

AUDIT AND RISK COMMITTEE

26 September 2023

LEVELLING UP FUND GOVERNANCE ARRANGEMENTS

Report of the Strategic Director for Places and Strategic Director for Resources

Strategic Aim:	A Special Place Sustainable Lives Health and Well A Modern and Effective Council	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr G Waller – Leader of the Council Cllr A Johnson - Portfolio Holder for Resources	
Contact Officer(s):	Penny Sharp, Strategic Director for Places	Telephone: 07973 854906 email: PSharp@Rutland.gov.uk
	Ingrid Hooley – Head of Sustainable Economy and Place	Telephone: 01572 720923 email: ihooley@rutland.gov.uk
	Kirsty Nutton, Strategic Director for Resources (S151)	Telephone: 01572 758159 email: KNutton@Rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That the Committee:

1. Considers the governance arrangements for the Levelling Up Fund (LUF) and that the arrangements provide the Committee with assurance for the management of the LUF Programme.

1 PURPOSE OF THE REPORT

- 1.1 This report is presented to the Audit and Risk Committee following from the Committee to consider the governance arrangements put in place for the management of the Rutland Melton Levelling Up Fund administration and delivery of the programme.
- 1.2 This report brings the governance approach developed by Officers in accordance with the Council's project management framework, and approved by Cabinet on 12 September 2023 to be considered under the Committee's following terms of reference:

6.3 Regulatory Framework –

- b) To monitor the effective development and operation of risk management and corporate governance in the Council
- e) To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- f) To consider The Council's compliance with its own and other published standards and controls.

6.5 Accountability Arrangements –

- a) To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 In March 2022, the Department for Levelling Up Housing and Communities (DLUHC) launched Round 2 of Levelling Up Fund (LUF). This was a competitive capital grant funding programme for investment in infrastructure to support local communities to 'level up' through: regenerating town centre and high streets; upgrading local transport and highways; and investing in cultural and heritage assets.
- 2.2 With Cabinet approvals in place, Rutland County Council and Melton Borough Council submitted a joint bid and were successful with £23m of funding secured. The bid focussed on addressing shared issues in rural market town economies. This aligned with the MP constituency area reflecting the need for MP support as a gateway requirement for LUF applications.
- 2.3 Rutland County Council is the Lead Local Authority with agreement the function is undertaken on a full cost recovery basis and with a formal agreement between the two local authorities governing the working arrangements including a partnership governance structure.
- 2.4 On the 12 September 2023 Cabinet approved governance approach for the programme and approval to commission works supporting all communications needs through competitive tendering via an appropriate framework.
- 2.5 The overall governance framework for the Rutland and Melton LUF Programme is made up of a number of components as follows:
 - the Memorandum of Understanding
 - the Assurance Framework
 - the 'Back to Back' Agreement
 - the Council's Corporate Management Framework.
- 2.6 The programme has a Board established including corporate and political leadership

across both authorities. Governance and Terms of reference of the programme and Board were agreed at a Board meeting on 27 July 2023.

2.7 The projects within the LUF Programme are listed below:

<p>Rutland County Council projects:</p> <ol style="list-style-type: none">1. Medi-tech digital innovation centre – <i>a commercially operated enterprise centre focused on developing health and care technologies to benefit residents and the wider population.</i>2. Mobi hub integrated transport - <i>addressing issues with connectivity and accessibility between market towns and services, particularly health. The funding will provide a new integrated transport hub (a ‘mobi-hub’) for public transport and active travel.</i>3. Enhanced digital visitor experience – <i>for the recent internationally significant finds of the Ichthyosaur and the roman mosaic</i>
<p>Melton Borough Council projects:</p> <ol style="list-style-type: none">4. The Stockyard - <i>development of food production units and events space</i>5. The Theatre - <i>to refurbish the main auditorium and backstage facilities, making the space more accessible</i>

3 LEVELLING UP FUND (LUF) – RCC GOVERNANCE STRUCTURE

3.1 The Council’s LUF governance structure is provided in the appendices:

- Appendix A - LUF Programme Governance
- Appendix B - LUF Executive Programme Board Terms of Reference
- Appendix C - LUF Delivery Board Terms of Reference
- Appendix D - LUF PID (Programme Initiation Document)
- Appendix E - LUF RAID (Risks, Actions, Issues and Decisions) Log

4 CONSULTATION

4.1 There are no consultation requirements for this report specifically. Consultations will be undertaken in respect to the delivery of the activity undertaken for the programme in accordance with the governance arrangements outlined in the appendices.

5 ALTERNATIVE OPTIONS

5.1 There are a variety of options for any Governance approach to complex capital programmes which have been considered. The approach approved by Cabinet on has been discussed and agreed with all partners involved in delivery of the programme, it has been approved by the Board and meets the requirements of the grant.

6 FINANCIAL IMPLICATIONS

6.1 The original LUF programme funding profile is summarised in the table below:

	Grant £000	Match £000	Total £000
Medi-Tech Digital Innovation Centre	5,792	1,200	6,992
Enhanced digital Visitor Experience	2,000	-	2,000
Integrated Transport	3,000	-	3,000
Total Project with RCC as Lead	10,792	1,200	11,992
Melton Town Centre Regeneration	12,159	2,035	14,194
Total LUF Programme	22,951	3,235	26,186

6.2 With submission of the signed agreement to DLUHC and the quarterly return for the previous financial year, DLUHC have released £4,205,953 of LUF to Rutland County Council facilitating a cash positive position.

6.3 All costs of the programme are being met within the funding envelope.

7 LEGAL AND GOVERNANCE CONSIDERATIONS (MANDATORY)

7.1 The commissioning, procurement and implementation of the Rutland elements of the LUF programme will be in accordance with the Council's Constitution, including the Contract Procedure Rules and Financial Procedure Rules. Cabinet and/or Council (whichever is appropriate in the circumstances) will be involved at key gateways to approve implementation of projects and limit any financial exposure.

7.2 During the development and assessment of the Rutland and Melton LUF bid specialist legal advice was obtained on the Subsidy Control implications of the bid – specifically on compliance with the Subsidy Control rules contained within the Subsidy Control Act 2022 (Note: the Subsidy Control regime has replaced the previous rules on State Aid). It was a DLUHC requirement of all bidders to provide assurance that any grant would be compliant with the Subsidy Control rules and would not distort the competitive market. DLUHC has requested all successful bidders to provide fresh assurance and for that reason the Council's legal advice is currently being refreshed, although there is no reason to believe the updated advice will depart from the original advice.

7.3 The cost of legal advice for the programme is funded through the programme with no additional pressure on the Council's revenue position.

7.4 Legal advice on the tendering and award will be sought at the appropriate stages of the procurement process.

8 DATA PROTECTION IMPLICATIONS

8.1 A Data Protection Impact Assessments (DPIA) has not been completed for because there are no risks/issues to the rights and freedoms of natural persons.

9 EQUALITY IMPACT ASSESSMENT

9.1 An Equality Impact Assessment (EqIA) has not been completed because there are no identified risks/issues for equalities or protected groups.

10 COMMUNITY SAFETY IMPLICATIONS

10.1 No direct implications arising from this report.

11 HEALTH AND WELLBEING IMPLICATIONS

11.1 There are no direct implications arising from this report.

11.2 For Rutland the LUF investment will leverage capital investment and commitment from health partners and will complement the Council's Transformation Programme and the Health and Care Collaborative workstream. For further considerations see previous LUF reports to Cabinet and Council, links provided in section 13.

12 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

12.1 The governance structure for the Rutland and Melton LUF programme is provided in the appendices. The governance structure has been set up to ensure the correct decision are being made and communicated.

12.2 The commissioning, procurement and implementation of the Rutland elements of the LUF programme will be in accordance with the Council's Constitution, including the Contract Procedure Rules and Financial Procedure Rules. Cabinet and/or Council (whichever is appropriate in the circumstances) will be involved at key gateways to approve implementation of projects and limit any financial exposure.

12.3 The Internal Audit plan has been amended to allocate audit days for assurance review into the LUF programme.

13 BACKGROUND PAPERS

13.1 Additional background information and Council papers:

[Council, 27 March 2023 – Rutland and Melton Levelling Up Fund Grant, Item 20](#)

[Cabinet, 12 September 2023 – Levelling Up Fund – Governance and Communications, Item 6](#)

14 APPENDICES

14.1 Appendix A - LUF Programme Governance

14.2 Appendix B - LUF Executive Programme Board Terms of Reference

14.3 Appendix C - LUF Delivery Board Terms of Reference

14.4 Appendix D - LUF PID (Programme Initiation Document)

14.5 Appendix E - LUF RAID (Risks, Actions, Issues and Decisions) Log

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

Appendices A – E as per the Cabinet Report 12 September 2023