

**CONSULTATION ON THE PROVISION OF FURTHER  
CLARITY ON THE ROLE OF SECTION 151  
FOLLOWING THE REVIEW OF LOCAL ENTERPRISE  
PARTNERSHIP, GOVERNANCE AND  
TRANSPARENCY**

**May 2018**

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance.

## **Background**

In October 2017 the [Mary Ney Review of Local Enterprise Partnership \(LEP\) Governance and Transparency](#) was published. The terms of reference were

*"To review whether the current systems provide sufficient assurance to the Accounting Officer and Ministers that LEPs fully implement existing requirements for appropriate governance and transparency; to consider whether the current requirements for LEPs are sufficient; and to make recommendations for improvements "*

This review followed concerns raised by the Public Affairs Committee and the National Audit Office about the governance and transparency arrangements of some LEPs.

The review produced a series of recommendations which were accepted and this included the recommendation to provide further clarity on the role of Section 151 officers.

This recommendation recognises that the Chartered Institute of Public Finance and Accountancy (CIPFA) publishes guidance on 'The role of the Chief Financial Officer' (CFO). The review noted that

*"Specifically of relevance to this role in LEPs is the need for the CFO to be actively involved in, and able to bring influence to bear, on all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the overall financial strategy."*

## **About The Role of the Chief Financial Officer (CFO)**

The CFO occupies a critical position in any organisation, holding the financial reins of the business and ensuring that resources are used wisely to secure positive results. While the global financial crisis and economic downturn have made these tasks even more challenging, they have also underlined the fundamental importance of the role. Achieving value for money and securing stewardship are key components of the CFO's role in public service organisations

The CIPFA Statement sets out how the requirements of legislation and professional standards should be fulfilled by CFOs in the carrying out of their role. It is intended to codify the key responsibilities of the CFO in local government and assist those carrying out that role in ensuring that they meet the key personal duties of the role.

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## **About Local Enterprise Partnerships**

Local Enterprise Partnerships (LEPs) were established as locally-derived business led partnerships between the private and public sector that would drive local economic growth. There are now 38 LEPs and they now have responsibility for around £12billion of public funding and are the mechanism for channelling the Local Growth Fund to localities.

Each LEP has the flexibility to determine the details of its governance and accountability arrangements and there are a variety of models including those that have remained as partnerships, local authority Section 101 committees, community interest companies and companies limited by guarantee.

Public funding for LEPs is directed via a local authority in the area of the LEP, which is appointed to undertake the accountable body role. The government also appoints Relationship Managers – regionally based civil servants who provide LEPs with day to day advice and support, and are the main channel of engagement between the LEPs and central government.

Annually the Department conducts a performance review (known as an Annual Conversation) with each LEP to review their progress on Growth Deal delivery over the past 12 months. This meeting considers a range of issues, including governance and transparency and results in an agreed set of actions.

The National LEP Assurance Framework sets out the arrangements the government expects to see in place within the LEP and for the accountable body role. It sets out what is expected in the LEP's own local assurance framework and also what is required by the Section 151 officers.

It is recommended in the review that further clarity is provided in the National Assurance Framework on the role of Section 151 officers.

## **Consultation**

It is against this background that CIPFA is consulting on the principles. These are intended to deal with the role that CFO's play within the LEP and improve the understanding and awareness of that role.

Recognising the need to ensure probity of public money spent through different arrangements whilst balancing the CFO's ability to direct in detail how such money is spent.

Following an analysis of the consultation responses the aim is to publish these principles in the summer, although the timing may change as a result of the consultation.

Responses to this consultation should be made in the response sheet issued with this consultation and returned to [Joanne.Pitt@cipfa.org](mailto:Joanne.Pitt@cipfa.org) by Wednesday 30 May 2018