

To Greater Cambridge Greater Peterborough Local Transport Body
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From Steer Davies Gleave
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Project Independent Technical Advisor Project No. 22766701

Advice on Assurance Framework and Scheme Assessment

Overview

1. This note provides advice on the transition and development of the Greater Cambridge Greater Peterborough Local Enterprise Partnership Assurance Framework, particularly the governance and process for approving funding; and the processes for scheme assessment.

Assurance Framework

2. All Local Enterprise Partnerships are required to develop an Assurance Framework to ensure value for money with the Local Growth Fund and wider funding routed through local government, and to ensure transparent, accountable, and robust decision making. Government's *LEP Assurance Framework*¹ issued in December 2014 provides the national standards and guidance to Local Enterprise Partnerships and their partners for the development and use of local Assurance Frameworks. The basis for the national *LEP Assurance Framework* is the Department for Transport's guidance on Local Transport Body Assurance Frameworks, and the expectation of government is for Local Enterprise Partnerships to transition from the Local Transport Body Assurance Framework to that of the full Local Enterprise Partnership.
3. It is acknowledged that the geography of the Local Transport Body and Local Enterprise Partnership for Greater Cambridge and Great Peterborough are not the same. This need not necessarily present a challenge, but all constituent local authorities (and key other key partners) are required to sign-up to the new Assurance Framework. The Section 151 Officer for Cambridgeshire County Council, as Accountable Body, is then required to notify the Accountable Officer in the Department for Communities and Local Government that the Assurance Framework is agreed, being implemented, and meets the standards of the national *LEP Assurance Framework*.
4. Officials from Cambridgeshire County Council have proposed the following process for signing-off scheme funding (see Table 1).
5. **Comments on Stage 1 and 2:** It is recommended in the *LEP Assurance Framework*, that transport scheme promoters have the opportunity to seek early advice on whether their study approach is fit-for-purpose, particularly in relation to modelling and social and distributional impacts. It is not clear from the proposed approach if this has been included prior to the six stages outlined. It is also implicit in the *LEP Assurance Framework* that the quality assurance process should be staged. Experience and good practice from other Local Enterprise Partnerships would recommend scrutiny of the Outline Business Case before the Full Business Case in a staged approach. This can prevent abortive work from being conducted by scheme promoters, the Independent Technical Advisor, the Local Transport Panel, the Local Enterprise Partnership Board, and the Accountable Body by not presenting under-developed scheme business cases for final assessment and quality assurance.

¹ Source: <https://www.gov.uk/government/publications/local-enterprise-partnership-lep-national-assurance-framework>

Table 1: Cambridgeshire County Council proposed Scheme Funding Approval Sign-off Process

Stage	Who	Role
1	Scheme promoter	Submit Value for Money Assessment / Business Case as appropriate to independent advisor
2	Independent Technical Advisor	Assess scheme Value for Money Assessment / Business Case
3	Independent Technical Advisor	Make recommendation to Section 151 Officer of the Accountable Body for signing off Value for Money Statement
4	Section 151 Officer of the Accountable Body	Sign off Value for Money Statement
5	Local Transport Panel	Recommend scheme to Local Enterprise Partnership Board with Section 151 Officer Value for Money Statement
6	Local Enterprise Partnership Board	Approve scheme for the release of Local Growth Fund to scheme promoter

6. **Comments on Stage 2 to 3:** It is recommended that any independent scheme assessments and recommendations should be shared with the scheme promoter and the Local Transport Panel, as well as the Section 151 Officer of the Accountable Body. As mentioned above, it is also recommended that the assessment should be staged with an initial assessment of the process followed, and then of the Outline Business Case. It should be noted that for transport schemes (and we recommend all schemes) the *LEP Assurance Framework* requires all business cases to be published and publicised before a funding approval decision is made so that external comment is made. It is also recommended in the *LEP Assurance Framework* that this should be at least three months from the decision point. One option would be to publish and publicise Outline Business Cases three months in advance of funding approval decision making and Full Business Cases one month in advance.
7. **Comments on Stage 3:** It is recommended that a draft Value for Money Statement should be provided by the scheme promoter as part of the Value for Money Assessment, which can be assessed by the Independent Technical Advisor.
8. **Comments on Stages 4 and 6:** All decisions for funding approval need to be approved by the Section 151 Office of the Accountable Body, and in doing so, the Accountable Body has responsibility for ensuring all decisions adhere to the local Assurance Framework. It is explicit in the *LEP Assurance Framework* that that the local Assurance Framework must outline the systems and circumstances by which an Accountable Body would not comply with a Local Enterprise Partnership decision and the process for resolving that. As such it is recommended that whilst the Section 151 Officer of the Accountable Body should be kept informed of the schemes seeking funding and any interim or final independent scrutiny of the schemes and be able to express opinion, the approval by the Section 151 Officer should come after that of the Local Enterprise Partnership Board.

Scheme Assessment

9. Cambridgeshire County Council officials have recommended that for smaller transport schemes (i.e. in receipt of or bidding for under £5 million of Local Growth Fund) that the business case template, including the value for money assessment, could use a similar template to that of a Pinch Point Fund Bid (used to bid for funding from the Department for Transport), as shown in the Full Business Case for the Bourges Boulevard Phase 1 transport scheme. In principal, this approach is supported. The Pinch Point Fund Bid template broadly follows the ‘five cases’ of Her Majesty’s Treasury’s *Green Book – Appraisal and Evaluation in Government* and the approach requires for scheme promoters to use the Department for Transport’s WebTAG (Web-based Transport Analysis Guidance).
10. As Independent Technical Advisor we have five further recommendations:
 - The Pinch Point Fund Bid template includes the following text, “*Small projects bids are not required to produce a Benefit Cost Ratio (BCR) but may want to include this here if they have estimated this.*” It is recommended by the Independent Technical Advisor that benefit-cost ratios need to be included in all scheme business cases. The Department for Transport has databases of evidence and assumptions that allows a benefit-cost ratio to be determined even if a scheme promoter does not. This database is not publically available and, therefore, the Independent Technical Advisor cannot make such assumptions on behalf of a scheme promoter in assuring high value for money (i.e. a benefit-cost ratio equal to or greater than two-to-one).
 - The Pinch Point Fund Bid template should be circulated to all scheme promoters, along with the supporting guidance, once a more thorough review has been conducted of headings, criteria and suitability of the guidance. There are two immediate points of note:
 - The guidance for Pinch Point Fund Bids requires the provision of a GVA (Gross Value Added) estimate related to productivity gains from growth in housing and jobs. We recommend that this is optional.
 - The guidance also has a scoring system for comparing schemes. As the assessment by the Independent Technical Advisor is for funding that is already committed or provisional, it is recommended that the scoring system is not followed.
 - The assessment template used by the Independent Technical Advisor should be shared with all scheme promoters. This is based on WebTAG and is robust, technical and has been used effectively with other Local Enterprise Partnership.
 - Scheme promoters should also be aware that whilst adherence to WebTAG is being assessed (i.e. the reasonableness and robustness of approach) by the Independent Technical Advisor, uncertainty is also being assessed in being able to assure whether a scheme presents high value for money or not.
 - Assessment is made of a raft or Outline Business Case (as explained above).