



**MEETING OF LIVERPOOL CITY REGION
LOCAL ENTERPRISE PARTNERSHIP
BOARD**

AGENDA

DATE: Thursday, 9th February, 2017

TIME: 8.30 am

VENUE: The Karalius Suite, Select Security Stadium, Lower House Lane, Widnes,
Cheshire WA8 7DZ

**LIVERPOOL CITY REGION
LOCAL ENTERPRISE PARTNERSHIP
BOARD**

AGENDA

1. DECLARATIONS OF INTEREST

Board members to declare any interests in items under consideration.

2. MINUTES OF THE LAST MEETING

To consider the minutes of the last meeting held on 1st December 2016.

(Pages 1 - 8)

3. SINGLE INVESTMENT FUND UPDATE (P)

(Pages 9 - 20)

4. SINGLE GROWTH STRATEGY ACTION PLAN (PR)

5. INDUSTRIAL STRATEGY (P)

(Pages 21 - 26)

6. LEP BOARD GOVERNANCE

(a) **LEP BOARD COMPOSITION REVIEW (P)**

(Pages 27 - 38)

(b) **CODE OF CONDUCT (P)**

(Pages 39 - 66)

7. CHAIRMAN'S VERBAL REPORT (V)

8. VOLUNTARY SECTOR (PR)

9. ANY OTHER BUSINESS

The next meeting of the Board is to be held on 6th April 2017 at 8.30am at Arriva Merseyside, Green Lane, Stoneycroft Liverpool L13 7HS.

KEY

- (V) Discussion/verbal update no paper
- (Pr) Presentation
- (P) Paper

Agenda Item 2

LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

At a meeting of the Liverpool City Region Local Enterprise Partnership Board held in the Liverpool Suite, Merseyside Fire and Rescue Service HQ, Bridle Road, Bootle L30 4YD on Thursday, 1st December, 2016 the following Members were

PRESENT:

Asif Hamid (Interim Chairman)
Mayor Joe Anderson OBE
Chris Bliss
Councillor Phil Davies
Mike Houghton
Amanda Lyne
Councillor Andy Moorhead
Councillor Rob Polhill
Neil Sturmey
Professor Nigel Weatherill
Kate Willard

APOLOGIES:

Kath Boullen MBE
Councillor Barrie Grunewald
Councillor Ian Maher
Councillor A Bowden (Substitute St Helens MBC)

IN ATTENDANCE:

Ged Fitzgerald	Liverpool City Council
Frank Rogers	Merseytravel
Mark Basnett	Liverpool City Region LEP
Tony Wade	Liverpool City Region LEP
Andrew Bilsborrow	Knowsley MBC

243. DECLARATIONS OF INTEREST

Members of the Board declared the following situational conflicts in the agenda items shown:-

Member	Minute No.(s)	Nature and Extent of Interest
Councillor A Moorhead	247	Knowsley may submit bids for a number of schemes
Neil Sturmey	247	Grant Thornton UK are bidding to be included on the Framework for the independent assessment of applications to the SIF (he will not be personally involved in the delivery)
Kate Willard	247	Has involvement with companies who potentially submit bids

244. MINUTES OF THE LAST MEETING

The minutes of the meeting of the Board held on 15th September 2016 were received as a correct record and signed by the interim Chairman.

Matters arising from the minutes –

237 EU Referendum – The Interim Chairman referred to the current high level of uncertainty with regard to Brexit and indicated that, at a local level, a joint Combined Authority/LEP Working Group had been established with Mike Palin, Chief Executive at St Helens MBC, the Local Authority lead. A key task for the Group would be the formulation of a Brexit communication strategy

With regard to PWC's offer for the City Region to be involved in the testing of their diagnostic tool, further discussions had been held and alternative options assessed. In view of the timescales involved and the other options available to the LEP, it had been agreed that PWC should pursue other opportunities.

Professor Weatherill, with reference to international staffing, reported that the Universities were working together to provide a series of 'question and answer' events in London to coincide with the Higher Education and Research Bill as it passed through Parliament.

Reference was made to the Eurocities Network Conference to held in Brussels in March as part on the ongoing EU lobbying programme.

It was reported that the Core Cities had nominated a representative to be engage with Government regarding Article 50 and clarification was sought as to whether the national LEPs had similar representation. The LEP Executive would seek clarification on such national LEP representation.

245. VOLUNTARY, COMMUNITY AND FAITH SECTOR

As the presenters of the item had indicated that they were unable to attend the meeting, consideration of the presentation was deferred.

246. INTERNATIONALISATION

The Board considered a presentation which set out early stage proposals for the establishment of an integrated approach for the delivery, over the next 3 years, of the City Region's Internationalisation aspirations. In this respect, the presentation:-

- Stressed that the objectives set out in the Growth Strategy would be main driver and be 'the first port of call'
- Highlighted the following 4 elements of the proposed integrated approach:-
 - Growth Sector
 - Inward Investment
 - Export Trade
 - Place
- Posed a question on *How the Region will organise and resource itself to deliver an effective integrated approach to internationalisation?*

Proposed the following 6 steps as a way forward:-

- The establishment of a City Region Internationalisation Board
- A 3 year delivery plan
- Integration of existing resources
- Inward Investment Programme SIF Commission
- Other SIF Commissions
- North West/Northern Powerhouse/D.I.T Collaboration

Both Mayor Joe Anderson and Councillor Phil Davies referred to their recent visit to China, as part of a City Region delegation, and highlighted:-

- the massive scale of the opportunities that exist and the need to adopt a targeted sector based approach, backed up by the necessary market intelligence to enable the City Region to respond; and
- the high of the level of interest that was evidenced by the delegation being met by the most senior government officials in the six major city areas that were visited.

The Interim Chairman stressed that the importance of a political collaborative approach with appropriate business support provided. The Board endorsed the proposal, suggested in the presentation, that in order to drive forward the City Region's ambitions with regard to increased international trade and investment, a joined up approach be adopted to establish a resource 'under one roof' that complements existing resources. In this respect, the feasibility of including the project in the bid for the SIF Inward Investment commissioning programme was discussed. It was noted that a Strategic Outline Case was required to be submitted by 9th December 2016. In view of the work required, it was suggested that the next bidding round March/April 2017 may be more achievable. Board members felt that in view of the importance of the issue, and the need to move quickly, such a bid should be made at the earliest opportunity. In addition, it was felt that the establishment of a City Region Internationalisation Board would provide a forum to consider the internationalisation agenda for the City Region, the Northern Powerhouse and the UK Trade and Investment's emerging developments and drive forward the delivery of a 3 year delivery plan.

Board members touched upon the existing resources currently employed by the Region's leading businesses, Liverpool Vision and Chambers of Commerce. In particular, Professor Weatherill highlighted the significant resources that the University sector employed to attract international students and also stressed the importance of maximising the City of Liverpool's sense of place.

In order to gain an appreciation of the wider provision across the City Region, the Interim Chairman suggested that a workshop session be held at which representatives of the public/private sectors be invited in order to gain a greater understanding of the resources employed by such organisations to encourage greater international trade/investment.

It was AGREED - that the strategic way forward for the provision of an integrated City Region approach to Internationalisation, as set out in the proposed 6 steps be endorsed and, in order to progress the issue, the LEP Executive, working closely with officers of the Combined Authority:-

- (1) draw up proposals for the Terms of Reference and membership of the new LCR Internationalisation Board;
- (2) organise a workshop session, at which representatives of the region's export/import companies, the universities, chambers of commerce and wider stakeholders be invited, in order to gain a greater understanding of the scope of resources such organisations commit in order to maximise international investment/trade/student number opportunities;
- (3) put together an outline bid, as part of the Inward Investment Commission for the Single Investment Fund, for funding that, along with alignment of existing resources, will enable support to be provided to a wide range of organisations to achieve the City Region's internationalisation ambitions over the next 3 years; and
- (4) examine the feasibility of submitting a Strategic Outline Case for the next bidding round, the deadline for which is 9th December 2016, and if this is deemed too soon, work towards the March/April 2017 bidding round.

247. SINGLE INVESTMENT FUND UPDATE

The Board considered a report that set out the progress made by the LEP Executive, since its last meeting, on the lead role of the development of Commissions and supporting calls for Single Investment Fund (SIF) in line with the SIF Prospectus that was agreed by the Combined Authority. Appended to the report was a paper entitled 'Liverpool City Region Single Investment Fund' that was approved by the Combined Authority at its meeting held on 18th November 2016.

The report also indicated that the LEP, in consultation with the Enterprise Executive Board, Investment Hub Board and other partners and stakeholders, was pulling together Commissions on the High Growth Business Programme, Flexible Growth Fund and Inward Investment. In terms of the next steps, the report also indicated that the LEP would continue to provide strategic fit guidance to all those organisations interested in submitting Open Call Strategic Outline Cases in those areas where it had lead responsibility. In this respect it would be made clear that such guidance would in no way conferred any advantage or approval in the determination process, which was the Combined Authority's role.

Amanda Lyne sought clarification of the way projects will be assessed in terms of their capacity to provide greater benefits and growth and asked if there was a standard definition of 'High Growth Potential'. In response, it was reported there was a standard definition which, in addition to a number of other factors, would be used to provide a flexible approach.

It was AGREED – that the progress made by the LEP Executive, in line with the SIF Prospectus be noted and the LEP Executive be authorised to continue with the next steps as proposed in the report now submitted.

248. SKILLS INVESTMENT FUND - SKILLS CAPITAL

The Board considered a report which:-

- Indicated that the Skills Capital Investment Programme (£41.4m) was paused in early 2016 to allow the outcomes of the LCR Area Based Review to be considered. As this was now completed, a redesign of the principles and framework had been undertaken to inform future investment decisions; and
- Appended a copy of a report entitled the 'Single Investment Fund – Skills Capital', that was considered, and its recommendations approved by, the LCR Combined Authority at its meeting held on 18th November 2016.

Kate Willard felt that the shift from supply to demand lead provision was moving in the right direction. She pointed out that businesses who were new to such bidding regimes would need support and advice and this was an area in which the LEP could ensure that such businesses fully engage with the Skills Capital Programme.

Mayor Anderson referred to his, and the Council Leaders', frustration regarding the lack of progress made by Government on skills devolution. The Interim Chairman re-iterated such concerns, from a private sector perspective and it was suggested that a joint letter be sent to the DfE setting out such concerns.

Mike Houghton pointed out that with the pace and scale of change in digital technologies, a concern for his company, as an employer, was how the children currently in school *today* could be educated to enable them to have the skills to meet the demands of jobs that will be invented *tomorrow*. As such, he stressed the need to target young people at the earliest opportunity. Mayor Anderson pointed out that this was an issue to be considered by the CA's Skills Commission.

It was AGREED -

- (i) That the Liverpool City Region's approach to skills capital investments to date as set out in Section 3 of the report approved by the Combined Authority, and set out in the Appendix to the report now submitted, be noted;
- (ii) that the Phase 2 commissioning priorities and Design Framework principles for a new skills capital call as agreed by the Combined Authority on 18 November 2016, as set out in Sections 4 and 5 of the appended report, be noted;
- (iii) that the delegation of authority to the Lead Officer for Employment and Skills to finalise and issue a new skills capital prospectus to enable a scheme launch in December 2016, be noted;
- (iv) that in order to support the communication process in light of the impending scheme launch, the LEP act as a conduit to the private sector to encourage businesses to assist eligible applicants to develop quality proposals that meet their needs; and

- (v) that a joint letter from the Chairs of the LEP and the Combined Authority be sent to the DfE highlighting the City Region's concerns on the lack of progress made on the skills devolution agenda.

249. LOCAL GROWTH FUND TRANSPORT SCHEMES

(a) Sustainable Transport Enhancements Package - A Step Change for Growth Years 3 to 6

The Board considered a report that sought approval of the revised Full Business Case for the Sustainable Transport Enhancements Package (STEP) years 3 to 6 delivery programme to allow delivery to be commenced in the 2017/18 financial year. Appended to the report was a paper to be considered by the Combined Authority, at its meeting to be held on 16th December 2016, that set out the detail of the scheme and the results of the independent assessment, undertaken by Waterman, of the revised full business case.

It was reported that the document prepared by Waterman, as set out in Appendix B to the report had been discussed at TAG, and in view of the conclusions made regarding a lack of detail of the programme plan and base costs, a modified summary report would be submitted to the Combined Authority.

It was AGREED –

- (i) That the revised Full Business Case for the Sustainable Transport Enhancements Package, be approved; and
- (ii) that the years 3 to 6 delivery programme for STEP, be approved.

(b) Revised Timescales for the A570 Linkway Corridor Improvements Major Scheme

The Board considered a report that provided an update on the proposed works planned for the A570 Linkway Corridor and sought endorsement of the Transport Advisory Group's (TAG) recommendation to the Combined Authority to approve the revised timescales for the delivery of the scheme.

Councillor Moorhead sought further clarification on the cost implications of the proposed re-phasing of the scheme. In response, it was reported that assurances had been received that whilst the scheme had been re-phased to be delivered within 4, and not 2, financial years, the revised programme would be more cost effective and would remain within the agreed budget.

Board members referred to a number of current transport schemes and requested that an update report on all such schemes be submitted to a future Board meeting.

It was AGREED –

- (i) That the report be noted;

- (ii) that the revised timescale for the delivery of the dates for the A570 Linkway Corridor Major Scheme as recommended by TAG, be endorsed and recommended to the Combined Authority for approval; and
- (iii) that an update on the major transport schemes in the City Region be submitted to a future meeting of the Board.

250. RECRUITMENT OF CHAIR

The Board considered a report that set out a proposed process, put forward by the Special Purpose Committee, for the appointment of Chair of the Liverpool City Region Local Enterprise Partnership.

During its consideration of the report, the following comments were made by Board Members:-

- A request was made for a defined timeline for the appointment process;
- In view of the discussion at the meeting regarding Internationalisation, it was suggested that point (a) of the Person Specification of Chair be amended to read:-
 - (a) A senior business leader that understands the needs of business both within the City Region, regionally, nationally and internationally.
- With reference to the wider issue of Board membership, the need for further discussion on issues previously flagged up at Board meetings (minutes 186, 198 and 236 (a) 2 refer) was highlighted; and
- Kate Willard pointed out that certain individuals who had submitted expressions of interest in joining the Board had not received any feedback and asked if this could be actioned by the LEP Executive.

It was AGREED – That the process for the recruitment of Chair of the LEP be approved and the LEP Executive be authorised to commence the process.

251. CHAIRMAN'S VERBAL REPORT

- (a) Daily Mail Articles – Local Enterprise Partnerships

Reference was made to the recent nationwide investigation, by the Daily Mail, on ethics and standards in LEP decision making, to be highlighted in a series of articles to be published in the newspaper during the week beginning 5th December 2016. The LEP Managing Director reported that a briefing document was to be sent to Board members setting out the key messages and a recommended approach for dealing with any press inquiries.

Kate Willard highlighted the significant amount of work that the LCR LEP officer team had undertaken whilst responding to requests for information. The Board's thanks was placed on record.

(b) Forthcoming Events on 2nd December

The Chairman referred to the following events that were scheduled to be held on the morning of Friday 2nd December 2017:-

- A visit to the region by Margot James, the Parliamentary Under Secretary of State at the Department of Business, Energy and Industry Strategy that will include a round table discussion at the Contact Centre, Tower Wharf, Birkenhead; and
- A meeting of the Northern Powerhouse Task Group at which Kate Willard will represent the LEP Board

(c) Dates of meetings in 2017

The Chairman referred to the proposed schedule of Board meeting dates for 2017 that had been previously circulated.

He also took the opportunity to wish Board members a happy Christmas.

It was AGREED –

- (i) That the Chairman's update report be noted; and
- (ii) that the following dates of Board meetings for 2017 to commence at 8.30am be approved:-

9 February
6 April
1 June
3 August
5 October
30 November

(a) Atlantic Gateway Update

The Board considered a report that provided an update on Atlantic Gateway's core activities in the period August to October 2016.

Kate Willard reported that Roger Milburn, the Global Civil Engineering Leader at Arup, had recently been appointed as the Deputy Chair of the Atlantic Gateway Board.

It was AGREED – that the content of the update report be noted.

Minutes 243 to 251 received as a correct record on the 9 day of February 2016.

Interim Chairman of the Board

(The meeting closed at 10.17)



Single Investment Fund Update LEP Board Meeting 9 February 2017

Author:
Mark Basnett
LCR LEP

1. Purpose of the Report

1.1 This reports sets out the progress made by the Combined Authority (CA) since the last Board Meeting in the receipt, appraisal and approval of a portfolio of projects based on the Single Investment Fund (SIF) prospectus. It also on updates on the role of the LEP Executive, working closely with the Combined Authority, in developing and submitting Strategic Outline Case (SOC) applications to the Combined Authority in response to Commissions and other opportunities and providing strategic fit support other applicants with Business Growth proposals.

2. Recommendation

2.1 It is recommended that the LEP Board consider and approve the progress made by the LEP Executive in the submission of SOC proposals to the CA line with the SIF Prospectus and authorises the LEP Executive to continue to detailed development of these proposals to Full Business Case subject to their approval by the CA on 3 February 2017.

3. Executive Summary

3.1 In response to the Call for projects for The Single Investment Fund issued by the Combined Authority (CA) in September 2016, the LEP Executive developed and submitted Commissions at a Strategic Outline Case (SOC) level for the following:

- a High Growth Business Programme (£3.75m)
- a Flexible Growth Fund (£15m)
- an Internationalisation Commission (£0.10m) to develop a single City Region governance and delivery strategy for Inward Investment and a 3-5 year Delivery Plan, in line with the LEP Board position agreed on 1st December 2016.

3.2 Additionally, the LEP submitted a SOC for Growing Business Visits (£0.56m) to the City Region as a Business Growth Open Call project, working with partners in the Visitor Economy.

3.3 All of these projects LEP submitted projects were developed to help deliver the City Region Growth Strategy and generate significant business and employment growth in the City Region.

3.4 The LEP Executive also provided strategic fit guidance where requested to organisations interested in submitting Open Call SOCs in those areas where it has lead responsibility, whilst making it clear that this in no way conferred any advantage or approval in the determination process which is wholly the role of the CA.

3.5 In response to the SIF Prospectus the CA received 78 applications and a total funding request of £279m. The Investment Panel considering applications and appraisals proposed that the level of projects being taken forward to the next stage of appraisal would align with SIF headline programme of £150m

3.6 The Paper attached at Appendix 1, which is being considered at the Combined Authority on 3 February 2017, sets out the background, appraisal and prioritisation process for these applications and recommends a package of projects to move forward to the next stage. A separate Paper, exempt from publication, setting out the

schedule of projects recommended for approval will be considered by the CA at their 3rd February Board Meeting.

3.7 A verbal update will be provided to the LEP Board on 9th February 2017 on whether these projects have been approved and a summary of other approved projects.

4. Next Steps

4.1 Subject to approval at the CA Board on 3rd February 2017, the LEP Executive will work with partners and the CA to develop Full Business Case proposals for each of these projects it has submitted as soon as possible.

4.2 These will then be submitted for further appraisal and consideration by the CA at a subsequent CA Board Meeting.

4.3 It is anticipated that all projects that are successful at Business Case stage will commence spending by September 2017 including those led by the LEP.

APPENDIX 1

Liverpool City Region Combined Authority
Board Meeting 3 February 2017
Agenda Item 12
Report of the Head of Paid Service
Single Investment Fund – Appraisal of Strategic Outline Case Submissions

This page is intentionally left blank

APPENDIX

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: Chair and Members of the Combined Authority

Meeting: 3 February 2017

Authority/Authorities Affected: ALL

EXEMPT/CONFIDENTIAL ITEM: No

REPORT OF THE HEAD OF PAID SERVICE

LIVERPOOL CITY REGION SINGLE INVESTMENT FUND – APPRAISAL OF STRATEGIC OUTLINE CASE SUBMISSIONS

1 PURPOSE OF THE REPORT

1.1 The purpose of this report is to:-

- i. Update the Combined Authority on the response received to the Single Investment Fund (SIF) Prospectus which sought projects for funding against a number of key themes;
- ii. Outline to the Combined Authority how these projects have been appraised and the prioritisation and packaging process applied by the Investment panel which results in the recommended list of projects to be considered under Part II, Item 13 of this agenda; and
- iii. Note the next steps in the SIF process.

2. RECOMMENDATIONS

2.1 Liverpool City Region Combined Authority is recommended to:

- a) Note the response to the SIF Funding call;
- b) Note the prioritisation and packaging process, recommended by the Investment Panel and adopted in order to identify a potential SIF Project package;
- c) Note and agree the next steps and timetable set out in section 5; and
- d) Agree that projects at or below £5m can complete a conflated Outline Business Case/Full Business Case subject to the agreement of the Head of Paid Service/Treasurer where timing imperatives can be demonstrated. This is an amendment to the SIF assurance framework.

3. BACKGROUND

- 3.1 A key element of the devolution agreement was the commitment to the establishment of Single Investment Fund aligning national and City Region funding. This was seen as a key tool for the City Region Mayoral Combined Authority to have greater flexibility in investment decisions, giving the Combined Authority the ability to invest in those opportunities which will best deliver the City Region's ambitions for economic growth.
- 3.2 The Combined Authority has previously considered the principles behind the establishment of the SIF in March 2016 and in that report sets out the ambition for the SIF to align local and national funding streams, ensuring that there is an integrated approach to realising the City Region's ambitions for growth and delivering long-term prosperity for local residents and business.
- 3.3 Government's contribution to the Single Investment Fund for the City Region has been given as a "Single Pot" and is intended to give long term funding certainty and the flexibility to make investment decisions locally.
- 3.4 The Combined Authority agreed a SIF Prospectus in September 2016 which began the process of identifying which projects could best address the City Region economic priorities. The Prospectus set out what the SIF will fund, the levels of funding available and who is eligible to apply. It also provides guidance on the application process, the appraisal and approval process and the criteria that will be used to assess projects.
- 3.5 The framework for commissioned projects in October and November 2016 and together with the prospectus set the strategic parameters against which the Combined Authority was seeking to fund projects.
- 3.6 The SIF deadline on 9 December 2016 resulted in a total of 78 applications and a total funding request of £279m. The table below illustrates the funding request by SIF theme and this is set against the indicative allocations which were set out as part of the SIF prospectus.

Prospectus Thematic	Number of Applications	Value of 'Asks' £m	Potential funding £m
Business Growth & Sector Development	21	68.13	15-30
Research Development & Innovation	8	22.29	7-22
Regeneration Development & Culture	33	95.81	30-44
Transport	11	56.75	37-52
Housing	5	35.99	1-15
Total	78	279	120-135

- 3.7 Independent appraisals have been completed and moderated on all projects received by the Combined Authority. Following the completion of this work, the Investment Panel of the Combined Authority has considered the outcome of these

appraisals and undertaken a prioritisation and packaging process in order to develop an initial SIF Round 1 Investment Package.

3.8 The Investment Panel is advisory and is made up of independent advisors to the Combined Authority with expertise in appraisal and a range of regeneration projects and also includes the Combined Authority Treasurer and S73 officer. It has met on three occasions and developed the process to be applied to determine prioritised projects. They have also provided challenge and comment on appraisal assumptions and sought clarity on a number of issues and provided expertise and advice as to the value of the proposed package of projects to be taken forward to the next stage of appraisal.

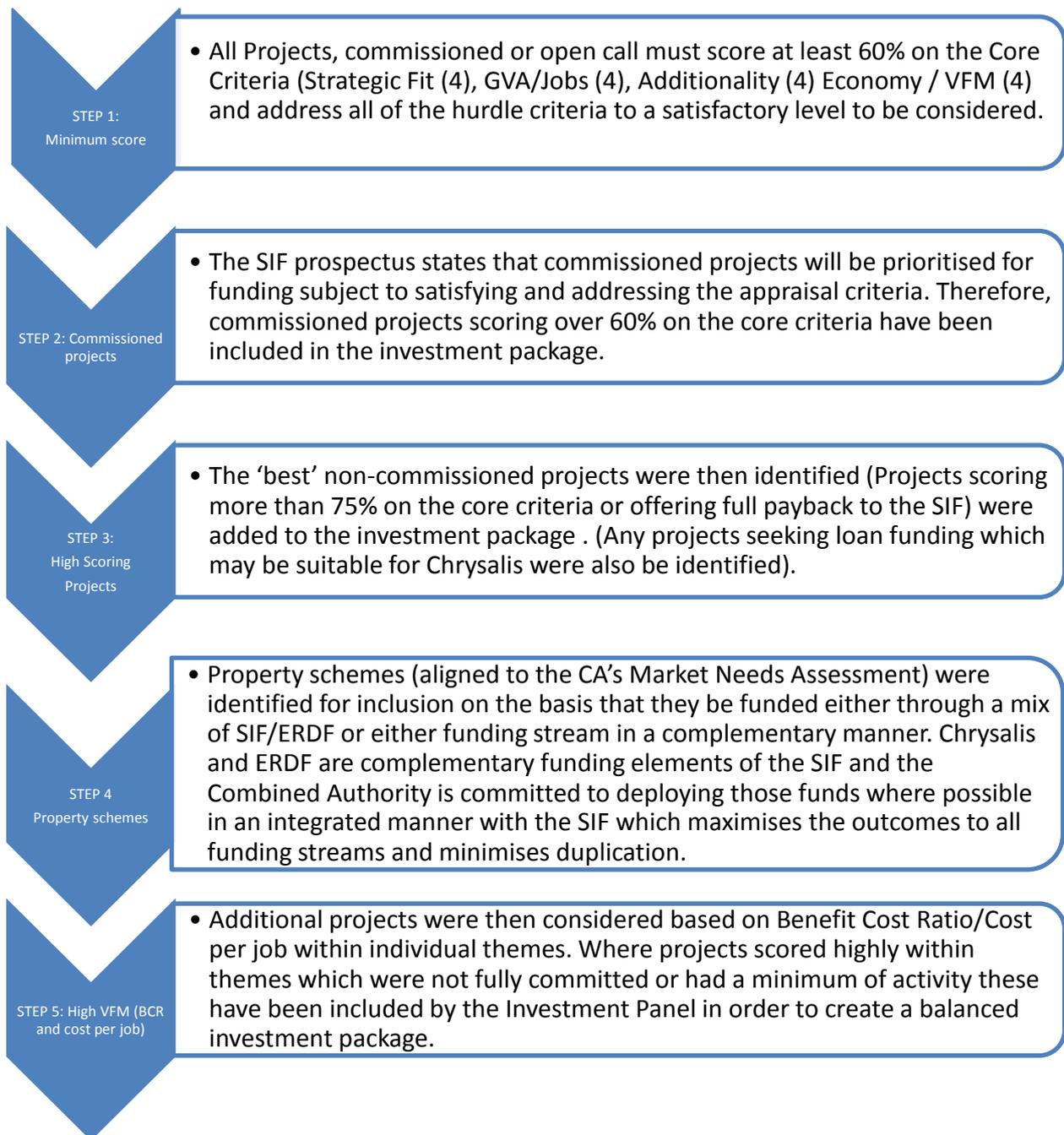
4. PRIORITISATION PROCESS

4.1 In determining and agreeing the prioritisation principles, that Panel has been mindful of the commitments made within the SIF Prospectus, the Assurance Framework and Combined Authority reports which were discussed and agreed in October and November 2016.

4.2 The Combined Authority has previously considered the issues relevant to determining a package of projects for funding and these are set out below as:-

- that the City Region will deliver on the economic outcomes which will be tested as part of the 5 yearly gateway assessment;
- it represents the best value for money alongside a consideration of a balanced portfolio of investments;
- the potential for the package of projects to deliver returns to the SIF is maximised and understood;
- alignment between projects is maximised including delivery timing for those projects which have dependencies;
- decisions can be taken on the level of over programming which is appropriate;
- alignment with other funding streams, in particular Chrysalis and ERDF is maximised; and
- gaps in provision which will need to be addressed in future rounds of the SIF are identified.

4.3 In order to address these objectives and requirements, the following process developed and agreed by the panel has been used to determine the potential package of prioritised projects for consideration by the Combined Authority:-



4.4 The Investment Panel have sought a number of clarifications with respect to appraisal assumptions and inter - project dependencies and phasing. The Panel have also asked to see more detail of major projects (those requesting in excess of £10m) and their phasing to consider whether such projects could have a phased allocation over a longer period. Work has been done to consider the financial profile including phasing and capital and revenue split and the phasing of outputs and outcomes to ensure a balanced programme over the 5 year period.

4.5 The Panel have also considered the alignment between other funding streams which are available at this time to the City Region. It is the view of the Investment Panel that the proposed speculative build and infrastructure projects (submitted under the Regeneration and Development theme) align with the City Region Market Needs assessment and therefore should be prioritised and included on the basis that they are funded via SIF, ERDF & Chrysalis as appropriate, maximising the

alignment between these City Region funding streams. Whilst fully supportive of these projects the Investment Panel acknowledges that the SIF has insufficient resources to fully fund all such projects and it therefore recommends that:-

- 4.5.1 where ERDF eligible projects are capable of creating a 'developer package' or have a funding ask exceeding £1m, that they be required to seek ERDF funding support in the first instance. Such projects have been identified by the Panel and are specified within the additional report to be considered under Part II, Item 13 of this agenda.
- 4.6 In line with the above recommendation the Panel recommend that Combined Authority includes within its initial investment package those ERDF & Chrysalis projects but an Outline Business Case (OBC)/Full Business Case (FBC) is not progressed at this stage as SIF hurdle criteria around SIF need have not been addressed until applications have been made to and determined by CLG / Chrysalis.
- 4.6 A further recommendation of the Panel is that all other Regeneration and Development Projects be required to demonstrate at OBC/FBC stage that Chrysalis loan support has been fully explored in relation to minimising their financial ask on the SIF.
- 4.7 Chief Executives have been engaged in this work and have considered the process set out above.
- 4.8 The outcome of this exercise is set out in Part II, Item 13 of this Agenda, together with an assessment of the financial and output phasing of the package.
- 4.9 The Investment Panel are clear, that the level of projects being taken forward to the next stage of appraisal is appropriate and will align with the SIF headline funding programme of £150m.
- 4.10 The OBC/FBC stage is more detailed and as projects are tested again against deliverability, a number of projects may not be able to proceed. The benefit of having a larger programme at this point, means that where this is the case, there are other projects which are continuing to move forward, thus avoiding a position whereby the Combined Authority is reliant on a limited number of projects for delivery. This is the rationale for continuing to progress projects through the appraisal stage in terms of steps 4 and 5 outlined above, which take the Combined Authority to a package of projects in excess of the 3 year SIF allocation set out in the prospectus.
- 4.11 It is also important to stress that in the view of the Panel, applicants should receive a clear communication which sets out the basis of the Combined Authority's decision. This will emphasise that there is no set allocation to a project, and that all projects will need to address the more challenging appraisal criteria in the OBC and FBC. Only if this is the case, will projects be approved.

5. NEXT STEPS

- 5.1 Should the Combined Authority approve the package of projects in Part II, Item 13, then all such projects will be requested to develop and submit their Full Business Cases as soon as possible. This Assurance Framework for the SIF sets out these next stages which include the development of an OBC and FBC. Where projects are seeking funding below £3m, then a conflated OBC/FBC may be requested. In recognition of the delivery and timing imperatives which the Combined Authority faces, it is suggested that Combined Authority also allow projects at £5m and below to submit a conflated OBC/FBC. This will speed up the project appraisal and approval process in a number of cases. This can be delegated to the Head of Paid Service and Combined Authority Treasurer to agree in individual cases.
- 5.2 All projects will receive clear communication as to the outcome of their application and where appropriate feedback. This is very relevant to inform the next stage of the process in terms of applicants producing an OBC/FBC which addresses any issues which have arisen in the first stage of the appraisal.
- 5.3 The SIF prospectus stated that this round of projects would be required to begin spend by September 2017 and complete by September 2019. In that respect clear milestones will be set for the submission of OBC/FBCs which will result in the latest approvals by the Combined Authority in July 2017 and earlier where projects are ready to do so. Although this is a challenging timetable, the Combined Authority has been clear on the deliverability requirements from the outset of the SIF.
- 5.4 The skills theme is currently underway and will follow shortly to the Combined Authority with a recommended package of projects. Members will recall that skills funding was not part of the original SIF prospectus given the timing of the Area Based Review.
- 5.5 All projects will have to pay for their appraisal and any due diligence costs as previously agreed by the Combined Authority in November 2016. The purpose of this is both to ensure that the Combined Authority's revenue resources are not depleted by administration costs. It is usual for funding programme and certainly private sector funding to charge in this way. It will also ensure applicants think carefully as to the stage at which they submit their Business Case in terms of deliverability and also quality.
- 5.6 Following the Combined Authority's consideration of the SIF process and recommended package, Chief Executives will consider and present to the Combined Authority, any key strategic messages which will be useful to direct future rounds of the SIF. This will consider where the quality of projects was lacking, whether some areas of activity did not receive sufficient funding etc.

6. RESOURCE IMPLICATIONS

6.1 Financial Implications

- 6.1.1 A total package of projects being recommended to the Combined Authority is set out in Part II, Item 13 of this agenda. Financial implications are set out in that report as appropriate.

6.1.2 There are financial costs to the Combined Authority in managing this process as previously reported. The budget for this has been agreed as part of the Combined Authority budget in February 2016. In addition, the Combined Authority will be recovering these costs through applicants as they proceed through the next stage of the process.

6.2 Human Resources

6.2.1 The SIF is a significant devolution commitment which the City Region has to deliver in terms of the ambition to generate additional economic growth and jobs in the City Region and create a self-sustainable fund. Future tranches of gain share funding are dependent on its success.

6.2.2 Dedicated capacity is being put in place in an interim basis to support SIF operational elements through the recruitment of an interim Chief Investment Officer. As Accountable Body Merseytravel are considering any additional legal and financial support which may be required to support the contracting stage between the Combined Authority and project sponsors.

6.3 Physical Assets

6.3.1 There are no Physical Assets implications associated with the implementation of the recommendations in this report. Any implications in relation to specific projects will be highlighted as those projects are approved by the Combined Authority.

6.4 Information Technology

6.4.1 There are no Information Technology implications associated with the implementation of the recommendations in this report.

7. RISK AND MITIGATION

7.1 The main risk to the Combined Authority in relation to the SIF at this stage is a potential lack of delivery during the period of the SIF.

7.2 This is being mitigated by bringing forward a package of projects to the next stage of appraisal in excess of the resources currently available. This means that where projects fall away at the next stage of appraisal, that there remain sufficient alternative projects for the Combined Authority to approve to the value of the SIF funds available.

7.3 Delivery can also be impacted upon by lack of capacity and the right capability to manage this process. As the Combined Authority becomes a fully established devolved Mayoral Combined Authority by May 2017, it will require a dedicated resource to manage the SIF.

7.4 While these plans are being implemented, the Combined Authority will procure interim resource to ensure the appraisal and approval process can be supported in the appropriate manner.

8. COMMUNICATIONS ISSUES

- 8.1 All projects which are approved at this SOC will be publicised appropriately and in line with the Combined Authority/LEP communications plan.
- 8.2 Projects will receive a clear communication as to the next stage of appraisal, timeline and issues for them to address.

9. EQUALITY AND DIVERSITY IMPLICATIONS

- 9.1 There are no specific equality and diversity implications arising from this report. However all individual project funding decisions made by the Combined Authority will need to be assessed in relation to their equality and diversity implications as they are approved.

10. CONCLUSION

- 10.1 This report sets out the proposed approach to the prioritisation of projects for SIF funding. The principles and approach set out in this report will be applied to develop the package of projects for the Combined Authority to agree which will deliver the best returns and economic outcomes for the City Region.

GED FITZGERALD
Head of Paid Service

Contact Officers: -

Ged Fitzgerald, Liverpool City Council (0151 233 0050)

Dale Milburn, Knowsley MBC (0151 443 2290)

Lisa Smith, Liverpool CC (0151 233 0068)



Industrial Strategy

LEP Board Meeting 9 February 2017

Author:
Mark Basnett
LCR LEP

1. Purpose of the Report

1.1 This reports sets out a summary of the Government's Industrial Strategy consultation process and how the LEP proposes to engage on this to produce a powerful, coherent and common response for the City Region to Government working in partnership with our CA and private sector colleagues and partners.

2. Recommendation

2.1 It is recommended that the LEP Board notes this proposal and endorses the LEP Executive to consult and develop a response to the Consultation as set out below.

3. Executive Summary

3.1 Prime Minister Theresa May has announced the commencement of a UK wide consultation on a new Industrial Strategy for the country. As the City Region's Local Enterprise Partnership we have been asked by Government to support this consultation by engaging with businesses across the City Region to stimulate and co-ordinate business feedback.

3.2 The Government is keen to get as many responses as possible from businesses to this consultation through its online survey. To complement that the LEP will be holding a number of briefings, workshops and round table sessions over the next 12 weeks of the consultation period (until 17 April 2017) to pull together the views of business in a structured and collective manner.

3.3 Our objective in doing this is to develop a powerful, compelling and coherent response to Government, fully informed by business and the broad partnership of public and private organisations involved in driving the City Region's economy forward.

3.4 The work we undertook last year in developing the City Region Growth Strategy provides us with a valuable head start in this process. We collectively considered in our Growth Strategy many of the issues contained in the 10 pillars of the Industrial Strategy. These include:

- cultivating world leading sectors
- commercializing innovation
- supporting business growth
- developing skills
- upgrading infrastructure

3.5 The LEP is already working on delivery of a Growth Strategy Action Plan and we will build on this platform in developing a collective response to Government with the input of organization in both the public and private sectors

3.6 We welcome the development of a UK Industrial Strategy and the consultation that Government has initiated. Its ambition to develop a high skilled and competitive economy that benefits people throughout the UK is one we should support. The key

to its effectiveness is whether it can deliver on that ambition for all of the UK and, in particular, for our City Region.

3.7 It is proposed that we help towards that ambition by being clear and joined up on what the needs, opportunities and priorities are in our City Region and how they can be realized within the Industrial Strategy.

3.8 The Industrial Strategy Green Paper it is available on our website. The 10 Pillars of the Strategy are included at Appendix 1 for information.

4. Next Steps

4.1 The LEP Executive will engage with business and public sector partners over the next week on the rollout of briefings and workshops.

4.2 It is proposed to hold a series of sector based consultations followed by a major consultation workshop on 29th March 2017 to collect views and seek to build a consensus position.

4.3 The Executive will revert back to the LEP Board on 6th April 2017, and to the Combined Authority with a coherent City Region position for consideration prior to submission to Government by the 17th April 2017 deadline.

APPENDIX 1

UK Government Industrial Strategy
10 Pillars Summary

This page is intentionally left blank

Building our Industrial Strategy

The challenge

Our economy has great strengths, but while many people, places and businesses are thriving, opportunities and growth are still spread unevenly across the country.

Our approach

We are developing a modern industrial strategy. We want to build on our strengths to enable all parts of the country to succeed: helping to deliver a high-skilled, competitive economy that benefits people throughout the UK.

Your views

We want to hear from every part of the country, every sector of industry and businesses of every size.

This is a public consultation, and we welcome your comments and contributions to inform our industrial strategy and help deliver an economy that works for everyone.

Have your say: www.gov.uk/beis

Our 10 pillars



Investing in science, research & innovation

We will become a more innovative economy and do more to commercialise our world leading science base, developing new technologies and driving growth throughout the UK.



Developing skills

We will build a proper system of technical education, and boost key skills in science, technology, engineering, maths and digital proficiency, to ensure people have the skills employers need now and in the future.



Upgrading infrastructure

We will upgrade our digital, energy, transport, water and flood defence infrastructure, and join up central government investment and local growth priorities more effectively.



Supporting businesses to start & grow

We will support businesses and entrepreneurs across the UK, to ensure they can access finance and wider support to grow, and have the right conditions for companies to invest long-term.



Improving procurement

We will ensure public procurement drives innovative new products and services, strengthens skills, develops UK supply chains and increases competition by creating more opportunities for SMEs.



Encouraging trade & inward investment

We will make Britain a global leader in free trade, including promoting and supporting UK exports, building future trading relations and creating a more active approach to winning major overseas contracts.



Delivering affordable energy & clean growth

We will keep energy costs down for businesses, build the energy infrastructure we need for new technologies, and secure the economic benefits of our move towards a low-carbon economy.



Cultivating world-leading sectors

We will build on our areas of global excellence and help new sectors to flourish, supporting businesses to take the lead in transforming and upgrading their industries through sector deals.



Driving growth across the whole country

We will build on local strengths and address factors that prevent areas from reaching their full potential, by investing in key infrastructure projects, increasing skill levels and backing local expertise.



Creating the right local institutions

We will create strong structures and institutions to support people, industries and places to maximise local strengths, including reviewing the location of government bodies and cultural institutions.

This page is intentionally left blank



LEP Board Composition Review Discussion Paper

LEP Board Meeting 9 February 2017

Author:
Mark Basnett
LCR LEP

1. Purpose of the Report

1.1 The purpose of this report is to review the LEP Board Composition and consider options for broadening its private sector representation to enable it to most effectively fulfil its role as the private sector led strategic advisory body for economic development in the Liverpool City Region.

2. Recommendations

2.1 It is recommended that the LEP Board consider and discuss the options covered in this discussion paper and advise the LEP Executive what steps if any should be taken at this time to fill vacancies on the Board and/or effect changes in Board composition.

3. Executive Summary

3.1 The LEP Constitution (attached at Appendix 1) sets out the arrangements for Board membership. In particular it states:

“The Board will consist of an appropriate number of individuals who reflect the local economy and so allow public sector partners to engage with an appropriate and relevant group from the private sector and other sectors including the Third Sector.

“Initially, this will number seventeen members including eleven from the private and other non-public sectors (for ease of description this cohort will be called ‘private sector’) together with the Mayor and Leaders of the six local authorities.

“The Chair will be taken from the private sector cohort. Included in the private sector cohort will be up to four members who may also sit on the board of the Liverpool City Region Local Enterprise Partnership Company (Company Number 2753023) (“the LCR LEP Company”) which amongst other roles is commissioned to provide a range of executive and delivery services to the LEP and Combined Authority. The Chair and Vice Chair of the LEP Board will not sit on the board of the LCR LEP Company.

“In order that the LEP sub-boards are directly engaged, either the Chairs of the sub-boards will sit on the LEP Board or champions will be nominated from the LEP Board to sit on the sub-board. Such decisions may be deferred until required to allow the LEP Board’s composition to be properly assembled to reflect changing circumstances without becoming unwieldy.”

3.2 The private sector members of the LEP Board currently are as follows:

Asif Hamid	(Interim Chair)
Mike Houghton	(Advanced Manufacturing)
Neil Sturmeay	(FPBS)
Amanda Lyne	(Low Carbon/Energy)
Kate Willard	(Maritime & Logistics / Digital & Creative / Skills)
Chris Bliss	(Visitor Economy)
Kath Boullen	(Enterprise)
Nigel Weatherill	(Innovation)

3.3 The LEP recognises and endorses the need to drive forward an inclusive economy in the City Region. The Board Constitution specifies that an individual that reflects the

Third Sector element of the economy should form part of the Board. Through the VS6 Group, Angela White has been put forward as their nomination for the Board's consideration and they will be presenting to the LEP Board on 9th February 2017. If Angela is endorsed by the Board to become a LEP Board Member this would increase current private sector membership of the Board to 9.

3.4 Currently Kate Willard is providing input to the Board on Digital and Creative (as Interim Sub Board Chair) and Maritime and Logistics (as Champion), and in addition has been leading for the Board on employer led skills matters.

3.5 Given the significance of Skills to the growth of the City Region economy, one option to broaden the Board would be to have a dedicated business based Skills Champion on the Board. This would increase private sector membership of the Board to 10 if Maritime and Logistics were to have a separate champion.

3.6 Another recently formed Sub-Board is in Digital and Creative. The Digital agenda is of paramount importance economically and if a Digital and Creative champion taken from the sub board was invited to join the LEP Board to cover both the sector and the broader aspects of the digital agenda as a cross cutting matter this would restore private sector membership of the Board to 11 as per the current Constitution.

3.7 Another key sector in the economy, which has recently established an advisory board is Health and Life Sciences. This does not as yet have a champion on the Board – though Nigel Weatherill was Interim Chair and instrumental in getting it established. If this option was taken forward it would increase the private sector membership of the Board to 12.

3.8 Government guidelines propose that LEPs should have dedicated SME representation on their Boards. Whilst LCR LEP has addressed this through Amanda Lyne (Low Carbon) as a small business owner and Kath Boullen (Enterprise) as St Helens Chamber CEO, if the Board considered that further representation would be warranted here, possibly from a social or mission based enterprise leader, this would increase private sector to 13.

3.9 In addition to Sub Board champions, there may be other leaders from the non-public sector who could offer additional insight, gravitas and expertise to drive the City Region economy, outside the core sectors – perhaps with policy experience or with a national or global trade and investment perspective. The LEP Advisory Council, for example, has some highly experienced and influential business leaders who could contribute significantly to the Board. There are also people who previously expressed interest in joining the Board who could be approached, alongside an open call for expressions of interest for the Board to consider. If 3 additional private sector champions were added this would bring the total of non-public members of the Board to 16.

3.10 The strength of the LEP and its validity are rooted in its partnership between public and private sectors. The insight and contribution of all LA leaders and Mayor of Liverpool have been critical to this. The views of LA Leaders and the Mayor are therefore sought to help determine how best to take their representation forward.

4. Next Steps

- 4.1 The Board is asked to consider these various options which have been produced as a draft for discussion and advise the Executive on whether any of these options should be progressed and if so when and how.

APPENDIX 1

Liverpool City Region LEP Constitution
17 March 2016



CONSTITUTION

THE LIVERPOOL CITY REGION LOCAL ENTERPRISE PARTNERSHIP

CONSTITUTION

1. INTRODUCTION

Local Enterprise Partnerships (LEPs) were proposed by Government to drive the growth agenda at local level. They invited bids from 'localities' to form bodies covering their natural functional economic areas which would be likely to be larger than local authority districts and counties but smaller than Regional Development Agency boundaries.

2. THE GEOGRAPHY OF THE LIVERPOOL CITY REGION LEP

The geographical area covered by the bid from Liverpool City Region comprised the local authority areas of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral (hereinafter called "the City Region").

However, LEPs were expected to form around natural functioning economies and in that regard there was to be collaboration and engagement with neighbouring local authorities and LEPs.

3. NAME

The bid was accepted and a LEP was formed and is known as "The Liverpool City Region Local Enterprise Partnership" (hereinafter called "the LEP").

4. AIMS, OBJECTIVES AND PRIORITIES OF THE BOARD

The LEP is a true partnership between public sector bodies and representatives of the private sector. It will provide strategic direction for the City Region economy, ensuring alignment between national policies and local opportunity. The partners have joint responsibility for market stimulation and making recommendations for the commission of relevant economic activity. In governance terms, the LEP will act in a 'collaborative' capacity and not as a 'corporate' body. It will not be incorporated and will not have the capacity to directly enter into any contracts either for employment or services. However, it will make recommendations to those managing funds, (such as the Combined Authority as accountable body for the City Region) as to how they should be used and this would include providing adequate and appropriate executive support to the Board of the LEP ("the LEP Board").

Actions of the LEP will be taken as authorised, directly or indirectly, by the LEP Board.

The LEP acts as the primary body to provide strategic direction for the City Region economy and will seek to drive key ambitions for economic growth in areas such as employment and skills; business support; inward investment and international trade; marketing and tourism, transport and housing. Aligned to this is an overarching commitment to develop the City's status as a thriving European and international City Region. In order that the LEP is able to satisfy this responsibility, the LEP will require executive support through partners and any other appropriate delivery entities.

The LEP will work to create the right environment for business and growth and ensure appropriate mechanisms exist through which the private sector can inform and influence the shape and future direction of local and national government policy and services to deliver such growth agenda.

All delivery bodies undertaking such activity on behalf of the LEP for the benefit of the City Region will be expected to demonstrate clear outcomes, fitness for purpose and value for money and this will be assessed through the LEP Assurance Framework.

The LEP Assurance Framework, required by Government as part of the Local Growth Deal process, is intended to operate a single assurance framework covering all Government funding flowing through Local Enterprise Partnerships, to ensure they have robust value for money processes in place. This causes some specific additional responsibilities for the LEP as follows;

- to oversee the development of an appropriate pipeline of projects.
- to monitor delivery of investments/projects using the outputs of monitoring and evaluation of information to inform future project prioritization; and
- together with the Combined Authority, to lead on the development of a transparent methodology to enable strategic decisions to be taken across different policy areas and allocate resources to schemes that will deliver the greatest benefits.

The LEP will also

- Provide strategic leadership and will be tasked with determining key investment priorities and act as a co-ordinated voice for the City Region. This will include, but not be limited to, developing a City-Region Single Growth Strategy and Strategic Economic Plan;
- Co-ordinate bids to Central Government including for devolved funds;
- Monitor Growth Deal implementation and delivery to ensure future prioritisation of bids or asks;
- Identify opportunities and leverage of funding from the private sector;
- Provide leadership on key sectors for economic growth, presently the low carbon economy, Superport, innovation, life sciences and advanced manufacturing and the visitor economy and also any other sectors that are subsequently so determined. It will also lead on creating the conditions for private sector growth, including leadership on planning and transport and strategic housing delivery as part of an integrated approach to infrastructure delivery; and
- To manage and take forward an overarching strategy brought forward by the private sector for locally targeted business support activity.

5. MEMBERSHIP OF THE BOARD

The Board will consist of an appropriate number of individuals who reflect the local economy and so allow public sector partners to engage with an appropriate and relevant group from the private sector and other sectors including the Third Sector. Initially, this will number seventeen members including eleven from the private and other non-public sectors (for ease of description this cohort will be called 'private sector') together with the Mayor and Leaders of the six local authorities named in paragraph 2 above.

These latter positions are made ex-officio but this would be subject to review should the geography of the LEP alter or other public bodies be invited to join the LEP Board.

The duty of a Board member, irrespective of his or her particular background or geography, is to act in the best interests of the City Region as a whole.

The Chair will be taken from the private sector cohort. Included in the private sector cohort will be up to four members who may also sit on the board of the Liverpool City Region Local Enterprise Partnership Company (Company Number 2753023) (“the LCR LEP Company”) which amongst other roles is commissioned to provide a range of executive and delivery services to the LEP and Combined Authority. The Chair and Vice Chair of the LEP Board will not sit on the board of the LCR LEP Company.

In order that the LEP sub-boards are directly engaged, either the Chairs of the sub-boards will sit on the LEP Board or champions will be nominated from the LEP Board to sit on the sub-board. Such decisions may be deferred until required to allow the LEP Board’s composition to be properly assembled to reflect changing circumstances without becoming unwieldy.

(a) Term of appointment

The term of office for private sector members will be a maximum of 3 years although, by agreement of the LEP Board, a second term may be served consecutively. Although 3 years is the maximum term, shorter terms may be offered to facilitate rotation of expertise and background.

(b) Membership Sectors and Proportions

The LEP Board’s membership will comprise of two sectors - the local authority sector and non-local authority (described as ‘private sector’ for this purpose). The respective proportions of representation will be generally 35% and 65%. Increases in public sector body representation would need to be matched by an increase in private sector representation in these proportions.

(c) Alternate Members

In order to maintain consistency and focus, Alternate Members will not be allowed to attend meetings should any Board Member be unable to attend.

(d) New Members

In the event of the resignation of a private sector member, the Board may immediately seek a replacement or else defer such decision as circumstances require. In the case of a local authority Mayor or Leader ceasing to hold that position, that local authority’s place on the LEP Board will transfer to the newly elected Mayor or Leader. The responsibility for proposing replacement candidates for Board approval for the private sector cohort lies with the Appointments Committee.

(e) Termination of Membership

Any member wishing to resign from the LEP Board may do so at any time by writing to the Secretariat and the Secretariat will immediately inform the LEP Board who will take steps to put in place procedures to select a replacement.

(f) Participating Observers

The LEP Board may, under the authority of the Chair, periodically allow for attendance by Participating Observers as it deems appropriate, to support the work of the LEP Board.

(g) Executive attendance

Executives from partner bodies have no right of attendance but there is an expectation that certain executives will routinely attend meetings and others will be required to attend for a specific purpose. Those required to attend routinely and who together should be considered the secretariat are;

LCR LEP Executive Director of Operations (Head of LEP Secretariat Services)
 Lead LCR Local Authority Chief Executive Officer for Economic Development
 LCR LEP Executive Director of Strategic Economic Development

This list will be confirmed at least annually but kept under review during the year to allow amendment as required.

6. FUNCTIONS AND RESPONSIBILITIES OF THE BOARD

The role of the Board will be to:

- set the strategic direction for the growth of the Liverpool City Region economy;
- approve the use of any funds designated to directly support LEPs e.g. Core Funds;
- influence key sub-regional and regional strategies;
- approve the City Region Economic Strategy, Local Growth Plan, Single Growth Strategy and Strategic Economic Plan and any subsequent amendments or updates;
- monitor delivery of the LCR Growth Plan, Single Growth Strategy and Strategic Economic Plan together with enabling and supporting action plans;
- approve and amend the Constitution;
- appoint its Chair and Vice Chair;
- form appropriate sub-boards and appoint a Chair to develop terms of reference and membership for agreement by the LEP Board;
- appoint representatives to selected outside bodies; and
- establish any task and finish groups appointing their Chairs and determining their terms of reference.

In addition to these responsibilities, the LEP Board will, through nomination of members of the LEP Board, contribute to the composition of the board of the LCR LEP Company (“the Company Board”) to oversee the incorporated body that provides support to the LEP, the LEP Board and its sub-boards and employs the LEP Executive team. No more than 5 members of the LEP Board will be nominated to perform these additional responsibilities such that they represent a minority interest on the LEP Board where matters pertaining to the LCR LEP Company arise. The 5 members will comprise 1 representative of the 6 local authority leaders as nominated by that cohort and a further 4 members from the private sector cohort.

In addition to the above, the Chair and Vice-Chair have the right of attendance at meetings of the Company Board and will receive all papers and information provided to Directors of the Company Board. This is designed to ensure that the LCR LEP Company continues to meet the expectations of the LEP Board. The LCR LEP Company’s Articles of Association will record this relationship and these rights of attendance.

7. ACCOUNTABILITY

The LEP is the strategic commissioner for the LCR in matters of economic development. It will make recommendations to the Combined Authority who has administrative responsibility and accountability for the use of funds. However, the LEP is made accountable through a number of mechanisms:

- a. Democratic accountability is through the inclusion on the LEP Board of the Mayor and Leaders of the Local Authorities.
- b. Executive accountability is through the Assurance Framework and the role of Government in monitoring and evaluating performance
- c. General accountability is through the transparent and public access to the agenda, minutes and accompanying papers that record decisions and the rationale by which they were noted approved or rejected.

8. LEAD AUTHORITY

The LEP Board will appoint a lead entity or entities to act as Secretariat and as accountable body. These do not need to be the same entity.

9. MEETINGS OF THE BOARD

(a) Annual Meeting

An Annual Meeting of the LEP Board will be held each year for the purposes of appointing or affirming the appointment of Chair and Vice Chair where there has been a change within the year. It will also ratify appointments of new members of the LEP Board during the year. The meeting will receive and consider an Annual Report on the activities of the LEP; making any necessary amendments to this Constitution and transacting any other business. The timing of this meeting will be synchronised with that of the Combined Authority and the LCR LEP Company in order that their impact is maximised.

(b) Election of Chair and Deputy Chair

The LEP Board will elect from amongst its private sector members a Chair and a Vice Chair. The Appointments Committee will oversee this process and appropriate arrangements will be made to put forward nominees for these appointments. Any vacancy arising in any of these offices will be filled at the next meeting following the occurrence of the vacancy.

Any Board Member (including any Chair or Vice Chair) will be entitled to serve a maximum of two individual terms, the duration of each will be a maximum of three years.

(c) Frequency of Meetings

- (i) The LEP Board will meet every 6-8 weeks with the exception of August on such days unless in the opinion of the Chair the business to be transacted does not warrant the holding of a meeting, or they consider that an additional meeting is warranted.
- (ii) A Special Meeting of the Board will be convened on a minimum of 14 clear days notice following receipt by the Secretariat of a request from the Chair or from not less than five Members.

d) Annual City Region Event

The LEP Board will arrange an Annual City Region event each year to coincide where

possible with the Annual Meeting and other ad hoc events as deemed appropriate.

10. PLACE OF MEETINGS

Meetings of the LEP Board will be held at venues approved by the Chair on behalf of the LEP Board.

11. QUORUM

The quorum for meetings of the LEP Board will be no less than 6 of its membership of which in addition to the Chair or Vice Chair should include 2 from the Local Authorities, either Mayor or Leader. Notwithstanding the above, a quorum will not in any event exist unless the majority of the LEP Board members present at the meeting are not also directors of the LEP Company Board.

12. VOTING

12.1 The principle of decision making by the LEP Board will be that, wherever possible, decisions of the Board will be by consensus, without the need for a vote. Where this is not possible a vote may be taken where the Chair considers it to be necessary to establish whether a consensus exists. The vote will be by way of a show of hands and the vote of each member recorded in the minutes.

12.2 In the event of a vote, only bona fide members will be entitled to vote (including the Chair). In the event of a tied vote, the Chair has no second or casting vote. Any motion or proposal which results in a tied vote, will be deemed not to have been agreed.

12.3 Any member may request a formal ballot.

13. AGENDA

Copies of the Agenda for meetings of the LEP Board will be circulated to members normally at least nine days before the meeting, together with any relevant reports and documents. Unless otherwise agreed in advance, papers shall be circulated by e-mail.

Matters for inclusion in the agendas will be sent to the Secretariat at least 18 days before the meeting and the reports or documents for the meeting at least 14 days in advance.

14. ALTERATIONS TO THE CONSTITUTION

Alterations to this Constitution will be made only by the LEP Board at each Annual Meeting or any Extraordinary General Meeting.

15. ATTENDANCE OF THE PUBLIC AT MEETINGS

Meetings of the LEP Board will be closed unless determined otherwise by the Chair but the agenda, minutes and attending papers (although elements may need to be exempt or redacted) will be made public 7 days in advance of the meeting. In this respect a publication scheme will be agreed as well as a policy on Freedom of Information requests. The LEP Board will also agree a Communications Policy.

16. APPOINTMENTS COMMITTEE

The LEP Board will have a standing committee that will deal with all appointments to

the LEP Board and to any sub-boards, committees or other working groups.

Terms of Reference for the committee will be agreed with the LEP Board and a Chair will be agreed by the LEP Board who will then form the committee.

17. SUB-BOARDS, COMMITTEES AND OTHER WORKING GROUPS

The Board may form sub-boards, committees or other working groups as it sees fit and provide additional expertise and capability with specific terms of reference. These sub-groups will, with the approval of the Board, elect a chairman and a deputy chairman of its meetings. Should the Chair or Deputy Chair not be a member of the LEP Board, then the LEP Board reserves the right to appoint one of its number to be a member of the group and would be referred to as the LEP Board Champion.

The LEP Board will also approve the Terms of Reference of each of the sub-groups and require that they be reviewed annually unless they are time-limited for less than 12 months.

Such sub-groups are also required to produce and submit regular reports on progress against the purpose for which they have been formed and which is described in their terms of reference. The reporting responsibility lies with the Chair and Deputy Chair but by agreement the LEP Board Champion may assume responsibility for reporting this to the LEP Board.

As the main purpose of these groups is to advise and support the LEP Board, they have no authority, particularly in a commissioning role, unless specifically agreed and recorded as a delegated power.

18. ADVISORY COUNCIL

In addition to the sub-groups detailed at paragraph 17 above, there will also be an Advisory Council. The function of the Advisory Council will be to provide a wide-ranging stakeholder group who consider the LEP Board's economic strategy and its progress towards the achievement of its economic objectives, targets and actions.

The Advisory Council will consist of persons deemed to be capable of contributing relevant experience and make recommendations regarding the economic objectives, targets and actions and are not engaged by organisations that are represented on the LEP Board or agencies or authorities that regularly attend meetings of the LEP Board.

Unless otherwise agreed by the LEP Board, the Advisory Council will not have less than 15 members. The LEP Board will nominate not less than 12 individuals to be members of the Advisory Council and the Advisory Council may co-opt at least six individuals to be members of the Advisory Council.

The Chair or Vice-Chair of the LEP Board will convene not less than three meetings of the Advisory Council in each year and one or the other of them will preside over each such meeting, and will give a report to the LEP Board on what was discussed at the meeting.



LEP Board Governance Code of Conduct

LEP Board Meeting 9 February 2017

Author
Tony Wade
LCR LEP

1. **Executive Summary**

- 1.1 Increased scrutiny of LEPs and the funds allocated to them has led to government responding by issuing guidance requiring the revision of the National LEP Assurance Framework (AF).
- 1.2 The AF is supported by policies, some existing and others yet to be agreed. This paper proposes a Code of Conduct and other new policies that will enhance the existing AF and ensure it complies with the revised guidance.
- 1.3 The revised AF will complement the Assurance Framework for the 'Single Pot' (the Single Investment Fund or SIF) alongside other devolved funds, such as Local Growth Funds, and locally derived funds. As such, the revised AF reflects the changes to LCR's governance and arrangements brought about through the Devolution Deal.

2 **Recommendations**

- 2.1 The LEP Board are recommended to;
 - a. To consider and adopt the LEP Code of Conduct and Conflict of Interest Policy and the Enquiries, Feedback and Complaints policy.
 - b. To confirm that the Declarations of Interest policy remains fit for purpose.
 - c. Note the need for the Revised LEP Assurance Framework to be approved using written procedures.
 - d. Note the LCR CA's Code of Corporate Governance and its status with regard to the positions of LEP Chair and LEP Vice-Chair, as members of the LCR CA.

3 **Background**

LEP Assurance Frameworks

- 3.1 All LEPs have come under greater scrutiny and government have responded by revising the National LEP Assurance Framework (AF) with which LEPs will have to show compliance by 28 February 2017. The revised AF will need to be approved through written procedure prior to its submission to government as it is not yet complete. Approval of policies referenced in this paper will allow the AF to be finalised.
- 3.2 The original AF was primarily concerned with Local Growth Funds (LGF) but with a number of areas agreeing Devolution Deals which in some case, such as ours, have subsumed LGF into a 'Single Pot' (the Single Investment Fund or SIF) alongside other devolved funds and locally derived funds. As such, the revised AF recognises the need to reflect these arrangements and the transfer of certain responsibilities such as Monitoring and Evaluation and Value for Money assessment to a new Assurance Framework.
- 3.3 The new AF, the Single Investment Fund Assurance Framework, was agreed in November 2017 between DCLG and the LCR CA. However, these arrangements do not mean that the LCR LEP has no role or responsibility with regard to LGF or any other funds allocated to it either in previous years or going forward. The LEP may not have any role in the administrative arrangements but it retains a role in the governance and oversight of funds allocated to it.
- 3.4 Although a self-standing document, the LEP AF is supported by a range of mechanisms that help provide and enhance transparency as to how the LEP discharges its role and responsibilities which in turn provide reassurance to government and other stakeholders including the general public. The LCR LEP Constitution (agreed in March 2016) covers the

aims, objectives and priorities of the LEP Board together with a description of its functions and responsibilities (see agenda item 6.a.).

Codes of Conduct

- 3.5 The conduct of the LEP Board, both collectively and as individuals, is one of those mechanisms and such conduct is best demonstrated when codified. This is particularly important given the role the LEP plays in providing strategic advice on the use of public funds. The Nolan Principles are clearly of relevance in guiding LEP Board Members on how they are expected to conduct themselves and these will provide the core values.
- 3.6 The LEP works closely with the LCR CA and its constituent local authorities. The five local authority leaders and Mayor of Liverpool are all members of the LEP Board and the Chair of the LEP is also a member of the Combined Authority. Such close relationships and common purpose may make elements of codes of conduct adopted in the public sector relevant to the LEP Board.
- 3.7 Local Government has recently reviewed its guidance on corporate governance and a new model framework has been produced. The LCR CA has used this to produce a revised Code of Corporate Governance (The Code) which is being considered at its meeting on 3 February. The proposed code is now in the public domain and is attached to this report. The Code, not only deals with the leadership role of the CA but also how it will fulfil its functions and so there is a consideration of management systems and processes.
- 3.8 It is not suggested that the LEP Board adopt this code as it is developed for the specific purposes of the LCR CA. However, the LEP Chair (and Vice-Chair as an alternate) are members of the LCR CA and so the LEP Board should be aware of its existence and its content. Further, as stated in 3.6, there may be elements of the code which could inform the LEP Board's own code. A draft code for the LEP Board was included with the board pack and once agreed will be adopted and published on the LEP website.

4 LEP Ancillary Policies

- 4.1 As stated in 3.4, a range of mechanisms are used to support the LEP AF and ensure it operates and is seen to operate, providing greater transparency in governance. Policies are one such mechanism and their publication provides a transparent means of communicating to all stakeholders how the LEP undertakes its role.
- 4.2 In March 2016, the LEP Board approved a policy for Declarations of Interest and which is published on the LEP website and can be found here, <https://www.liverpoollep.org/wp-content/uploads/2016/07/Declaration-of-Interests-Policy.pdf>. Given the revision of the AF it seems an appropriate time to confirm this policy remains fit for purpose. On being appointed to the LEP Board, members are required to complete a Register of Interests return which is published in the LEP website. These Registers of Interest should be updated whenever changes occur and confirmed as not requiring any changes at least annually (a nil return is required as positive verification of no interest if this is the case).
- 4.3 Government have indicated that LEPs should also have a policy on complaint handling and that this should be incorporated into the revised AF. The LEP Board has not previously agreed a policy and this is now required. However, rather than adopt a policy that adopts only a negative perspective it is proposed that the policy be widened to cover enquiries and feedback. The draft policy has been provided separately to the Board papers (as with the Code of Conduct) but once agreed it will be adopted and published.

This page is intentionally left blank



Liverpool City Region Combined Authority

Code of Corporate Governance

DRAFT v.1

1. Introduction

What is Corporate Governance?

‘Corporate governance’ describes how the Liverpool City Region Combined Authority (the Authority) directs and controls what it does. In order to fulfil its purpose and deliver better outcomes for the Liverpool City Region’s residents, businesses and visitors, the Authority needs to have a comprehensive governance and accountability framework in place to ensure it operates effectively, efficiently and ethically.

To demonstrate good corporate governance, the Authority should carry out its functions in a way that demonstrates accountability, transparency, effectiveness, integrity, and inclusivity.

Good governance will enable the Authority to pursue its vision and secure its agreed objectives in the most effective and efficient manner. Good governance provides the conditions for the LCRCA and its partners to work effectively, economically and ethically. It helps to focus on achieving aims by delivering leadership and excellent services to residents, businesses and communities across the Liverpool City Region.

This means doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

The Code of Corporate Governance (“the Code”) is a public document, produced in accordance with the principles and requirements contained within CIPFA/SOLACE publication, *Delivering Good Governance in Local Government: Framework (2016 Edition)* (“the Framework”).

The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual organisations with their approach to governance.

The Code of Corporate Governance is a public statement that sets out the way in which the LCRCA will fulfil these principles in practice and demonstrate its commitment to good corporate governance.

It defines the legislative requirements, principles, management systems and processes, cultures and values through which the Authority exercises its leadership and fulfils its functions, and by which it is held accountable for its decisions and activities. Wherever possible, it will abide by clear democratic processes so as to ensure that constituent authorities have equality and are all involved in making important decisions.

The business of the Authority will also be conducted in accordance with the Seven Principles of Public Life identified in The Nolan Committee Report (1995), and defined as selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

2. Role, Function and Structure of the LCRCA

The Authority was established on 1st April 2014 as the Combined Authority for the Liverpool City Region, with the aim of improving:-

- the exercise of statutory functions relating to transport in the Liverpool City Region;
- the effectiveness and efficiency of transport in the Liverpool City Region;
- the exercise of statutory functions relating to economic development and regeneration in the Liverpool City Region; and
- economic conditions in the Combined Area.

The Authority is responsible for a range of transport, economic development and regeneration functions across the Liverpool City Region. The functions of the Authority provided or delegated to it by The Halton, Knowsley, Liverpool, St. Helens, Sefton and Wirral Combined Authority Order (2014) (“the Order”) are set out in the Authority’s Constitution.

The Authority exercises all its powers and duties in accordance with the law and the Authority Constitution and agrees policies and delegates responsibilities to conduct its business. These latter delegations provide for the day to day management, supervision and control of services provided for the Authority, including the responsibilities of the Head of Paid Service, Treasurer, Monitoring Officer and Secretariat.

The Constituent Councils of the Authority are the district councils for the local government areas of Halton, Knowsley, Liverpool, Sefton, St. Helens and Wirral.

In accordance with the Order, the Constituent Councils have each appointed one of its elected Members or its Elected Mayor to be a Member of the Authority. In addition, each of the Constituent Councils selected another of its Members to act as a Member of the Authority in the absence of the appointed Member.

The Liverpool Enterprise Partnership (LEP) also nominated one of its Members to be a Member of the Authority and another of its Members as a substitute.

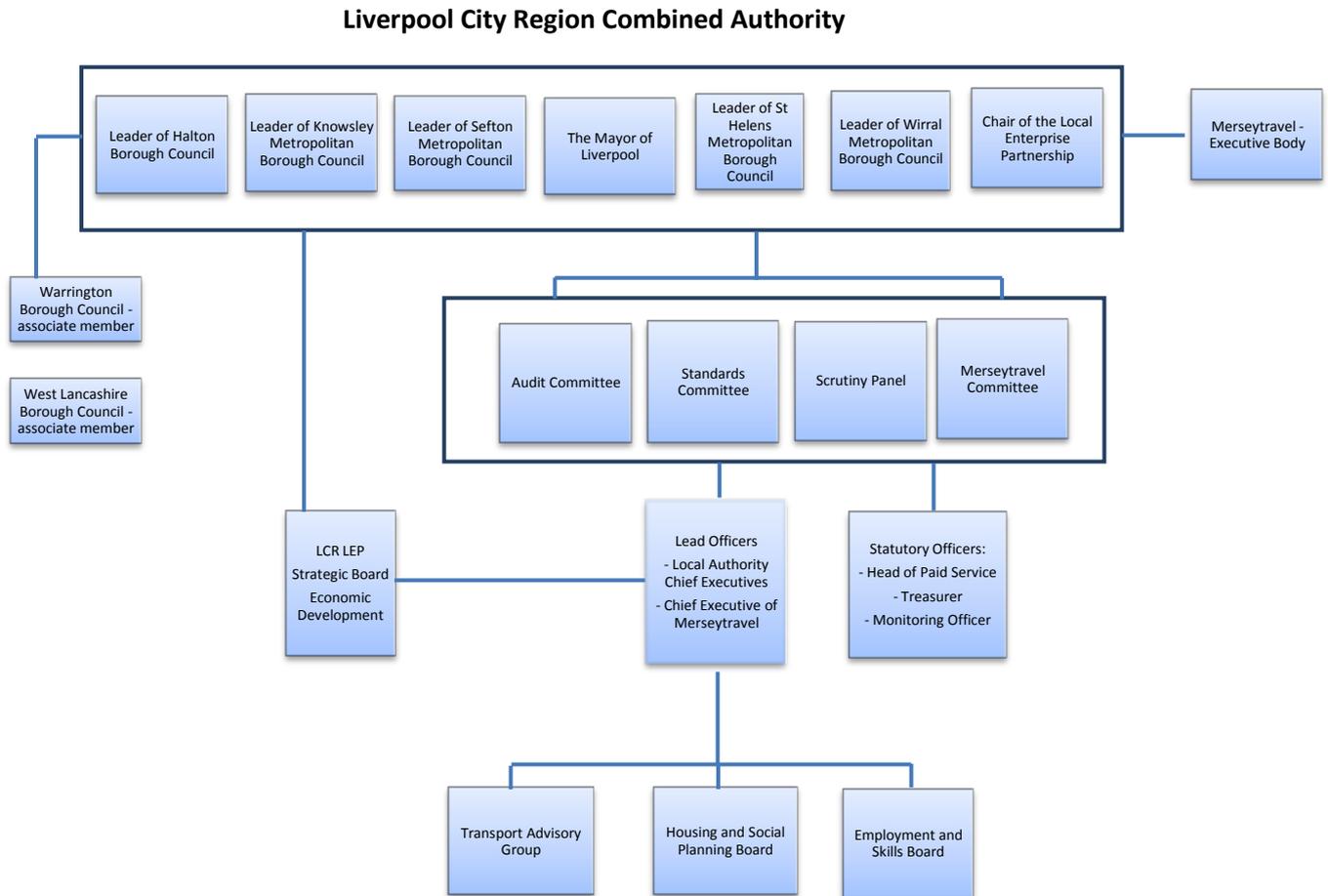
Merseytravel is the Executive Body that provides professional, strategic and operational transport advice to the Authority to enable it to make informed decisions. It is also the delivery arm, making transport happen.

Merseytravel delivers transport projects that support the economic growth of the Liverpool City Region. The focus is on improving connectivity within the region and beyond, improving the customer experience from ticket buying to journey planning and maintaining the integrated transport network, including the Mersey Ferries and Mersey Tunnels, to ensure it is fit for the future, accessible and safe.

In the application of the Local Government Act 1972 (arrangements for the discharge of functions) to the Authority, Merseytravel is treated as if it were an officer of the Authority.

The functions of the Authority and the functions delegated by the Authority to Merseytravel, and to the Committees of the Authority are detailed in the Authority's Constitution.

The current structure of the Authority is presented in the diagram below:



The Authority has delegated many of its transport functions to the Merseytravel Committee, subject to the Merseytravel Committee exercising these functions in accordance with any transport policies of the Authority, the Local Transport Plan and the Authority's agreed transport budget and borrowing limits (and without prejudice to the Authority's right to discharge such functions itself).

Additional transport functions of the Authority are not delegated but are referred by the Authority to the Merseytravel Committee to make recommendations to the Authority.

The Authority has also delegated some transport matters directly to Merseytravel and subject to Merseytravel exercising these functions in accordance with any transport policies of the Authority, the Local Transport Plan and the Authority's agreed transport budget and borrowing limits (and without prejudice to the Authority's right to discharge such functions itself).

The Authority also has a Standards Committee, Scrutiny Committee and an Audit Committee, responsible for approving the Statement of Accounts, and reviewing the Authority's Risk Register and Annual Governance Statement.

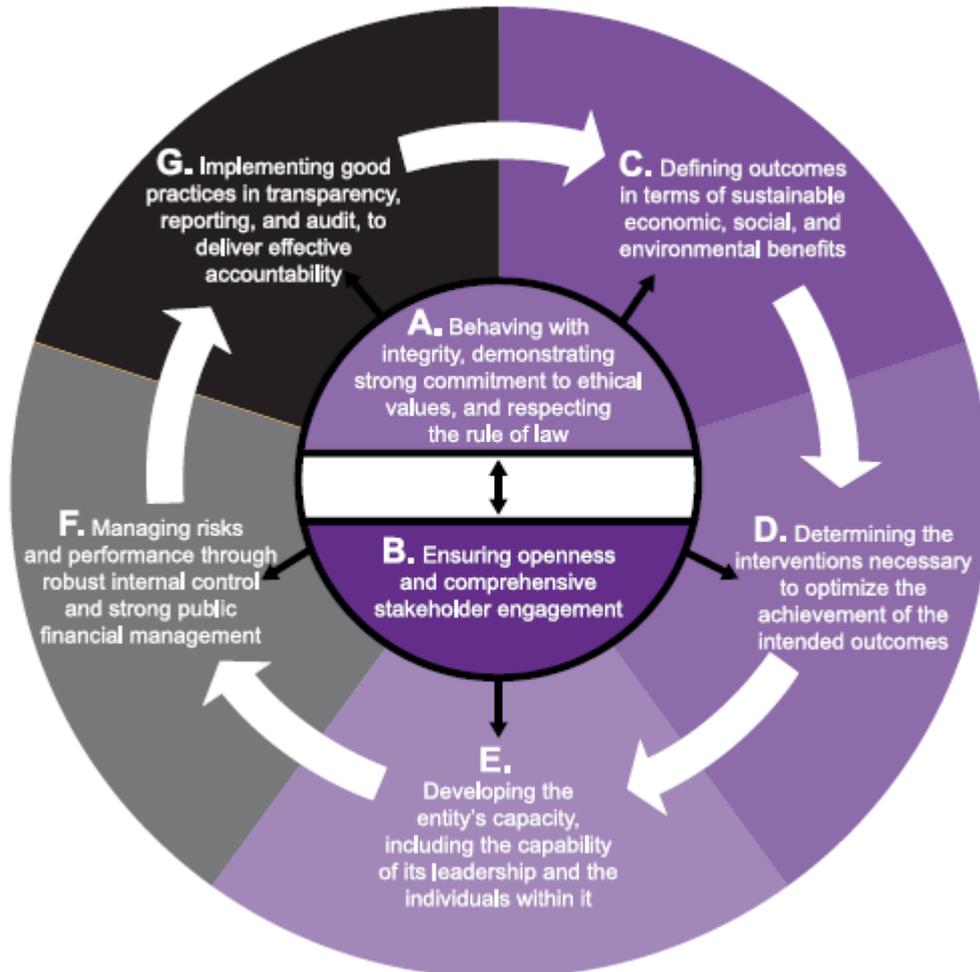
Decisions of the Authority, its Committees and its Lead Officers are taken in accordance with the responsibilities set out in the Authority Constitution and in accordance with the following principles:

- Proportionality - The action must be proportionate to the results to be achieved);
- Due consultation - Including the taking of relevant professional advice;
- Demonstrating respect for human rights;
- Presumption in favour of openness;
- Clarity of aims and desired outcomes; and
- Due consideration to alternative options.

3. The International Framework: Good Governance in the Public Sector

The Delivering Good Governance in Local Government: Framework (CIPFA/Solace 2016) (“the framework”) defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual organisations with their approach to governance.

The Framework is illustrated in the diagram¹ below:



The Framework notes that Principles A and B permeate implementation of principles C to G.

The diagram also illustrates that good governance is dynamic and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

¹ From: Delivering Good Governance in Local Government Framework (2016 Edition)

4. The Principles and Sub Principles of Good Governance

Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub-Principle A1 - Behaving with integrity

What does this mean?	How the Authority will achieve this
Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	<ul style="list-style-type: none"> - Authority Constitution; - Committee Structure; - Members Code of Conduct; - Processes for the declaration and registration of interests; - Public Meetings; - Publication Scheme (Meeting minutes & Agendas)
Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	<ul style="list-style-type: none"> - Communicating shared values with Members, partners and the Community; - Public Meetings; - Decision making processes
Leading by example and using the above standard operating principles or values as a framework for decision making and other actions	<ul style="list-style-type: none"> - Members Code of Conduct; - Processes for the declaration of interests; - Public Meetings; - Decision making processes
Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	<ul style="list-style-type: none"> - Members Code of Conduct; - Processes for the declaration of interests; - Public Meetings; - Decision making processes; - Register of Gifts and Hospitality; - Role of Monitoring Officer / legal advice - Role of Internal Audit; - Audit Committee / Scrutiny Committee(panel)

Sub-Principle A2 - Demonstrating strong commitment to ethical values

What does this mean?	How the Authority will achieve this
Seeking to establish, monitor and maintain the organisation's ethical standards and performance	<ul style="list-style-type: none"> - Decision making processes; - Role of Monitoring Officer / legal advice; - Performance monitoring arrangements; - Audit Committee / Scrutiny Committee (Panel)
Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	<ul style="list-style-type: none"> - Members Code of Conduct; - Role of Monitoring Officer / legal advice - Role of Internal Audit; - Audit Committee / Scrutiny Committee; - Training for Members
Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	<ul style="list-style-type: none"> - Members Code of Conduct; - Role of Monitoring Officer / legal advice - Role of Internal Audit; - Audit Committee / Scrutiny Committee (Panel); - Consideration of ethical matters in decision and policy making
Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation	<ul style="list-style-type: none"> - Authority Constitution / Protocols; - Agreed values in partnership working; - Legal Agreements / advice; - Role of Monitoring Officer; - Role of Internal Audit

Sub-Principle A3 – Respecting the rule of the law

What does this mean?	How the Authority will achieve this
Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	<ul style="list-style-type: none"> - Authority Constitution; - Statutory provisions; - Role of Monitoring Officer / legal advice; - Member / officer training
Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	<ul style="list-style-type: none"> - Role of Statutory Officers; - Authority Constitution / approved and agreed Protocols; - Committee Structure; - Role of Monitoring Officer / legal advice; - Member / officer training
Striving to optimise the use of the full powers available for the benefit	<ul style="list-style-type: none"> - Decision making processes; - Public Meetings;

of citizens, communities and other stakeholders	<ul style="list-style-type: none"> - Publication Scheme (Meeting minutes & Agendas); - Role of Monitoring Officer / legal advice; - Performance monitoring arrangements; - Scrutiny Committee (Panel)
Dealing with breaches of legal and regulatory provisions effectively	<ul style="list-style-type: none"> - Authority Constitution; - Statutory provisions; - Role of Monitoring Officer / legal advice
Ensuring corruption and misuse of power are dealt with effectively	<ul style="list-style-type: none"> - Role of Monitoring Officer; - Members Code of Conduct; - Anti-Fraud and Corruption arrangements across constituent Councils; - Internal audit arrangements;

Core Principle B - Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub-Principle B1 – Openness

What does this mean?	How the Authority will achieve this
Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	<ul style="list-style-type: none"> - Publication Scheme; - Public Meetings; - Public Consultations
Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Justification for the reasoning for keeping a decision confidential should be provided	<ul style="list-style-type: none"> - Public Meetings; - Decision making processes
Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	<ul style="list-style-type: none"> - Publication Scheme (Minutes & Agendas); - Decision making processes; - Calendar of Meetings; - Public Meetings; - Public Consultations
Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	<ul style="list-style-type: none"> - Decision making processes; - Public Meetings; - Public Consultations - Engagement with local media; - National media coverage

Sub-Principle B2 - Engaging comprehensively with institutional stakeholders²

What does this mean?	How the Authority will achieve this
Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved	<ul style="list-style-type: none"> - Public consultation - Engagement with local media

² Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable

successfully and sustainably	
Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	<ul style="list-style-type: none"> - Combined Authority Membership / Associate Membership; - Authority Constitution / approved and agreed Protocols; - Legal Agreements
Ensuring that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.	<ul style="list-style-type: none"> - Combined Authority Membership / Associate Membership; - Authority Constitution / approved and agreed Protocols; - Decision making processes;

Sub-Principle B3 – Engaging with individual citizens and service users effectively

What does this mean?	How the Authority will achieve this
Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	<ul style="list-style-type: none"> - Authority Constitution; - Forward Plan; - Public Consultations; - Public Meetings; - Decision making processes;
Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	<ul style="list-style-type: none"> - Communications team; - Engagement with local media; - Public Consultations; - Public Meetings; - Publication Scheme
Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	<ul style="list-style-type: none"> - Public Consultations
Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account	<ul style="list-style-type: none"> - Public Consultations
Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	<ul style="list-style-type: none"> - Public Consultations
Taking account of the impact of decisions on future generations of tax payers and service users	<ul style="list-style-type: none"> - Public Consultations; - Decision making processes / Reports

Core Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Sub-Principle C1 – Defining outcomes

What does this mean?	How the Authority will achieve this
Having a clear vision, which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation’s overall strategy, planning and other decisions	<ul style="list-style-type: none"> - Devolution Deal / CA Order; - Authority Constitution; subject to annual review - Forward Plan
Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	<ul style="list-style-type: none"> - Devolution Deal / CA Order; - Authority Constitution; - Forward Plan; - Public Consultations
Delivering defined outcomes on a sustainable basis within the resources that will be available	<ul style="list-style-type: none"> - Performance Monitoring arrangements; - Reporting / accountability; - Public Meetings; - Committee Structure / accountability
Identifying and managing risks to the achievement of outcomes	<ul style="list-style-type: none"> - Risk Management arrangements; - Assurance Framework
Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available	<ul style="list-style-type: none"> - Role of Treasurer; - Performance Monitoring arrangements; - Reporting / accountability; - Communications team; - Engagement with local media; - Public Consultations; - Public Meetings; - Publication Scheme; - Annual Governance Statement

Sub-Principle C2 - Sustainable economic, social and environmental benefits

What does this mean?	How the Authority will achieve this
Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision	<ul style="list-style-type: none"> - Capital Programme; - Budget; - Role of Lead Members / Officers; - Role of Strategic Boards; - Forward Plan; - Decision making processes
Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	<ul style="list-style-type: none"> - Capital Programme; - Budget; - Role of Portfolio Lead Members; - Role of Lead Officers; - Role of Strategic Boards; - Forward Plan; - Decision making processes
Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits through consultation where possible, in order to ensure appropriate trade-offs	<ul style="list-style-type: none"> - Performance Monitoring arrangements; - Reporting / accountability; - Public Meetings; - Committee Structure / accountability; - Decision making processes
Ensuring fair access to services	<ul style="list-style-type: none"> - Equality Impact Assessments; - Role of Scrutiny Committee (Panel)

Core Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

Sub-Principle D1 – Determining interventions

What does this mean?	How the Authority will achieve this
Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks ensuring best value is achieved however services are provided	<ul style="list-style-type: none"> - Committee Structure; - Role of Portfolio Lead Members; - Role of Lead Officers; - Role of Strategic Boards; - Role of Advisory Boards; - Decision making processes; - Reporting arrangements / accountability
Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets & in mind of future impacts	<ul style="list-style-type: none"> - Public Consultations; - Committee Structure; - Role of Portfolio Lead Members; - Role of Lead Officers; - Role of Strategic Boards; - Role of Advisory Boards; - Role of Statutory Officers; - Decision making processes; - Budget / financial strategy

Sub-Principle D2 - Planning interventions

What does this mean?	How the Authority will achieve this
Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	<ul style="list-style-type: none"> - Calendar of meeting dates ; - Publication Scheme; - Public Meetings
Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	<ul style="list-style-type: none"> - Role of Portfolio Lead Members; - Role of Lead Officers; - Role of Strategic Boards; - Role of Advisory Boards; - Role of Statutory Officers; - Decision making processes; - Budget / financial strategy
Considering and monitoring risks facing each partner when working	<ul style="list-style-type: none"> - Risk Management arrangements

collaboratively, including shared risks	
Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances	<ul style="list-style-type: none"> - Performance monitoring arrangements; - Reporting arrangements
Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	<ul style="list-style-type: none"> - Performance monitoring arrangements; - Reporting arrangements
Ensuring capacity exists to generate the information required to review service quality regularly	<ul style="list-style-type: none"> - Effective use of resources; - Collaborative working with Constituent Councils / Merseytravel
Preparing budgets in accordance with objectives, strategies and the medium term financial plan	<ul style="list-style-type: none"> - Role of Treasurer; - Budget / Financial planning processes; - Risk management arrangements
Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	<ul style="list-style-type: none"> - Role of Treasurer; - Budget / Financial planning processes; - Risk management arrangements

Sub-Principle D3 – Optimising achievement of intended outcomes

What does this mean?	How the Authority will achieve this
Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	<ul style="list-style-type: none"> - Role of Treasurer; - Budget / Financial planning processes; - Risk management arrangements; - Performance monitoring arrangements; - Reporting arrangements
Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	<ul style="list-style-type: none"> - Role of Treasurer; - Budget / Financial planning processes; - Financial Strategy
Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	<ul style="list-style-type: none"> - Role of Treasurer; - Budget / Financial planning processes; - Financial Strategy
Ensuring the achievement of 'social value' through service planning and commissioning	<ul style="list-style-type: none"> - Role of Strategic Boards; - Role of Advisory Boards; - Decision making processes

Core Principle E - Developing the entity’s capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub-Principle E1 – Developing the entity’s capacity

What does this mean?	How the Authority will achieve this
Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	<ul style="list-style-type: none"> - Performance monitoring arrangements; - Reporting arrangements; - Role of Internal Audit; - Decision making processes
Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently	<ul style="list-style-type: none"> - Role of Treasurer; - CIPFA Benchmarking; - Collaborative working with constituent Councils / Merseytravel;
Recognising the benefits of partnerships and collaborative working where added value can be achieved	<ul style="list-style-type: none"> - Collaborative working with Constituent Councils / Merseytravel; - Authority Constitution / approved and agreed Protocols
Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	<ul style="list-style-type: none"> - Collaborative working with Constituent Councils / Merseytravel; - Authority Constitution / approved and agreed Protocols; - Role of Portfolio Lead Members; - Role of Lead Officers; - Role of Strategic Boards; - Role of Advisory Boards; - Role of Statutory Officers;

Sub-Principle E2 - Developing the capability of the entity’s leadership and other individuals

What does this mean?	How the Authority will achieve this
Developing protocols to ensure that	<ul style="list-style-type: none"> - Executive role of Merseytravel;

<p>elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p>	<ul style="list-style-type: none"> - Authority Constitution / approved and agreed Protocols; - Role of Portfolio Lead Members; - Role of Lead Officers; - Role of Strategic Boards; - Role of Advisory Boards; - Role of Statutory Officers;
<p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p>	<ul style="list-style-type: none"> - Authority Constitution / approved and agreed Protocols; - Regular review of Authority Constitution; - Committee Terms of Reference; - Processes for appointment of Committee Members / Chair
<p>Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</p>	<ul style="list-style-type: none"> - Authority Constitution / approved and agreed Protocols; - Role of Portfolio Lead Members; - Role of Lead Officers; - Role of Strategic Boards; - Role of Statutory Officers;
<p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p>	<ul style="list-style-type: none"> - Authority Constitution / approved and agreed Protocols;
<p>Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> - ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged - ensuring members and officers have the appropriate skills, knowledge, resources 	<ul style="list-style-type: none"> - Role of Monitoring Officer; - Member / Officer Training; - Briefings/ Reports to Committees; - Publication of Agendas 7 days before meetings; - Scrutiny Committee (Panel); - Effective use of IT to facilitate sharing of information

<p>and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</p> <ul style="list-style-type: none"> - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external 	
<p>Ensuring that there are structures in place to encourage public participation</p>	<ul style="list-style-type: none"> - Public consultations; - Publication Scheme; - Public meetings
<p>Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p>	<ul style="list-style-type: none"> - Collaborative working with constituent Councils / Merseytravel; - Regular engagement between Chief Executives / Lead Officers
<p>Holding staff to account through regular performance reviews which take account of training or development needs</p>	<ul style="list-style-type: none"> - Performance monitoring arrangements
<p>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing</p>	<ul style="list-style-type: none"> - Not Applicable – Authority currently has no directly employed staff

Core Principle F - Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.

Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery.

Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub-Principle F1 – Managing Risk

What does this mean?	How the Authority will achieve this
Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	<ul style="list-style-type: none"> - Formal consideration of risk in all decision making (Reports); - Risk Management arrangements
Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	<ul style="list-style-type: none"> - Risk Management arrangements; - Role of Audit Committee
Ensuring that responsibilities for managing individual risks are clearly allocated	<ul style="list-style-type: none"> - Risk management arrangements

Sub-Principle F2 - Managing performance

What does this mean?	How the Authority will achieve this
Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	<ul style="list-style-type: none"> - Performance monitoring arrangements; - Reporting arrangements; - Role of Programme Management Office;
Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social	<ul style="list-style-type: none"> - Consideration of risk implications a mandatory requirement in all formal decision making; - Decision making processes; - Publication Scheme (meeting minutes)

and environmental position and outlook	and agendas)
Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible – or encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making	<ul style="list-style-type: none"> - Role of Scrutiny Committee (Panel) - Role of Audit Committee; - Authority Constitution / Terms of Reference
Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	<ul style="list-style-type: none"> - Performance monitoring arrangements; - Reporting arrangements
Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)	<ul style="list-style-type: none"> - Role of Treasurer; - Financial planning / monitoring arrangements; - Reporting arrangements

Sub-Principle F3 - Robust internal control

What does this mean?	How the Authority will achieve this
Aligning the risk management strategy and policies on internal control with achieving objectives	<ul style="list-style-type: none"> - Risk management arrangements; - Internal Audit arrangements
Evaluating and monitoring risk management and internal control on a regular basis	<ul style="list-style-type: none"> - Role of Internal Audit; - Role of External (local) Audit; - Role of Audit Committee
Ensuring effective counter fraud and anti-corruption arrangements are in place	<ul style="list-style-type: none"> - Counter Fraud arrangements established within constituent Councils / Merseytravel; - Development of relevant counter-fraud / Whistleblowing Policies for LCRCA; - Internal Audit arrangements
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal Auditor	<ul style="list-style-type: none"> - Internal Audit arrangements operating in accordance with the requirements of the Accounts & Audit Regulations (2015) and Public Sector Internal Audit Standards (PSIAS)

	<ul style="list-style-type: none"> - Production of Head of Internal Audit's Annual Report and Annual Audit Opinion to inform Annual Governance Statement
Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body and provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon	<ul style="list-style-type: none"> - Role of Audit Committee

Sub-Principle F4 – Managing Data

What does this mean?	How the Authority will achieve this
Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	<ul style="list-style-type: none"> - Robust information management arrangements between constituent Councils / Merseytravel; - Effective use of It to facilitate information sharing; - Role of Secretariat
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	<ul style="list-style-type: none"> - Role of Monitoring Officer / legal advice - Legal agreements
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	<ul style="list-style-type: none"> - Performance monitoring arrangements; - Role of Internal Audit

Sub-Principle F5 – Strong public Financial Management

What does this mean?	How the Authority will achieve this
Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	<ul style="list-style-type: none"> - Financial Planning / monitoring arrangements; - Authority Constitution / Financial Procedure Rules - Role of Treasurer
Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	<ul style="list-style-type: none"> - Financial Planning / monitoring arrangements; - Authority Constitution / Financial Procedure Rules - Role of Treasurer

Core Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub-Principle G1 – Implementing good practice in transparency

What does this mean?	How the Authority will achieve this
Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	<ul style="list-style-type: none"> - Publication Scheme - Public Consultations; - Public Meetings; - Publication of Financial Statements
Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	<ul style="list-style-type: none"> - Publication Scheme - Public Meetings; - Publication of Financial Statements

Sub-Principle G2 - Implementing good practices in reporting

What does this mean?	How the Authority will achieve this
Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way	<ul style="list-style-type: none"> - Publication of Financial Statements; - Annual Governance Statement; - External Audit Report
Ensuring members and senior management own the results reported	<ul style="list-style-type: none"> - Reporting arrangements / accountability; - Role of statutory officers
Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)	<ul style="list-style-type: none"> - Annual Governance Statement

Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate	- Annual Governance Statement
Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations	- Publication Scheme; - Publication of Financial Statements in line with requirements of Accounts & Audit Regulations (2015)

Sub-Principle G3 - Assurance and effective accountability

What does this mean?	How the Authority will achieve this
Ensuring that recommendations for corrective action made by external audit are acted upon	- Role of Audit Committee
Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon	- Internal Audit arrangements operating in accordance with the requirements of the Accounts & Audit Regulations (2015) and Public Sector Internal Audit Standards (PSIAS) - Production of Head of Internal Audit's Annual Report and Annual Audit Opinion to inform Annual Governance Statement; - Role of Audit Committee
Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	- External (Local) Audit
Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	- Annual Governance Statement
Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met	- Authority Constitution / approved and agreed Protocols - Legal agreements - Assurance Framework

5. Monitoring and Review of Governance

This Code will be reviewed annually to ensure it continues to be relevant and fit for purpose.

The Authority will review the effectiveness of its governance arrangements and internal control systems annually and publish the review outcomes in the Annual Governance Statement (AGS). This Statement is prepared following an internal review of the Authority's governance arrangements, and it provides details of key areas where improvements can be made.

The AGS describes governance structures and arrangements and reports on their effectiveness, including performance against this Code. It also highlights any significant areas for improvement and identifies the actions that should be taken to address them in the forthcoming year.

Each year the Authority will publish its AGS, together with the Authority's Annual Accounts.

The AGS is discussed and approved by the Audit Committee, and is also examined by the Authority's appointed External Auditors.

Along with the Authority, the Audit Committee and the Standards Committee share responsibility for monitoring and reviewing governance arrangements and attending to issues relating to the Codes of Conduct.