an in-depth interview featured in the magazine talking about how the LEP planned to support the region post COVID-19 and post EU Exit.

The North East LEP Advisory Boards provide conduits for stakeholders to be engaged and to offer their expertise on an ongoing basis in the development and delivery of investment programmes.

The Communications team maintains the North East LEP website [www.northeastlep.co.uk](http://www.northeastlep.co.uk) where we publish all key strategic and operational documents. Both our current Annual Delivery Plan and Annual Review are made available on our website. The latest documents can be viewed [HERE](#). Members of the public can make enquiries via the North East LEP website and register to receive our regular 'Insight' e-bulletin. Our Annual General Meeting (AGM) is open to the public, in 2020, due to COVID 19 restrictions, this will be an online AGM and held in November.

North East LEP brand guidelines, Growth Deal brand guidelines and media protocols are in place, to ensure standards in messaging and consistency are maintained. All funded projects are contractually obliged to adhere to branding requirements.

#### **4.8 Publication of Board Agenda's, papers and minutes.**

In accordance with the Local Government Act 1972, LEP Board and Investment Board agendas and papers are published on the LEP website 5 days prior to the meeting and draft minutes are published within 10 working days after meetings are held. Finalised minutes are added to the website following approval at the next Board meeting. Where Board papers contain confidential or commercially sensitive information these are exempt from publication. Such papers are stored securely and are available if required, for auditing. The minutes of meetings record when a Board member, officer or advisor has declared an interest.

Where the LEP is aware that it holds “confidential information” under The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 this information may be withheld from publication. This may be in circumstances where:

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

#### **4.9 Data Protection**

The North East LEP operates under the NTCA data protection policies that are in line with the Data Protection Act 1998, The General Data Protection Regulations (GDPR) and the Data Protection Act 2018. We perform data controller functions in relation to Board member data and the projects that we support through our funding programmes. In all funding contracts and other legal agreements with third parties we set out our respective obligations as either data controller or data receiver.

## **5. Ensuring Value for Money: Prioritisation, Appraisal, Business Case Development and Risk Management**

All funding programmes managed by the North East LEP have established processes and procedures that involve:

- Options appraisal and prioritisation
- Value for money and business case development
- Monitoring and evaluation (outputs and the management of risk)

A range of operational documents support the processes outlined in this section including a standard business case form, business case guidelines, Project Appraisal templates and Key Performance Indicator definitions.

### **5.1 Project identification, Options Appraisal and Prioritisation**

The process for project identification, selection and investment decisions in relation to current funding programmes are illustrated in Annex 1. They all have bespoke systems but share many common operational management principles, procedures and rigour to help ensure value for money.

#### **5.1.1 Growth Deal Local Growth Fund**

Initial Growth Deal programme projects were jointly selected by the Government and North East LEP. Subsequently, projects have come through a published 'call for projects'. Calls are published on the North East LEP website and are open for a limited period. Calls are issued on a needs basis with accompanying guidance notes. Prospective projects are required to respond to the specific requirements set out in each call. In addition, 'restricted calls' may on occasions be issued to statutory bodies e.g. transport delivery bodies or FE training providers.

The two-stage process is illustrated in Annex 1 and involves a competitive process at stage 1 with projects assessed against published criteria. Projects selected by the Board progress to Business Case stage and are then assessed in a proportionate manner in line with the Treasury Green book guidelines.

#### **5.1.2 North East Investment Fund**

Project entry into the NEIF is open to eligible projects, at all times, subject to available funds. Each project is considered on its merit against the published criteria. Project selection criteria are standard and reviewed annually. A two-stage process is followed as shown in Annex 1.

EZ infrastructure projects also follow this two-stage process and are assessed against separate criteria including an assessment of future business rate receipt income.

#### **5.1.3 Arrangements for Transport Projects**



The North East LEP seeks strategic direction on the identification of major transport projects for inclusion in bids to Government from the NECA North East Leadership Board in recognition of its strategic transport function supported by a specialist Transport Executive Team.

The NECA Regional Transport Team use a 'restricted call' procedure to specifically invite transport promoting bodies i.e. local authorities and Nexus to prepare project 'expressions of interests'.

Once projects are selected into the North East LEP Growth Deal Programme these are then subject to appraisal and determination under a separate 'Transport Assurance Framework' which follows the same principles. The framework details how processes are in accordance with specific Department for Transport WebTAG guidelines and national transport assurance guideline requirements and is used by the NECA Transport Team to support the appraisal of North East LEP funded transport projects.

Scheme promoters will be required to use the Transport Scheme Development Process Note and Stage Templates, which is appended to the Transport Assurance Framework, when developing their business case and Value for Money (VfM) statement. The business cases and VfM statements are independently reviewed. The NECA Section 73 Finance Officer will sign off VfM statements following the advice of the specialist NECA Regional Transport Team; unless this presents a conflict of interest concern, where another senior officer from NECA or a Section 151 officer from a constituent authority will sign-off the VfM statement.

Project EOIs are initially assessed in regard to short –medium –long term delivery at 'Gateway 1: Conditional Programme Entry', and project prioritisation is undertaken in relation to the specific objectives of each transport funding pot - each having bespoke scoring criteria – and programme-entry status given to prioritised projects.

For large schemes requiring at least £1.5m investment, Gateway 2 (interim independent assurance at outline business case) and 3 (full approval to proceed at full business case) apply and projects are assessed in accordance with the DfT WebTAG minimum appraisal requirements. For smaller scale transport projects, a proportionate WebTAG principled approach is taken and projects may proceed from Gateway 1 to Gateway 3 e.g. for smaller scale schemes within the 'Local Sustainable Transport Fund capital programme'.

## **5.2 Value for Money and Business Case development**

Appraisal criteria are based on the Treasury's Green Book, and specifically for transport projects, the DfT's WebTAG. In 'open calls' for projects the objectives of the call are clearly specified indicating the scale of budget available and scope. Where 'closed calls' are used, objectives tend to be bespoke to the project call but will be largely based upon agreed economic priorities in the SEP. Appraisal criteria will be published along with application forms and guidelines.

Following the publication of the revised Treasury Greenbook in December 2020 we are now placing more emphasis, in accordance with these latest guidelines, on strategic policy priorities alongside the monetary value calculation to achieve a Benefit Cost Ratio (BCR). This assessment involves:

- An early assessment of fit with the North East Strategic Economic Plan and current national strategic priorities including Net Zero Carbon and Levelling Up.
- Appraisal at each stage development processes - drawing on independent specialists e.g. economic, legal, property or sector expertise.
- Additionally – the need for public funding at the level requested. Appraisal will aim to quantify the additional public value that is created from an intervention taking into account displacement and deadweight.
- Options appraisal – showing why the proposed project represents the optimum solution.
- Risks to delivery and show how risks are effectively managed.
- Value for Money - the WebTAG ‘high value for money’ benchmark. (For transport projects employment benefits are a strategic consideration and are not valued in the economic case in the BCR and NPPV calculation).

When assessing VfM the North East LEP follows the HM Treasury Green Book business case guidance and ensure there is a clear audit trail of decisions.

For all funding programmes the North East LEP will assess the Benefit to Cost Ratio (BCR) and Net Present Public Value (NPPV) set out in a project business case to produce an overall assessment of value for money based on these metrics and also non-monetised impacts, with the results reported to the Board. In principle, the North East LEP will fund schemes that have a positive NPPV normally above a minimum BCR of 1:1 subject to other assessment criteria (e.g. affordability, deliverability). Where there is a regional / national strategic policy priority objective being supported and the BCR is less than 1 :1 support may be recommended.

Where assumptions have been made, these will be set out and sufficient sensitivity testing carried out on these assumptions to understand the robustness of the economic assessment.

The value for money aspects of the project business cases reported to the North East LEP Board or Investment Board for approval are subject to sign off and given assurance by the Section S151 Chief Finance Officer of NTCA, with support from the NTCA Finance team.

The BCRs for approved projects are published on the LEP website [HERE](#).

### **5.3 Monitoring and Evaluation**

The North East LEP has developed a monitoring and evaluation strategy and action plan that aims to:

- Meet the requirements of funders.
- Inform the on-going decision making by Board.

- Help secure future funds/responsibilities by enabling the LEP to demonstrate impact, effectiveness and value-for-money.

This plan follows the Treasury Magenta Book guidance and any supporting DLUHC guidance that is issued and will be based on:

- Monitoring of spend, milestones and outputs to check progress against targets
- Evaluation of effectiveness and efficiency of processes and outcomes and impacts of investment decisions against fund objectives.

All projects are currently monitored to ensure they adhere to their grant funding conditions. Core grant conditions require projects to report on any significant variations to costs or use of contingency budgets (where approved) above certain thresholds.

All approved projects provide monitoring information on a regular basis. Each live project submits a Quarterly Monitoring Return setting out actual figures against those profiled in their approved business case in terms of funding, costs, performance outcomes, managed risks and where applicable the achievement of any project specific conditions. All projects have a contact in the Programme Team and are encouraged to bring forward and discuss any significant emerging changes to approved schemes that require a project be re-appraised and consented.

Any significant variations to a project e.g. slippage in programme milestones, changes to matched funding, revised scope including reduced scale or expansion will be reported to the Technical Officer Group in the first instance. Where changes are considered significant and with potential adverse impacts on VfM a revised business case will be required, and recommendations taken to the North East LEP Board as appropriate.

Where a contracted project is underperforming and is forecast to fall short of contracted performance outcomes the North East LEP Board will be provided with a report with appropriate options including de-commitment and contract termination.

All projects will receive verification and performance progress visits during their lifetime.

Each project is expected to submit an evaluation plan and a final evaluation report. Programme level evaluation plans set out how we will assess the impact of investments over the period to 2024 in meeting the SEP objectives. Specific evaluation plans will review progress and impact of the Growth Deal LGF, EZ and NEIF investments. The SEP set a goal of supporting the creation of 100,000 new private sector jobs over the period to 2024 of which the Growth Deal programmes currently forecasts a contribution of over 18,000 jobs.

Through undertaking a comprehensive evaluation approach, we seek to assess and understand the contribution of project interventions to outcomes and consider any overlapping contributions to outcomes. An independent process evaluation study, finalised in February 2019, is planned to be followed by an interim LGF and EZ programme progress report in Autumn 2021 and a final impact evaluation report in 2024/25.

Baseline information, core metrics and monitoring systems are in place to capture qualitative and quantitative aspects of project investments and are kept under review by the TOG.

Where required funding programme financial and performance information is provided on a regular basis to Government using reporting templates provided by Government that are verified and signed off by the NTCA Section 73 Finance officer.

## **6 Financial accountability and management controls**

### **6.1 Accountable Body functions**

NTCA holds all current North East LEP funds. It performs the following duties, with support from its Finance team, including staff based at Sunderland City Council and Legal Team at Newcastle City Council across all funding programmes:

- Ensures all financial regulations are adhered to through its Section 73 Finance Officer, including those relating to procurement, tendering, arrangements for contracts and processes. Payments made are subject to controls including segregation of duties and independent verification of bank account details of payees. Financial regulations of NTCA can be found as part of the NTCA constitution.
- Assesses lawfulness prior to endorsing all decisions for project funding contracts to be issued and any payments made.
- Provides timely statements of expenditure to Government as required under Section 31 Grant Agreements with Government.
- Ensures decisions made are consistent with any national or European Environmental, Equalities, Procurement or State Aid regulations and are otherwise lawful.
- Maintains separate accounts for each funding programme
- Provides expenditure monitoring reports
- Makes arrangements for the annual independent Audit of expenditure on all North East LEP and NTCA programmes.
- Maintains a register of NTCA and North East LEP Board member personal interests.
- Manages NTCA and North East LEP funds in line with the Treasury Management and Investment Policy

Quality Assurance is undertaken by the Internal Auditor at NTCA. This includes an inspection of programme and project records to ensure that proper procedures have been followed in the section and award of funding and on-going compliance with funding contracts.

When exercising their public functions, the NTCA will take into consideration s.149 of the Equality Act 2010 and consider the impact upon people/groups with protected characteristics and specifically will consider how the project has had regard to

- 1) the need to eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act;
- 2) the need to advance equality of opportunity between people who share a protected characteristic and people who don't; and,
- 3) the need to foster good relations between people who share a protected characteristic and people who do not.

During the application, project sponsors will be assessed in relation to equalities issues and grant funding agreements stipulate that recipients must comply at all times comply with the Equality Act 2010.

## **6.2 Programme Management Capability**

An experienced Programme Management Team is in place North East LEP to oversee the development, delivery and effective day to day management of all investment programmes and resources. The team procures specialist appraisal support where necessary to support project appraisals. This may include:

- Legal advice
- Property market appraisals
- Technical or thematic specialists

Transport Officers from Transport North East Team monitor and support the transport scheme promoters in the 7 local authorities and Nexus are offer specialist support to the North East LEP where required. This arrangement enables close working relationships, sharing of experience and knowledge management.

The Programme Team manages all aspects of the North East LEPs investment portfolio supported by NTCA Finance Team, Legal Team at Newcastle City Council and the Corporate Finance Team at Sunderland City Council.

Functions include:

- Strategic programme management and co-ordination of governance
- Programme/Project Development
- Project Assessment/Appraisal/Due Diligence
- Procurement and contracting
- Monitoring and evaluation

### **6.3 Programme management tools and systems**

The Programme Team has developed an Excel based corporate programme management database to record, monitor and performance manage projects across all funding programmes. This is used to interrogate performance and generate update reports to the Technical Officer Group and Investment Board. NECA Transport Team has established systems using Project Vision software for project and programme management for all LEP LGF funded transport projects. During 2021/22 we plan to transition to a new Operational Management System that will be shared with the NTCA.

### **6.4 Risk Management**

The NTCA Section S151 Finance Officer is accountable for risk management.

All programmes have in place a Risk Register that is subject to monitoring with risk owners clearly identified. Risks are managed at project and programme level and escalated if required by the TOG or Investment Board to the Board.

Risk status reports associated with the performance of all funding schemes are reported to the North East LEP Board on a regular basis. Where required mitigating actions are highlighted to address issues.

### **6.5 Funding Agreements**

All Funding Agreements are entered into on behalf of the North East LEP by the NTCA Monitoring Officer following appropriate North East LEP Board and NTCA approvals and consultation with the NTCA Section S151 Officer and NTCA Head of Paid Service. Standard Funding Agreements include obligations requiring funding recipients to comply with financial, other statutory regulations and to adhere to performance reporting requirements. Provision is made to be able to cease and / or clawback resources where a project is under performing or otherwise in breach of its funding agreement.

### **6.6 UK Subsidy Control Guidelines**

On 1<sup>st</sup> January 2021, following the UK withdrawal from the EU, the UK Subsidy Control Guidelines came into operation. These require all public authorities that award subsidies to assess their compliance with six principles, summarised here:

- is necessary and proportionate;
- is designed to change the beneficiary's behaviour to achieve the objective;
- does not subsidise costs that would be borne in any event;
- is not applied to an objective that could be achieved via a less distortive means;
- is designed in a way to minimise any negative effects on UK domestic competition and investment; and

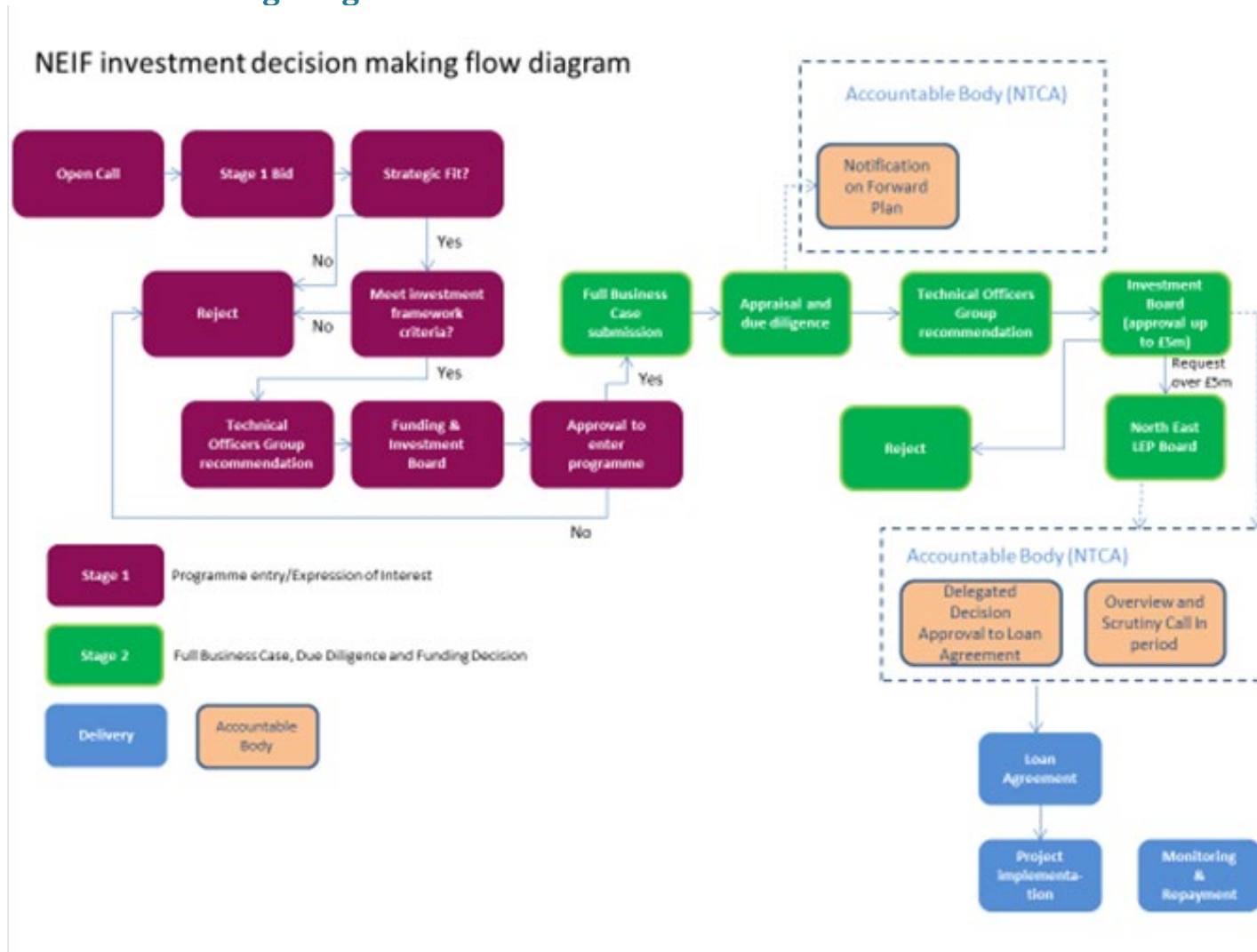
- leads to a positive contribution to the public policy objective that outweighs the negatives from the market distortion

Questions in relation to UK Subsidy guidelines are included at EOI stage project application forms. Where there is potential for Subsidy the applicant is required to consider the six principles. Where appropriate, at business case stage, projects will be encouraged to receive expert legal opinion.

Compliance at business case stage is undertaken by the NTCA Monitoring Officer with the support of the Newcastle City Council Legal Team. Advice is provided to the North East LEP Programme Team on the UK Subsidy assessment submitted by projects. Where appropriate and in complex and high-risk cases, external legal advice is obtained by the NTCA and North East LEP.

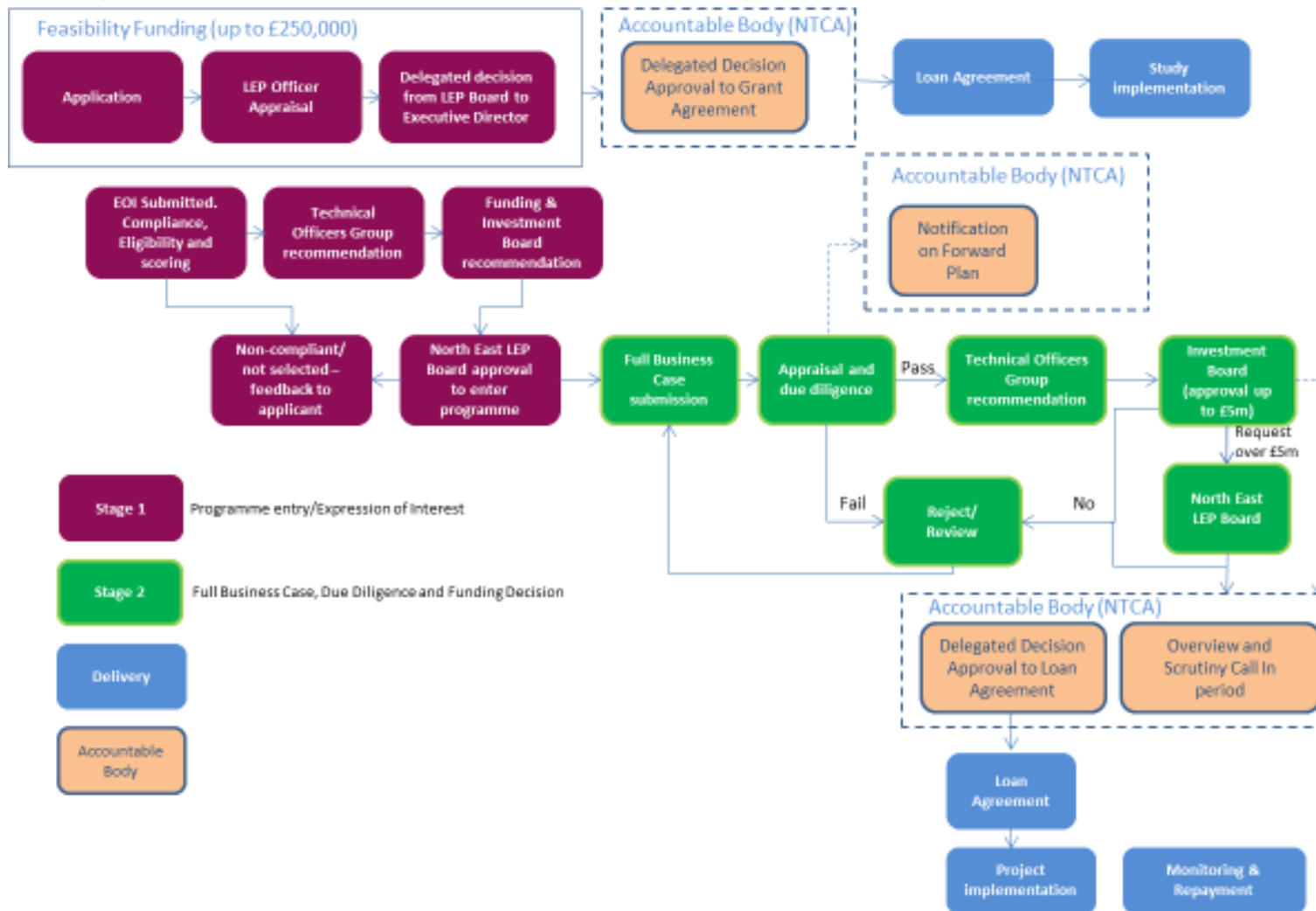
Details of all awards are published on the North East LEP website and can be viewed [HERE](#). In addition, information is published on the national transparency database for each project receiving over £500,000 within six months of the subsidy award.

## Annex 1: Funding Programme Process Charts





## Enterprise Zone investment decision making flow diagram



## Local Growth Fund (LGF) / Getting Building Fund (GBF) decision making flow diagram

