

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: Members of the Liverpool City Region Combined Authority Scrutiny Panel

Meeting: 8 July 2015

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: No

REPORT OF THE LEAD OFFICER – SCRUTINY

REVIEW OF EUROPEAN FUNDING

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to report to the Panel the response from the Combined authority on the recommendations made by this Panel following its review of European Funding.

2. RECOMMENDATIONS

2.1 That:

- (i) the response of the Combined Authority be accepted; and
- (ii) the Combined Authority be requested to report progress to the Scrutiny Panel on the recommendations and responses in 12 months' time.

3. BACKGROUND

- 3.1 As part of its work programme, the Scrutiny Panel identified "European Funding" as a topic it wished to review. The review was undertaken via a series of evidence sessions conducted by the Panel and culminated with a report and a series of recommendations being approved by the Panel at its meeting on 8 April 2015. The report made a series of recommendations to the Combined Authority.
- 3.2 The Combined Authority considered those recommendations at its meeting on 19 June 2015. The Chair and members of the Authority welcomed the report and thanked members of the Panel for their comments and recommendations. Attached as Appendix 1 to the report is the formal response of the Authority which addresses and responds to each of the recommendations in the report.
- 3.3 Members of the panel are asked to consider those responses and either accept them or seek further information. If the Panel is happy to accept those responses

then the Panel may wish to ask for an update in, say, 12 months' time, on progress against those responses.

4. RESOURCE IMPLICATIONS

4.1 Financial

There are no financial implications associated with this report.

4.2 Human Resources

There are no human resource implications associated with this in this report.

4.3 Physical Assets

There are no physical assets issues associated with this report.

4.4 Information Technology

There are no information technology issues associated with this report.

5. RISKS AND MITIGATION

5.1 There are no risks associated with this report.

6. EQUALITY AND DIVERSITY IMPLICATIONS

6.1 There are no equality and diversity implications associated with this report.

7. COMMUNICATION ISSUES

7.1 There are no communication issues associated with this report.

8. CONCLUSION

8.1 The Panel is requested to commend on the responses received from the Combined Authority

DAVID PARR
Lead Officer – Scrutiny

Contact Officer(s):

David Parr, Chief Executive, Halton –

Tel: 0151 511 6000

Ian Leivesley, Strategic Director, Policy and Resources, Halton –

Tel: 0151 511 6002

APPENDIX 1

Proposed actions in response to Scrutiny Panel report on European Funding

	Recommendation	Responsible Officer	Agreed Action and Date of Implementation	Actual Date of Implementation
	Governance Arrangements			
1	The Panel recognises that, whilst there is no formal governance role for the Combined Authority (CA) and the fact that the ESIF (European Structural and Investment Fund) Strategy was produced and submitted prior to the formation of the CA, the CA should seek a more formal role in any future arrangements	Lead CEX (Europe) (Mike Palin) with LEP Exec Director with responsibility (Alan Welby)	Since the meeting of the Scrutiny Panel CLG have released Calls for projects but also indicated a stronger role for the Managing Authority as regards the overall Governance of the EU Programme. A paper was taken to the CA on April 17 outlining the implications. The paper recommended that once the details of this are fully known there is a Governance Review of the LCR approach to European Funding to ensure effective and efficient alignment of the Managing Authority role with LCR structures including the LEP and CA. Recommendation d) of the report to the CA stated: <i>“Note the EU governance structures will be reviewed to ensure that robust decision making and accountability is in place to ensure local priorities are considered in the selection of projects by the Managing Authority”</i>	August 2015
2	That a more formal role should include <ul style="list-style-type: none"> - Seeking assurance that projects being approved meet the CA's own plans and strategies. 	Lead CEX (Europe) (Mike Palin) with LEP Exec Director with responsibility (Alan Welby)	To ensure that projects fit against the plans and strategies of the LEP and CA a series of reports by theme area have been taken to the CA in the last year which identify priorities. These include an Enterprise Framework (which includes Business Support) and Innovation. It is intended that a report on ‘Place’ and ‘Low Carbon’ will go an upcoming CA identifying priorities in these theme areas. These jointly owned LEP/CA strategies represent	August 2015

	Recommendation	Responsible Officer	Agreed Action and Date of Implementation	Actual Date of Implementation
			<p>the plans and strategies against which the Managing Authority will be expected to test the strategic fit of projects utilising the advice of the local ESIF Committee.</p> <p>To ensure this is appreciated by the Managing Authority the CA will write to the Managing Authority ensuring that they are aware of these strategies and plans.</p>	
	<ul style="list-style-type: none"> - Assurance that the programme is delivering to its required outcomes. 	<p>Programme Team (CLG/DWP) and local TA Team reporting via CEX Europe and LEP Exec Director.</p>	<p>The programme monitoring role of the LCR ESIF Committee may change as the Managing Authority determine the final form of their function and role. Irrespective it is suggested that regular reports on programme performance be provided to both the LEP and the CA to ensure the programme is delivering the desired outcomes.</p>	<p>Last quarter 2015 (subject to managing authority clarification of role/process)</p>
	<ul style="list-style-type: none"> - A role for the CA in having strategic oversight of the programme. 	<p>Lead CEX (Europe)</p>	<p>CLG have not yet determined the final role/responsibilities they will have as the Managing Authority and that of the local ESIF Committee. As this becomes clear we will seek to ensure that the LEP/CA has an appropriate strategic oversight role.</p>	<p>August 2015 as part of governance review.</p>
3	<p>The justification for that greater oversight stems from the overall role and purpose of the CA and from the fact that the Local Authorities will still be providers of significant amounts of match funding to support the delivery of many of the projects and therefore the overall objectives of the ESIF</p>	<p>N/A</p>	<p>This point is recognised.</p>	<p>N/A</p>

	Recommendation	Responsible Officer	Agreed Action and Date of Implementation	Actual Date of Implementation
4	<p>Within the Operational Agreement (as part of its Constitution) approved by the CA as part of it establishing itself, there is a "European Protocol" document. The Panel recommends that the CA reviews that protocol alongside the review of its first 12 months of operation, ensuring it is fit for purpose, clearly defining who is responsible for what in relation to the European Funding Programme for the Liverpool City Region. The Panel felt that greater clarity was required in relation to the responsibility and accountability for the programme.</p>	<p>Lead CEX (Europe) working with CEX Group</p>	<p>It was agreed at the CA meeting on 17 April 2015 that there would be a wider Governance review surrounding the programme once clarity was provided from the Managing Authority on role/function of the local ESIF Committee. This will inform any required changes to the European Protocol.</p> <p>Given we are awaiting the Managing Authority to finalise the role/responsibilities of local ESIF Committees it proposed that such a review sit outside the current review of the CA's first 12 months of operation.</p>	<p>August 2015 as part of governance review.</p>
5	<p>The Panel heard evidence that the LEP has a formal role to play in the programme. The Panel felt that this needs to be made clearer that the LEP is an integral part of the CA, being one of its thematic boards. The Panel felt that the inter-relation between the LEP and the CA needs greater emphasis.</p>	<p>Lead CEX (Europe)</p>	<p>Government has given key responsibilities to LEPs independent of the existence of CA's, in part because there are 39 LEP's in England providing 100% coverage of the country whilst CA's only exist in 5 City Region areas. The protocols establishing the CA in the Liverpool City Region recognise the requirement for an inter-relationship between the LEP and the CA and the provision of a voting right to a LEP representative ensures close working. These arrangements are stronger in the City Region than in other areas and although complex could be better emphasised and will form part of any communication plan going forward.</p>	<p>Implemented already but will be better communicated.</p>

	Recommendation	Responsible Officer	Agreed Action and Date of Implementation	Actual Date of Implementation
	Commissioning/Bidding Framework			
6	The Panel acknowledges the positive work being done by the DCLG locally and the LEP to shape the LCR European Programme to ensure the maximum benefit is derived for the Liverpool City Region and appreciates that delays have been caused by the programme not being signed off by the EU. The process of committing EU funds is complex and the Panel would wish to see the CA having a clearer role in ensuring the LCR gets maximum benefits from the programme.	Lead CEX (Europe) with Exec Director (LEP)	The governance review needs to be undertaken once the Managing Authority is clear on local role/responsibility. Once this is clear, the review will seek to ensure that the LCR is in position to get maximum benefit from the programme.	Timing dependant on Managing Authority. Update to be provided by August.
7	Given that the EU funding available to the LCR is considerably less than that for previous programs it is imperative that it is spent in the most effective manner. The DCLG have indicated that collaborative and co-ordinated bids will be looked upon favorably, the Panel would like to see the CA encouraging constituent local authorities and other partners to work together to ensure that the collaborative bids are developed. With less money available it is essential that duplication and competition are avoided.	Lead CEX (Economic Development) for economic development bids. Lead CEX (Skills) for Skills Board	This is agreed and the CA/LEP and Constituent Authorities will work with DCLG to ensure that collaborative and coordinated bids are, as far as possible, put forward. This is a key feature of the strategies/plans that have been signed off by the LEP and CA over the last year.	Outline applications have been submitted in a way enabling consortium bids. Those will be further worked on.

	Recommendation	Responsible Officer	Agreed Action and Date of Implementation	Actual Date of Implementation
8	The CA should have a clearer role in any future review (as outlined in Lord Ahmad's letter) of the priorities and allocation of European Funding for the LCR	Lead CEX (Europe)	CA is a relatively new body and the priorities determined within the ESIF strategy were put together before the CA was formed. Although Government places this responsibility with the LEP, it would be expected that there would be close liaison with the CA in any future development of priorities as has been the case over the last year in the development of an Enterprise Framework and of the City Region Innovation Plan.	Will include in letter to Managing Authority (July 2015)
	Wider Issues/Comments			
9	In carrying out its review the Panel considered the issue of publicity of the availability of resources through the European Programme and was keen to see that the opportunity to access funding went beyond the "usual suspects". The Panel recommends that the CA seeks assurances and commitment from the DCLG and the LEP that local communications are effective and that support arrangements are in place to facilitate bidding from as wide a range of organisations as is possible.	Exec Director (LEP) and TA Team	The CA/LEP will work with DCLG to ensure that there is an effective communications strategy. The report provided to the CA on April 17 included as recommendation b) that the CA: <i>Request the LEP Executive, in consultation with Local Authorities, develop and implement a communications plan to assist partners</i> In addition, the LEP, with partners, undertook an information day with stakeholders on April 2 nd .	Ongoing.
10	The Panel also felt that the CA's role and responsibilities and those of relevant stakeholders should be mapped out and identified both in general terms and specifically relating to European Funding.	Lead CEX (Europe) with Exec Director (LEP)	This will be undertaken as part of the Governance review of the European Programme once the requirements of the Managing Authority are fully known.	August 2015

	Recommendation	Responsible Officer	Agreed Action and Date of Implementation	Actual Date of Implementation
11	The Panel also felt, generally, that the absence of a LCRCA website was detrimental to a wider understanding of the CA's role and value. The Panel fully understands the resource restraints on all constituent Councils but feels the introduction of a dedicated website would go some way to promoting the positive role the CA is playing in the development of the LCR	Lead CEX (Europe) with Exec Director (LEP)	Consideration is being given to the development of a CA web site recognising that this would be a cost that would need to be met.	October 2015