

## GREATER CAMBRIDGE GREATER PETERBOROUGH ENTERPRISE PARTNERSHIP ASSURANCE FRAMEWORK

### Scope, Structure and operating principles

#### Introduction

- 1.1 Greater Cambridge Greater Peterborough Enterprise Partnership (GCGP) has successfully bid for £109.1m of grant allocation over the period April 2015 to March 2021 under the Growth Deal process. This Assurance Framework document sets out the roles, responsibilities and key processes for ensuring accountability, probity, transparency and value for money of that grant and GCGP's other funding as set out in paragraph 2.
- 1.2 Growth Deal Grant will be transferred to GCGP's Accountable Body under a Section 31 grant determination on an annual basis. For April 2015, £21.1m will be payable. GCGP's Accountable Body in respect of this grant is Cambridgeshire County Council<sup>1</sup>. Cambridgeshire County Council are currently GCGP's Accountable Body in respect of the £16m Growing Places Fund, £3.2m Regional Growth Fund Agri-tech Initiative, £300k Growth Hub, and £250k LEP Core Funding.
- 1.3 The Framework covers three areas: Part 1 sets out the governance and working arrangements, Part 2 covers options appraisal and prioritisation and Part 3 deals with value for money (VfM) and business case development. Whilst differing sources of appraisal may be used dependent on the nature of an intervention (skills, economic development or transport) all will be consistent with a proportionate application 5 Cases approach set out in the Supplementary Guidance to the Green Book<sup>2</sup>.

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<sup>1</sup> Different Accountable Body arrangements apply for the Enterprise Zone Business Rate Retention Scheme.

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/277345/green\\_book\\_guidance\\_on\\_public\\_sector\\_business\\_cases\\_using\\_the\\_five\\_case\\_model\\_2013\\_update.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/277345/green_book_guidance_on_public_sector_business_cases_using_the_five_case_model_2013_update.pdf)

- 1.4 In developing this Framework four key principles were used. The first was to draw together the approved assurance processes that already exist in relation to GCGP funding programmes (recognising that Cambridgeshire County Council already provides an Accountable Body function for two devolved funds under GCGP's control. The second was to take into account the guidance on assurance to Local Enterprise Partnerships<sup>3</sup>. The third was to ensure the right processes are in place to ensure decisions over funding provide value for money. Finally, to take a light touch, focusing only on those key practices and standards which are necessary to provide government and local partners with assurance that decisions over funding are proper and robust.

### PART 1 – MEMBERSHIP, GOVERNANCE AND WORKING ARRANGEMENTS

#### Geography and governance structure

- 1.5 GCGP's geography covers the local authority areas of Cambridge, East Cambridgeshire, Fenland, Forest Heath, Huntingdonshire, North Hertfordshire, Peterborough, Rutland, South Cambridgeshire, St Edmundsbury, Uttlesford, and West Norfolk & Kings Lynn.
- 1.6 GCGP is a Company Limited by Guarantee, company number 07553554. The **Articles of Association** are attached as Appendix A, which describe the nature of the Company, its Board and core operating principles. The **Members Framework Agreement** is attached as Appendix B, which records the terms and conditions of their understanding and of regulating their relationship with each other and certain aspects of the affairs of and their dealings with the Company. The **Scheme of Delegation** is attached as Appendix C, which details a named person, Board or Sub-Committee for financial decision-making.
- 1.7 The aim of GCGP in managing the Growth Deal grant is to agree and oversee the delivery of a business-led programme of interventions that will help to support the sustainable economic growth and continued prosperity of the Greater Cambridge Greater Peterborough area. This will be in line with GCGP's overarching vision and Strategic Economic Plan. In particular GCGP will:
- Ensuring value for money is achieved;

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<sup>3</sup><https://www.gov.uk/government/publications/local-enterprise-partnership-lep-national-assurance-framework>

- Identify a prioritised list of investments within the available budget;
  - Make decisions on individual scheme approval and investment decision making;
  - Monitor progress of scheme delivery and spend;
  - Actively manage the devolved budget and programme to respond to changed circumstances.
- 1.8 The Board agreed in January 2015 that it will retain the core responsibility for decision-making on project approvals under the Growth Deal, taking into account the corporate governance provided in the Appendices.
- 1.9 That decision-making will be informed by three advisory groups (programme boards):
- The Local Transport Panel will assess and make recommendations to the Board on capital transport projects;
  - The Investment Sub-Committee will assess and make recommendations to the Board on capital economic development and skills projects funded via Growth Deal;
  - The Agri-tech Programme Board will assess and make recommendations to the Board on capital and revenue Agri-Tech projects.
- 1.10 The Board also resolved to continue its delegation of decision-making responsibilities on the Agri-tech Initiative to the Agri-tech Programme Board, to align with the current approved operation of the existing Regional Growth Fund scheme.
- 1.11 Terms of reference for the **Investment Sub-Committee** and the **Agri-tech Programme Board** are attached as Appendices D and E. The terms of reference of the **Local Transport Panel** are being revised, as it transitions from the Shadow Local Transport Body Board currently in operation.

### Accountable Body

- 1.12 The Accountable Body will hold the funding and make payments to the delivery bodies. The Accountable Body will account for these funds in such a way that they are separately identifiable from the Authority's own funds, and provide financial statements to GCGP as required. The Growth Deal funding and any interest accrued can and will only be used in accordance with a GCGP decision.
- 1.13 The Accountable Body will undertake the following responsibilities:
- Ensuring that the Growth Deal decisions and activities of the GCGP conform to legal requirements with regard to equalities, social value, environmental, State Aid, procurement etc.
  - Ensuring (through Section 151 Officer) that the funds are used appropriately;
  - Ensuring that GCGP keeps an official record of its proceedings;
  - Holding relevant financial documents;
  - Responsibility for the decisions of GCGP in approving schemes in compliance with this Assurance Framework (e.g. if subjected to legal challenge);
  - Issue grant offer letters/contracts;

- Ensuring that the local LEP assurance framework is adhered to.
- 1.14 Grant offer letters/contracts with delivery partners will set out the specific requirements regarding conformity and adherence to the Assurance Framework in undertaking any work or delivering schemes funded by Growth Deal grant.
- 1.15 The role of Accountable Body and (where relevant) scheme promoter will need to be strictly independent of each other to provide assurance of no conflict of interest.

### Audit

- 1.16 Annual audits will be carried out by Accountable Body's independent auditor. As a Company, GCGP's accounts are already subject to regular independent audit.

### Transparency and engagement operating principles

- 1.17 GCGP recognises the importance of having clear arrangements in place which enable effective and meaningful engagement of local partners and the public. It also acknowledges the importance of having transparent practices in place which give people confidence that decisions made are proper, based on evidence and capable of being independently scrutinised. For both reasons, GCGP has put in place a range of arrangements to ensure transparency and engagement, as follows.

#### (a) Website

- 1.18 GCGP has a dedicated website through which local partners and the public can keep in touch with progress on implementing the Growth Deal and access key documents. The URL is <http://www.gcgp.co.uk>.

#### (b) Making and recording decisions

- 1.19 The agendas and papers for – and minutes of – meetings of the Board are published on the LEP's website: <http://www.gcgp.co.uk/yourlep/board/board-meetings/>. The only exception to this relates to material of a confidential or commercially sensitive nature.

#### (c) Engagement with Local Authority Partners

- 1.20 In addition to the formal representation of Local Authority representatives on the Board itself, GCGP has also established a **Local Authority Leaders Group**. Chaired by the Chairman of GCGP, this brings together the political leaders (or equivalent) of all 13 Local Authorities covered by the GCGP area. Terms of reference are in Appendix F.

#### (d) Engagement with business and academic communities

- 1.21 In addition to the formal representation of business and academia on the GCGP Board, there are a number of mechanisms to engage with these constituents (beyond the general communications function of GCGP). A series of sub-committees exist to engage with specific sectorial interests. These provide advice to the Board and help to stimulate pipeline project ideas. Current information can be found here: <http://www.gcgp.co.uk/yourlep/our-groups/>. GCGP also has its Signpost2Grow service launching in 2015: [http://www.gcgp.co.uk/business\\_support/signpost2grow/](http://www.gcgp.co.uk/business_support/signpost2grow/)

#### (e) Freedom of Information

- 1.22 Although GCGP's Company Limited by Guarantee structure means that it is not covered by the Freedom of Information Act, it will work through the Accountable Body to ensure that as far as is practicable, Freedom of Information and Environmental Information Regulation requests in connection with the Growth Deal are dealt with in line with relevant legislation.

**(f) Avoiding conflicts of interests**

- 1.23 The Members Framework Agreement sets out the approach to conflicts of interest. A Register of Board Members Interests is maintained. The conflicts of interest policy also applies to sub-committees making specific recommendations on Growth Deal projects.

**(g) Complaints**

- 1.24 GCGP will handle any complaints in line with a published complaints policy.

## PART 2-OPTIONS APPRAISAL AND PRIORITISATION

### *Scheme Identification, Assessment, and Prioritisation*

#### Introduction

- 2.1 The Growth Deal already has a number of specific named projects. These are progressing under Part 3 of this Assurance Framework (value for money considerations). The Growth Deal also sets up several Programmes (extensions to the Agri-tech fund and Growing Places Fund) the operation of which are set out in the relevant Appendices. Appendix G describes the assessment process for economic development projects that will progress under the **Growing Places Fund Extension**. Appendix H describes the assessment process for agri-tech projects under the **Agri-Tech Initiative Extension**. Appendix I describes the assessment process for **Skills projects**. Finally, Appendix J describes the assessment process for **Transport projects**.
- 2.2 This range of interventions funded by the Growth Deal will be kept under review by GCGP. At the same time, work will continue on developing a robust pipeline of projects to attract further public and private investment. This will continue to identify options that are deliverable, offer high value for money, maximise social value, and provide wider benefits to the GCGP area. Option concepts may be “bottom-up” (derived from a call for projects or direct approach by businesses/delivery bodies) or “top-down” (through a strategic commissioning route).
- 2.3 GCGP has developed a clear basis against which such projects and programmes are identified, appraised and prioritised, although the level of assessment needs to be **proportionate to the scale and type of project** (for example the Agri-tech programme requires a Pre-Qualification Questionnaire and then a single stage of Business Case application). Detail of the process for each funding type is set out in the relevant Appendices, and will be summarised on the GCGP website.
- 2.4 GCGP is using the Five Cases Model to underpin its assessment approach. The Model sets out how a business case in support of a new programme or new project must evidence:
- That the intervention is supported by a compelling case for change that provides holistic fit with other parts of the organisation and public sector– the “strategic case”;
  - That the intervention represent best public value – the “economic case”;
  - That the proposed Deal is attractive to the market place, can be procured and is commercially viable – the “commercial case”;
  - That the proposed spend is affordable – the “financial case”; and
  - That what is required from all parties is achievable – “the management case”.

#### Strategic Outline Case

- 2.5 Project concepts will be assessed for eligibility via a Pre-Qualification Questionnaire or Expression of Interest form. This will be undertaken by GCGP officers or the relevant programme managers. This will include broad considerations of deliverability, cost, value for money, timescales, and strategic fit with GCGP priorities. This is equivalent to the Strategic Outline Case stage. Any projects that do not have a strong strategic fit and perform poorly against the criteria will not be taken further, with feedback being given to the scheme promoter.
- 2.6 GCGP is keen to maximise use of its grant, and will consider if other funding opportunities might be available to project promoters including commercial funding. GCGP will also look for a substantive local funding contribution (private or public) in all projects, unless an exceptional case is made.
- 2.7 Projects already specifically named in the Growth Deal document are considered to have completed the Strategic Outline Case stage (and in most cases the Outline Business Case).

### **Outline Business Case and prioritisation**

- 2.8 For new projects not named in the Growth Deal, GCGP will keep under review a prioritised list of range of project applications. This ranked list will be developed by Sub-Boards and Panel, taking into account the advice of the Local Authority Senior Sponsor Group, and the Business Representatives Group, with Independent Technical Advisor support as necessary. The Investment Sub-Committee will maintain an overview of the Growth Deal funding programme, to make recommendations to GCGP Board on managing it effectively.
- 2.9 To inform the prioritisation, project promoters will progress to a more detailed application form. This will then be formally appraised (using the Early Assessment and Sifting Tool where relevant), and reported to the relevant programme board for consideration. This is equivalent to the Outline Business Case stage.
- 2.10 Projects will deliver value for money is where the economic benefits of the scheme exceed the costs of investment and future maintenance / operation. Value for money assessments will, at the prioritisation stage, be based on available quantitative and qualitative criteria, but scheme promoters should seek to provide a Benefit Cost Ratio for each scheme to justify that the scheme has 'high' value for money (a Benefit Cost Ratio equal to or greater than two-to-one) with justification and transparency of method and assumptions.
- 2.11 Qualitative information may point to benefits for certain target areas, agglomerations or populations; and could also use evidence of the success of similar schemes elsewhere. The important issue is that key assumptions are made explicit and subject to robust challenge.

- 2.12 Environmental and social and distributional impacts are another key element of the value for money equation. Scheme promoters will need to be mindful that there could be both potential synergies and conflicts between these. Scheme promoters should consider the spatial distribution of positive and negative impacts, whether the impacts are very large for a small number of users or dispersed over a larger number of users. Analysis should also attempt to identify who are the 'winners' and 'losers' and to what extent. The business case work must make any such synergies and conflicts explicit and should propose suitable mitigation where relevant.
- 2.13 Further guidance for scheme promoters will be published to ensure a consistent level of information for assessment and prioritisation.
- 2.14 GCGP reserves the right to decide not to include a scheme in the prioritisation process if key information is missing or if it is not based on a robust set of assumptions.
- 2.15 Using this methodology will ensure that the required information is available to enable a robust prioritisation exercise to be undertaken. This approach follows multi-criteria assessment good practice, with scoring on three point or five point scales for simplicity and transparency, along with justification for the scoring. Total or average scores will not be calculated for the simple prioritisation of schemes and nor will weightings to each of the five cases. Rather, schemes across all policy areas will be given an overall score within each of the five cases, adjusted for uncertainty, then ranked within each case. Professional judgement by the relevant Independent Technical Advisors will then recommend a prioritised list by considering collectively the results across all five cases.
- 2.16 Outline Business Cases will be appraised (by the Independent Technical Advisor or GCGP staff as defined in the Programme Appendices). An Outline Business Case Assessment Report will be prepared and will not only make recommendations for scheme business case progression or amendment, but also contain assessment of the adherence, proportionate and robust application of Government's cases guidance (with a greater focus on the strategic case and economic case), the reasonableness of the approach, the level of uncertainty in assuring value for money and key risks, and key recommendations for improvement. Feedback will be provided to the scheme promoter.
- 2.17 The relevant Sub-Groups and Panels will consider a short-list, with an over-programmed option for the (anticipated) level of funding, to then make a recommendation to GCGP Board. It will then be for the GCGP Board to make a decision on funding priorities and agree projects (for the Accountable Body to issue grant letters/contracts). It will need to look across the piece and agree the appropriate balance between very different types of projects; some will be large, complex and long term projects and others may well be smaller and likely to achieve impact more quickly.
- 2.18 Scheme assessment should take place as appropriate following sifting rounds or with sufficient lead in time to bidding rounds and deal negotiation with Central Government. Schemes which have already been assessed once, do not require further assessment unless the scheme promoter provided amended or additional information.



## PART 3 – SCHEME APPRAISAL AND INVESTMENT DECISIONS

### *Detailed Scheme Appraisal and Value for Money*

#### **Introduction**

3.1 Once schemes have been prioritised GCGP will inform scheme promoters that schemes need to be developed to Full Business Case stage in order to bid for or access funding (subject to any specific exceptions given in the Programme appendices). Business cases must be in line with Her Majesty's Treasury's Green Book: Appraisal and Evaluation in Central Government<sup>4</sup> and relevant Central Government Department Guidelines such as the Department for Transport's WebTAG, proportionate to the scale of the scheme.

#### **Full Business Case**

3.2 The development of the Full Business Case has a far greater emphasis on commercial, financial and management cases, ensuring arrangements are appropriate for effective delivery, including necessary statutory and procurement requirements (as appropriate).

3.3 A Full Business Case Assessment Report will be produced at this stage. Like the Outline Case report, the report will contain assessment of the adherence to a proportionate and robust process (with an equal focus on all five cases), the reasonableness of the approach, the level of uncertainty in assuring value for money and key risks, and recommendations for funding approval or amendments to the business case. Feedback will be provided to the scheme promoter.

3.4 The Full Business Case Assessment Report will be considered by the relevant Sub-Boards or Panel, before they make recommendations for funding approval to the GCGP Board.

#### **3.5 External Scrutiny of Business Cases**

3.6 Where relevant, the scheme sponsor must engage stakeholders as part of the business case development process and include the results of this engagement in the business case documents. Each Programme will set out the requirements for the publication of Business Cases and results of Business Case Assessments. Commercially sensitive information will be redacted.

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<sup>4</sup> Source: <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government> (accessed 31st March 2015)

- 3.7 Any public or stakeholder representation on the business cases must be considered by the GCGP Board and the Board must demonstrate how such representations have been considered.

### **VfM / Benefit Cost Ratio**

- 3.8 Schemes with a Benefit Cost Ratio of less than two-to-one will not normally be funded unless wider appraisal evidence provides a compelling case for investment. Such compelling circumstances could include where a scheme is required to unlock a barrier to growth or deliver wider economic benefits without detriment to the other cases of the business case; or where the time, effort and / or cost of monetisation of other economic, environmental and / or social and distribution impacts is too great for the value for the scheme and time available, but likely impacts would be to raise the Benefit Cost Ratio to or above two-to-one.
- 3.9 Where this occurs scheme promoters will be required to justify the investment through provision of an evidence base and a proportionate analysis of benefits not included in the central benefit-cost analysis, and to demonstrate how these help deliver the objectives of the Strategic Economic Plan.

### **Scheme development costs**

- 3.10 The scheme promoter is responsible for all up-front costs at each stage of the business case development. However, if a scheme is approved for implementation, the promoting body will be able to claim back preparatory costs that are considered to be 'capital'. Reasonable costs for the Independent Technical Advisors' independent assessment and GCGP prioritisation will also be provided by scheme promoters. GCGP will consider requests to forward fund scheme development costs from Growth Deal allocations.

### **3.11 Sign-Off, Release of Funding and Conditions**

- 3.12 If funding is not approved, the scheme promoter may bring the scheme back for reassessment within the financial year should time permit for timely assessment and delivery. If time does not permit, the GCGP Board will agree whether to postpone funding the schemes or how to reallocate the funding to the over-programmed list of schemes to achieve similar or better outcomes taking recommendations from the relevant Sub-Groups and Panels.
- 3.13 If funding is approved, a formal agreement will be issued between the Accountable Body (agreement to be co-drafted with GCGP) and the scheme promoting body setting out the conditions under which the devolved funding is to be spent and the respective responsibilities, and for ensuring the conditions are adhered to. The Accountable Body will not release funding until the GCGP Board has approved funding and the Value for Money Statement has been signed-off by the Section 151 Officer of the Accountable Body.

3.14 If the Accountable Body's Section 151 Officer does not agree that a decision of the GCGP Board is in line with this Assurance Framework and therefore does not agree to sign-off the Value for Money Statement, the Accountable Body will propose a means of resolution with GCGP Board, informing the relevant Sub-Groups and Panel, Scheme Promoter, and Independent Technical Advisors as relevant.

### **3.15 Programme and Risk Management**

3.16 The Growth Deal funding currently runs from April 2015 to March 2021, and a realistic and deliverable programme will be developed and maintained to deliver during this timeframe. For each scheme that is included in the six-year programme, the scheme promoter will be required to provide an initial implementation summary report. This should include timescales for:

- a) production of the business cases and all associated technical work;
- b) progress of outline and detailed design;
- c) gaining statutory orders;
- d) public consultation if required;
- e) scheme procurement; and
- f) construction.

3.17 Any risks to the delivery of the scheme programme should be made clear from the outset and monitored regularly. A robust system of project and risk management will be put in place for the individual schemes overseen by the GCGP Board. This will enable spend profiles to be effectively monitored and managed by scheme promoters, the Accountable Body, and the GCGP Board and its Sub-Groups and Panels.

3.18 The scheme promoting body is responsible for informing the Accountable Body and GCGP of any significant changes to a scheme's scope, costs and implementation timetable. The Accountable Body and Local Enterprise Partnership (and its relevant Sub-Groups and Panels) will consider any necessary remedial actions.

3.19 As defined in the relevant Programme each scheme promoter will submit monitoring reports to GCGP and Accountable Body which will confirm the programme and budget pre-delivery for each scheme, along with costs and delivery progress against programme during delivery, and identify any changes and highlight any key issues. This information will be used to identify scheme specific risks and issues, and will enable the overall programme to be managed.

3.20 As defined in the relevant Programme, the Accountable Body will undertake regular audits of the financial process by requesting evidence from the scheme promoter that funds are being spent on the specified capital scheme. The Accountable Body will advise GCGP of any concerns or irregularities.

- 3.21 GCGP will not be liable to fund increases in costs in full or part. These must be met by the scheme promoter. Delays to the scheme may mean that it is not possible to allocate funding or continue to allocate funding within the period up to March 2021. In this case, the GCGP Board and Accountable Body may decide to re-prioritise the programme, request funding be returned, cease further payments, and / or bring forward another scheme that is deliverable within the timescales.

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