

Accountable Body Function

Agreement

between

**Dorset Local Enterprise
Partnership CIC**

and

Dorset County Council

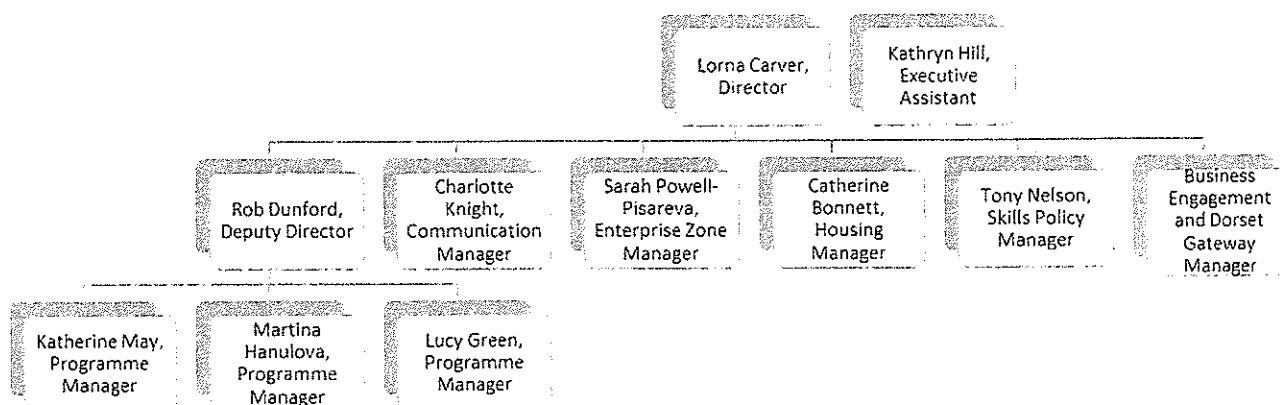
March 2018

Background

Dorset Local Enterprise Partnership (LEP) was established in 2011 and incorporated as a community interest company in 2016 with the aim of stimulating growth in the economy across the Dorset area. It is a business led private and public sector partnership that aims to promote local economic growth and prosperity. Acting as a strategic gateway to funding, Dorset LEP supports and delivers projects of long term economic benefit for all in Dorset through cross-sector partnership.

Dorset LEP conducts its business in accordance with its Articles of Association, Assurance Framework and LEP governance and transparency: best practice guidance.

Dorset LEP Team Structure Chart



Accountable Body

Dorset County Council act as the Accountable Body for Dorset LEP.

Role of the Accountable Body/ Chief Financial Officer

The statutory head of finance (section 151 officer) is in receipt of a general delegation from the Council in relation to Accountable Body matters, and through a team undertakes the following:

Financials

- Holds funding and makes payments to delivery bodies;
- Ensures the separate accounting for Dorset LEP related funds;
- Provide financial statements to the Dorset LEP Board;
- Monitors funds to ensure that they are used appropriately;
- Sign off Local Growth Fund reporting dashboard on a quarterly basis.

Governance

- Monitors the compliance of LEP business in accordance with the relevant assurance framework, LEP governance and transparency: best practice guidance
- Ensure independent audit of Dorset LEP related funds and activity is in place;
- Sign all grant agreements for Dorset Growth Deal and service level agreements for Growing Places Fund
- Ensures that the recommendations, advice and activities of Dorset LEP and its sub-groups are deliverable, are appropriately structured, and comply with statutory obligations, (for example, those under the Equality Act 2010, the Data Protection Act 1998, procurement, state aid and environmental duties etc);

AGREEMENT FOR THE PROVISION
OF ACCOUNTABLE BODY FINANCIAL SERVICES

BY DORSET COUNTY COUNCIL

TO DORSET LEP

Dated March 2018

AGREEMENT

THIS AGREEMENT dated [1/4/18] is made between DORSET COUNTY COUNCIL acting by the Chief Financial Officer ("the Provider") and DORSET LOCAL ENTERPRISE PARTNERSHIP acting by the Director ("the Client") for the provision of financial services in the manner here set out.

THE AGREEMENT

1. The PROVIDER shall:

- Provide a financial management and audit service to the Client as detailed in appendices 1 and 2 to this agreement ("the Service").
- Other services can be provided as required and on an ad hoc basis, such as the provision of legal advice.
- Deal with matters in an economic, efficient and effective way, taking into account the nature of the matter, and the relative priorities of other matters. The Client may, if he so wishes, specify and agree with the Provider that a particular matter shall be dealt with within an agreed timescale and so be accorded priority over other matters referred to the Provider by the Client.
- Take account of the security standards provided by the Client.

2. The CLIENT shall:

- Meet the cost of the Service, calculated in accordance with the provisions of this Agreement.
- Provide prompt and accurate instructions to the Provider, sufficiently detailed to enable the Provider to provide the Service.
- Advise the Provider of any changes in circumstances affecting the instructions, and respond promptly to reasonable requests from the Provider for information and instructions.

3. CHARGES AND BILLING ARRANGEMENTS

- The charges to be paid by the Client to the Provider shall be calculated and billed in accordance with Appendix 1.

4. VALUE ADDED TAX

- In addition to the sum specified in clause 3 the Client shall pay to the provider such Value Added Tax as may be properly chargeable by the Provider in connection with the provision of the service. When applicable any VAT levied will be reclaimable by DLEP.

5. WORK OUTSIDE OF THAT SPECIFIED IN THE AGREEMENT

- Due to the evolving nature of the LEP, arrangements to deal with new funding streams will be agreed between the provider and client. Work will be chargeable at £40 per hour plus VAT as applicable (inflated annually) when undertaken by the service accountant.
- Timescales and scope of any work will be agreed in advance.
- On-going areas of work can be dealt with through contract variation or annual review of this agreement.

6. SPECIALIST SERVICES AND WORKLOAD PEAKS

- There may arise financial or legal work of a specialist nature that cannot effectively and / or economically be dealt with by the Provider. In these circumstances it will be necessary to engage outside specialists. The nature and cost of this work will be agreed with the Client in advance of outside specialists being instructed.
- It may be on occasions necessary to engage outside specialists to deal expeditiously with peaks in the Client's workload. The nature and cost of such work will be agreed with the Client in advance before specialists are instructed.
- The costs, where so authorised by the Client, of employing any such specialists will be met by the Client.

7. DURATION OF THE AGREEMENT

- This agreement shall take effect on 1 April 2018, and shall remain valid until 31 March 2021, unless amended or superseded by a revised agreement between the parties. There shall be an annual review by the Provider and the Client of the services provided, on or around the anniversary of the agreement. This will include consideration of how and by whom the services are provided. There shall also be the option to extend the agreement beyond 31 March 2021 if this is mutually acceptable.

8. TERMINATING THE AGREEMENT

- Either party may at any time terminate all or any part of this agreement by giving not less than 12 months written notice to the other party or such shorter period as may be agreed in writing between the parties. In the event of termination under this clause, the Provider will be paid the remuneration due up to the date of termination and shall be reimbursed for all costs incidental to the orderly termination of the services.
- Where issues outside of the control of the client cause termination, such as changes in legislation / national operating models of LEPs, shorter timescales will be agreed in line with the need to close down the existing accountable body responsibilities (final

accounts etc.).

9. MONITORING OF THE AGREEMENT

The Provider shall ensure that -

- Work undertaken on behalf of the Client is monitored so as to ensure that it is of a proper professional standard.
- Work is not undertaken unless agree with Dorset LEP Director.
- Any budgetary or time constraints agreed with the Client for any particular matter are complied with, or the Client is forewarned if they are to be exceeded.
- There will be quarterly meetings between the nominated representatives of the Provider and Client to review the performance of the agreement.

10. DISPUTES

The parties will use their best endeavours to resolve by agreement any dispute as to the working of this agreement. In the unlikely event of failure to agree, the issue shall be referred for determination by a mutually agreed arbiter.

11. Confidentiality


- The Council shall not make use for its own purposes of, or disclose to any person (except as may be required by law), any information contained in any material provided to it by, or prepared by it for, Dorset LEP, which is of a confidential nature.
- Files may be required to be produced to quality assessors as part of an audit or quality check. Where this is the case, the Council shall ensure that the assessor is required to maintain confidentiality in relation to the files.

12. SIGNATURES

Signed..........

Dated.....14/9/18.....

(For the Provider)

Signed..........

Dated.....23/10/18.....

(For the Client)

Appendix 1 Charging and Billing Arrangements.

1. Charges

- The fixed charge for acting as the Accountable body for Dorset LEP, undertaking the role detailed in Appendix 2, is £35,000 per annum. The LEP will provide this funding through the administration allocations already earmarked within the Growing Places Fund.
- The charge at (i) above is based on an expectation that the time spent on LEP related activities will average 14 days per month, as outlined in the table below. If actual service delivery (with the agreement of the Client) requires significantly more or less than this, the annual charge will be adjusted by £300 per day.

Name	Job Title	No of hours / week or days per month
Richard Bates / Heather Lappin	Head of Financial Services / Group Finance Manager	3 day per month
Neil Gorman	Finance Manager	8 days per month
Other financial officers	Various	Equivalent of 3 days per month
Jo House	Solicitor	Ad hoc advice
Rupert Bamberger	Assistant Director - SWAP	Ad hoc per grant claim

- The provider will notify the client of the named individual who will act as the normal point of contact and any changes will be notified to the client in writing. There is no intention for any employer liabilities to be transferred to the LEP.
- The service will include the designated officer's use of information and advice obtained from colleagues at Dorset County Council in order to carry out the role effectively.
- Charges for work in addition to that specified in Appendix 2, as described in Section 5 of the agreement, will be chargeable at £40 per hour plus VAT as applicable, unless agreed otherwise. All work will be estimated and agreed in advance.
- If, with the agreement of the Client, additional specific specialist work is undertaken for the Client by external parties this will be recharged fully to the client.

2. Billing

Accounts for the fixed charges will be raised annually and are due for payment within 30 days. Charges for additional services will be billed separately in arrears, and shall be supported by details which identify the nature of the ad hoc service and the time spent by the provider in its provision.

3. Inflation

The fixed charge quoted above, together with any other charge or rate specified in this Appendix, will be subject to revision by mutual written agreement on 1 April in the year following the commencement of this Agreement and annually on 1 April thereafter, based on the annual change in the Retail Prices All Items Index published in the Office of National Statistics' 'Monthly Digest of Statistics' (Table 18.1), calculated using the previous January index.

Any changes will be reflected in a formal revision to this agreement.

Appendix 2. Details of Financial Service

Growing Places Fund

Growing Places Fund Steering Group

Attendance by named accountant at Growing Places Fund Steering Group meetings as finance representative.

Pre-agreement Due Diligence

- Credit Checking: Credit checking for due diligence / interest rate setting as required for compliance with State Aid regulations
- Heads of Terms: Input into Heads of Terms negotiation with the applicant

Payment of Loans

Payment to borrowers of Growing Places Fund loan having confirmed:-

- Approval by Growing Places Fund Steering Group and LEP
- Due diligence completed
- Signed legal agreement in place
- Appropriate security in place for loan repayment (private sector)
- Evidence that State Aid issues have been considered and appropriate interest rate has been used (private sector)
- Minuted approval from Executive Committee of Local Authority of security for loan repayment (local authorities)

Collection of Loan Repayments and Interest Payments

- Collection of loan repayments in line with terms set out in the loan agreement (private sector and local authorities)
- Monthly interest calculation and invoicing (private sector)
- Debt management including interest on late payments
- Ad-hoc invoicing for local authority repayments

Reporting

Growing Places Fund Steering Group

Monitoring report for each Growing Places Fund Steering Group covering loans outstanding / repaid / committed and current balance available for re-investment, including accumulated interest Dorset LEP

- Monthly update to LEP director
- A bi-monthly update to the LEP Board
- All requests for information responded to in a timely manner

Banking / Treasury Management

Banking

- Separate bank account maintained for Growing Places Fund
- Bank reconciliation carried out monthly
- CHAPS payments made for loans

Treasury Management

- Active treasury management following DCC Treasury Management Strategy to balance risk v return on cash balances
- Pooling of Growing Places / LEP funds with DCC balances for treasury management purposes
- Quarterly apportionment of interest received on the pooled funds to credit Growing Places Fund
- Updates provided to LEP Director and Board on interest received as part of regular bi-monthly reporting

Admin Costs

Legal

- Payment of invoices to DCC Legal Services or their competitively procured Private Sector Partner (Currently Michelmores) for Growing Places Fund contract work

Finance

- Cost will be recovered through this SLA as part of the annual agreed charge

LEP to receive a quarterly report evidencing the time spent on LEP matters to evidence the cost (for the whole service).

Accounting

Provision of annual financial statement of fund as at the end of March, in line with statutory timetable for publishing accounts (currently 30 June).

Accounting for Growing Places Fund within DCC accounts as agreed with the External Auditor.

Maintenance of Growing Places Fund / LEP accounting records within SAP as separate company

NB: External advice may be required for ad-hoc VAT / Partial Exemption / Tax advice at additional cost. This will be agreed in advance with the client.

DLEP

DLEP Board

DLEP to provide electronic copy of board papers to s151 officer.

S151 officer to attend DLEP Board meetings. In the event the s151 officer is unable to attend a representative may be agreed with the DLEP. Attendance will be notified to DLEP in advance of the meeting.

DLEP Revenue Costs

Payment of invoices for DLEP activities on receipt of

- Authorised invoice in line with the Scheme of Delegation
- Identification of funding source
- Payment of DLEP board members travel claims in line with the travel / expenses policy

Reporting

DLEP

- Monthly update to LEP director

DLEP Board

- Financial overview / issues report for each DLEP Board meeting

DCLG

- Grant returns and monitoring statements as required for section 31 grants and other specific grants for Growth Deal and Dorset Gateway
- High level management accounts suitable for sharing with the public, will be published on the website and in Dorset LEP annual report

Grants

- Advice re LA finance approval prior to grant submissions (from s151 officers / council executive committees etc.)
- Receipt of s31 Grants
- Grant claims / returns for Core Funding for Growth Deal, Dorset Gateway and Careers and Enterprise Company

Audit arrangements

Ensure adequate audit arrangements are in place across DLEP activities. Audit plan to be agreed in advance by DCC and the DLEP

Accounts

- Provision of annual financial statement of DLEP activities held by the Accountable Body.
- Preparation of CIC accounts for submission to Companies House
- Accounting for LEP funds within DCC accounts as agreed with the External Auditor
- Maintenance of DLEP accounting records within SAP as separate company
- Regular, clear reporting to DLEP Board on status of DLEP accounts through agreed process

Banking / Treasury Management

Banking

- Separate bank account maintained for DLEP funds
- Bank reconciliation carried out monthly
- CHAPS payments made as required

Treasury Management

- Active treasury management following DCC Treasury Management Strategy to balance risk v return on cash balances
- Quarterly apportionment of interest received on the pooled funds to credit DLEP
- Provision of capital to revenue swap where directed by the DLEP Board and subject to availability of balances and appropriate written agreement

Growth Deal

- Hold funding in separate dedicated account and make payment to delivery bodies in line with the grant agreements

- Maintenance of Growth Deal accounting records within SAP as separate company from DCC
- Provide regular financial statements to DLEP Board in line with agreed reporting process
- Submission of Grant claims to DCLG
- Put in place suitable arrangements for Audit of grant as required by the party issuing the grant.

Careers and Enterprise Company

- Hold funding and make payment to delivery bodies in line with the grant agreements
- Maintenance of Careers and Enterprise accounting records within SAP DLEP accounts, as separate company from DCC
- Provide regular financial statements to DLEP in line with agreed reporting process
- Arranging signature of the claims to Careers and Enterprise from S151 Officer
- Put in place suitable arrangements for Audit of grant as required by the party issuing the grant.

Dorset Gateway

- Hold funding and make payment to delivery bodies in line with the grant agreements
- Maintenance of Dorset Gateway accounting records within SAP DLEP accounts, as separate company from DCC
- Provide regular financial statements to DLEP in line with agreed reporting process
- Put in place suitable arrangements for Audit of grant as required by the party issuing the grant.
- Grant returns and monitoring statements as required by DCLG for grant

