

D2N2 Investment Board – 14 September 2021

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
-----------------------	-------------------------------------	-------------------------------------	--	---

Meeting and Date	14 September 2021		
Subject	Audit Services Review of D2N2 Local Enterprise Partnership		
Author	L Towers	Total no of sheets (Excluding cover sheet)	2

Papers are provided for:	Approval <input type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input checked="" type="checkbox"/>
--------------------------	-----------------------------------	-------------------------------------	---

Summary and Recommendations
<p>This paper provides a summary of findings following the Audit Services review of the Local Enterprise Partnership for 2020-21.</p>

D2N2 INVESTMENT BOARD**14 September 2021****Audit Services Review of D2N2 Local Enterprise Partnership**

The Audit Services Memorandum summarises the main findings from the recent Internal Audit review of D2N2 Local Enterprise Partnership (LEP) which focused on the services provided by Derbyshire County Council through the Service Level Agreement. The purpose of this paper is to provide a summary of the findings to the Investment Board.

As part of its responsibilities as Accountable Body to the D2N2 LEP, Audit Services have also certified grant claims in respect of the Growth Hub and Peer Networks grant allocations in accordance with grant terms and conditions and requirements.

The LEP's governance structures remain robust with adequate supporting terms of reference. Key policy and procedural documents are in place and have been published on the D2N2 website. The Derbyshire County Council (DCC) D2N2 Accountant, in conjunction with the LEP's Head of Capital Programmes have provided regular and appropriate reporting to the D2N2 Investment Board detailing Local Growth Fund (LGF), Getting Building Fund (GBF) and Growing Places Fund (GPF) expenditure, outputs and financial positions. The overriding aims and strategies are detailed within the Vision 2030 Strategic Economic Plan.

As the LGF funding scheme concluded on 31 of March 2021, it has been a significant challenge to ensure funding was fully expended to reduce the risk of grant clawback. Despite the difficulties faced including delays to project progress caused by the COVID-19 pandemic, the funds were expended with an actual overspend of £1.78m that has been funded from the GPF which is permitted within the terms of the GPF agreement. This represents a considerable achievement.

In terms of the GBF allocation of £22.2m for 2020-21, £5.96m had been spent as at 31 March 2021 with the remaining £16.24m utilised as Freedoms and Flexibilities (as set out in the Grant Offer letters) by the Accountable Body in accordance with permission to do so as stated in the grant funding confirmation letter from MHCLG. This will be returned to the GBF during 2021-22 as the programme currently has an overcommitment of £2.45m. After factoring in the commitment to meet the projected GBF overspend and future pipeline projects, there remains over £10m of GPF funds available for further investment.

Based on detailed testing of a sample of four projects in receipt of funding during 2020-21 (two LGF and two GBF), the necessary evaluation, approval, monitoring and reporting procedures were all satisfactorily evidenced.

A number of areas of good practice have been identified and of the four recommendations raised during the previous review, three were fully implemented and one had been partially implemented. This demonstrates a commitment to the Audit process and a strengthening of the control environment.

The current Audit Services review raised three medium priority recommendations which are primarily the responsibility of the County Council as Accountable Body:-

- Ensure that a grant agreement to cover the Growing Places Fund (GPF) loan / grant to Nottingham City Council in relation to the Boots EZ project is finalised and issued for signing as soon as possible.
- Request the GPF loanee in respect of the Lime House project to sign and return the novation document to transfer the original agreement with Nottingham City Council to Derbyshire County Council. Action should be taken to recover the overdue loan repayments in respect of this project.
- Ensure the draft procedures in relation to debt recovery for the Growing Places Fund are reviewed and approved as soon as possible.

Daniel Ashcroft
Audit Manager

Accountable Body
Derbyshire County Council