

LEEDS CITY REGION

ASSURANCE FRAMEWORK

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GLOSSARY

AST	Appraisal Summary Table	LCR	Leeds City Region
BCG	Business Case Group	LEP	Local Enterprise Partnership
BCR	Benefit Cost Ratio	LGF	Local Growth Fund
BEIS	Business, Energy and Industrial Strategy	LTP	Local Transport Plan
BGP	Business Growth Programme	MD	Managing Director
BIG	Business Innovation and Growth Panel	NPV	Net Present Value
CBA	Cost Benefit Analysis	OBC	Outline Business Case
CSF	Critical Success Factors	PAT	Programme Appraisal Team
DCLG	Department for Communities and Local Government	PCR	Project Closure Report
DfT	Department for Transport	PIMS	Portfolio Information Management System
Eoi	Expression of Interest	PMO	Portfolio Management Office
ERDF	European Regional Development Fund	QRA	Quantified Risk Assessment
ESIF	European Structural and Investment Funds	RAG	Red, Amber and Green rating
EU	European Union	REM	Regional Econometric Model
EZ	Enterprise Zone	SEP	Strategic Economic Plan
FBC	Full Business Case	SME	Small and Medium Enterprises
GPF	Growing Places Fund	SUD	Sustainable Urban Development
GVA	Gross Value Added	UDM	Urban Dynamic Model
HCA	Homes and Communities Agency	VfM	Value for Money
HMT	Her Majesty's Treasury	WebTAG	Web-based Transport Appraisal Guidance
LCC	Leeds City Council	WYCA	West Yorkshire Combined Authority

1. INTRODUCTION

1.1 Background

The Leeds City Region (LCR) is strongly committed to putting in place stable, accountable and transparent decision making. Critical to this is a strong private sector-led Leeds City Region Enterprise Partnership (LEP) underpinned by the West Yorkshire Combined Authority (WYCA).

The LCR spans 10 local authority areas: Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York. Leeds City Region local authorities – the above 10 areas plus North Yorkshire County Council – have been at the forefront of partnership working since 2004, building robust, transparent and accountable governance for over a decade. The LCR brings together the private and public sectors from across the Leeds City Region to provide strategic leadership in driving economic growth and competitiveness.

As part of the City Deal, local partners agreed to the creation of a **West Yorkshire Combined Authority** (WYCA). WYCA is a local authority which was established on 1st April 2014¹ to work alongside the LCR LEP in relation to devolved local growth funding and responsibilities. It is also responsible for transport functions across West Yorkshire. The area of WYCA is that of its 5 constituent Councils, the West Yorkshire authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield.

WYCA is the Accountable Body with regard to the Leeds City Region Growth Deal funding – see further 1.5 below, whilst the LEP is responsible for setting strategic direction and will hold partners to account in the delivery of our Strategic Economic Plan (SEP) – see further 1.4 below.

1.2 Scope of the Assurance Framework

This Assurance Framework covers capital and significant revenue expenditure funded by Government or local sources and invested by WYCA in projects and programmes, including all Government funding received by the LCR LEP, via WYCA as the LCR LEP's accountable body.

It therefore covers the funding received by WYCA as accountable body in respect of the Local Growth Fund², the Integrated Transport Block and a number of other funding streams.

The Assurance Framework sets out arrangements adopted by the LCR in relation to:

- governance and key decision-making, including how transparency and accountable decision-making is promoted and delivered (**Section 2**).
- processes used to prioritise (**Section 3**);
- assurance around project and programme delivery, including our approach ensuring value for money (**Section 4**); and
- approach to monitoring and evaluation (**Section 5**)

¹ By the West Yorkshire Combined Authority Order 2014

² Note the following variations:

- EU regulations mean that government departments have key decision-making authority as 'managing authorities' of the European Structural and Investment Funds (ESIF), and the key local input into appraisal is via assessment of strategic fit and value for money;
- the Transport Fund is subject of periodic independent appraisal as part of an agreement to enable the WYCA to draw down the entire £600m announced in the Growth Deal in July 2014. Eligible Local Authorities which form the fund are Bradford, Calderdale, Kirklees, Leeds, Wakefield and York; and
- well-established, highly-regarded (by applicants and government alike) and effective governance procedures for existing programmes under LEP control such as the Business Growth Programme and Growing Places Fund. The principles of the Assurance Process will continue to be applied in appraising companies' applications for these funds, but we intend to retain the existing governance procedures, subject to regular review and evaluation of their effectiveness.

1.3 Purpose of the Assurance Framework

Localities in receipt of a 'Local Growth Fund' as part of their devolution Growth Deal agreement with Government are required to have an assurance framework that explains how they:

- appraise projects and allocate funding;
- demonstrate appropriate levels of transparency in the way they operate; and
- monitor and evaluate projects to ensure that they achieve value for money and projected outcomes.

This document is the local assurance framework agreed by the LCR LEP and WYCA to comply with this requirement, although it also covers expenditure on funds which are not received under the Local Growth Fund.

The Assurance Framework is one element of the Government's wider assurance systems. The Accountability System Statements for both Local Government and the Local Growth Fund (LGF) set out other key mechanisms in relation to LCR funding which include:

- regular reporting to the government against agreed output metrics;
- an evaluation framework; and
- annual performance conversations between the government and city regions.

The purpose of the Assurance Framework is to ensure that the necessary systems and processes are in place to manage funding effectively, and to ensure the successful delivery of SEP outcomes. Its focus is to ensure that necessary practices and standards are implemented to provide Government and local partners with sufficient assurance that decisions over funding (and the means by which these decisions are implemented) are proper, transparent and deliver value for money. The Framework complies with the standards set out in the National Assurance Framework issued by Government in November 2016.

The Assurance Framework is a key mechanism to ensure that we have robust systems and processes in place to support the developing confidence in delegating funding from Government to the LCR.

We view the Assurance Framework as an essential part of good practice and of our development as a mature partnership that can increasingly be trusted by the public and by government to take its own investment decisions. The degree of flexibility in the Leeds City Region Growth Deal demonstrates that the LCR is one of those most trusted by Government, and we intend that this Framework keeps us at the leading edge in our approach to governance and appraisal.

1.4 Strategic Framework for Investment

Government allocated the competitive element of Growth Deal funding to LEPs on the strength of multi-year Strategic Economic Plans (SEPs) submitted by LEPs to Government.

The SEP for the Leeds City Region provides the basis for investment decisions alongside the delivery of statutory requirements, conditions of funding, and other local transport objectives.

The SEP³ for the Leeds City Region, now revised to cover the period 2016 – 2036, sets out the LCR LEP's vision and key economic funding priorities for the Leeds City Region. The LCR LEP is responsible for developing and maintaining the SEP, and deciding the key funding priorities. The LCR LEP is also responsible for ensuring there is adequate capacity and expertise to deliver the key priorities.

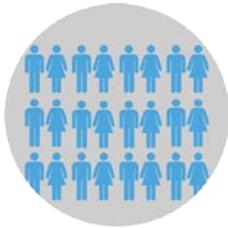
WYCA has endorsed the SEP as its own economic strategy. The SEP underpins the decision-making of both the LEP and WYCA, so in this respect they work seamlessly.

The LCR LEP vision is: **“to be a globally recognised economy where good growth delivers high levels of prosperity, jobs and quality of life for everyone”**.

³ see [https://www.the-lep.com/about/strategic-economic-plan-\(1\)/](https://www.the-lep.com/about/strategic-economic-plan-(1)/)

Our ambition:

THE SEP's ambition is to deliver 36,000 extra jobs and £3.7 billion of economic output by 2036, on top of the business as usual growth that is expected over that period.



35,700
ADDITIONAL NET JOBS
CREATED BY 2036



£3.7 BILLION
ADDITIONAL ANNUAL
ECONOMIC OUTPUT BY 2036



A NEAR
£100 BILLION
CITY REGION ECONOMY BY 2036

Our priorities are:



A number of the challenges identified in our 2014 SEP remain, notably the imperatives to raise exports, innovation, productivity and skills, and the need to underpin growth with better physical and digital infrastructure.

What was less well recognised at the time our first SEP was completed, was the scale of the challenge to ensure that the opportunities and benefits of economic recovery are spread across all communities. We will tackle this by applying the principle of **good growth** to all that we do, in order to provide better jobs, good quality homes for all and a great environment for all our residents.



The €396m Leeds City Region European Structural and Investment Funds (ESIF) Strategy for 2014-20 is also aligned with the SEP.

1.5 WYCA's role as accountable body

WYCA and the LCR LEP must comply with the conditions or requirements attached to any funding received from Government.

WYCA is responsible to Government for complying with any conditions or requirements attached to funding directly allocated to WYCA, to be used to carry out its functions across West Yorkshire.

Following the Growth Deal agreed by the LCR LEP and Government, LCR LEP has a decision-making role in relation to Local Growth Fund grant payments made by Government in respect of the Leeds City Region. However, the LCR LEP is an unincorporated voluntary partnership, and as such cannot be held legally accountable for complying with grant conditions or requirements. Therefore, WYCA, (which is a corporate body), acts as the accountable body for funding allocated to the LCR LEP for LCR.

In practice, this means that LCR LEP funding is held and spent by WYCA on behalf of the LEP. In short, WYCA is the vehicle through which the SEP is implemented, as well as being the statutory, publicly accountable, decision-making body.

As accountable body, WYCA must ensure:

- all funding is used in accordance with grant requirements and conditions;
- that funding is not used ahead of approvals, or for unapproved purposes;
- the Assurance Framework is adhered to (withholding funds if the Assurance Framework is not adhered to or places undue financial risk on WYCA);
- all applicable legal requirements are complied with (including relating to State Aid, public procurement) and ensuring records are maintained so that this can be evidenced;
- local audit arrangements for funding allocated by the LCR LEP are at least equivalent to those in place for WYCA spend;
- it fulfils its Public Sector Equality Duty⁴, when apportioning Local Growth Funding;
- principles preventing public expenditure being incurred in retaining the services of lobbyists are adhered to;
- the release of funds to scheme promoters in line with approvals;
- that it prepares appropriate Financial Statements as required; and
- that it maintains the official record of LCR proceedings and holds all documents relating to the LGF and other funding sources.

WYCA is responsible for LCR decisions to approve expenditure, including the final approval of projects⁵. WYCA may only approve decisions where it is satisfied that a decision complies with all relevant requirements including those set out in this Assurance Framework. In the event that WYCA as accountable body is not able to endorse a decision of the LCR LEP, the matter would be referred back to the LCR LEP for re-consideration.

All investment decisions by WYCA and the LEP will be made by reference to:

- The SEP;
- Statutory requirements;
- Any grant conditions attached to funding; and
- Local transport objectives.

A summary of decision making responsibility is given in Table 1.1.

⁴ S149 Equality Act 2010

⁵ in some circumstances authority to approve projects will be delegated by the WYCA to a relevant committee or officer; see further section 2

Table 1.1: Overview of Decision-Making Responsibility

Function	Role of WYCA MD / WYCA Statutory Officers	Role of WYCA	Role of the LEP
Setting LCR -level economic strategies e.g. SEP	Officer support / provision of advice	Endorsement	Strategic Leadership / Private Sector input
Strategic transport decisions including transport strategies	Officer support / provision of advice	Decision-making body	Receive items for information / comment
Operational transport decisions	Officer support / provision of advice	Delegated to Transport Committee	Receive items for information / comment
Skills e.g. Skills Capital	Officer support / provision of advice	Decision-making body	Strategic Leadership
Integrated Infrastructure strategy	Officer support / provision of advice	Decision-making body	Strategic Leadership
Enterprise Zone Activities	Officer support / provision of advice	Decision-making body	Strategic Leadership
Growth Service (Business support / inward investment)	Officer support / provision of advice	Decision-making body	Strategic Leadership
European Structural and Investment Funds (ESIF) - SUD	Officer support / provision of advice	Decision-making body	Strategic Leadership

Notes:

- Where WYCA is referred to as decision-making body, this also includes its role as Accountable body. These decisions may be delegated by WYCA to committees or the Managing Director unless further delegations from the Managing Director to other officers are in place.
- Note that Business Grant award making arrangements are currently under review (given some legacy arrangements from before the Combined Authority was created still exist) and are not included in the above table at present.

1.6 How Growth Priorities are Supported by Collaboration and Joint Delivery

WYCA works collaboratively with a range of partners. Some examples of this are provided below.

The LEP delivery of **Skills Capital** allows for greater coherence and understanding in the way that Further Education providers across LCR are aligning curriculum offers to reflect the skills requirements set out in the LCR SEP and Skills Strategy. The Employment & Skills Panel set conditions for the grant programme to address gaps in skills provision and to hold an overview of future revenue allocations, such as ESIF. Collaboration with partners supports the understanding of employment opportunities in the region to maximise GVA. It encourages improved collaboration between colleges and employers so that new curriculum is more aligned to employer needs.

LEP Growth Service is a ‘hub and spoke’ collaboration with Local Authorities, universities and private sector business support organisations. The LEP skills service is jointly delivered with a college consortium and Chambers of Commerce.

The WYCA **Transport Strategy and policy teams** working closely with District partners, Network Rail and Highways England, operate and run a strategic Land-Use Transport Interaction (LUTI) model which can forecast evidence to support the impacts on investment priorities on employment, housing and GVA. These models are also used to test investment projects and programmes to help sift into priorities and inform their strategic businesses cases. They are particularly helpful in understanding cross boundary implications of investment and transport policies.

The **Growth Funded Housing and Regeneration Programme** is developed jointly with public sector partners. Proposals are put forward by either Local Authorities or organisations working closely with WYCA's strategic partners. These proposals are developed into business cases through close collaboration with WYCA and in some cases joint due diligence with other agencies. In many instances projects may have multiple funding streams, with some of these coming from the public sector. When this occurs, a joint approach towards delivery is developed whenever possible. The City Region Land and Assets Board (including representatives from the LEP, Local Authorities the Homes and Communities Agency and the National Housing Federation) brings together organisations with a common interest in delivering infrastructure, homes and jobs and ensures a strategic approach to the delivery of these outputs, especially where this involves the use of public sector assets.

1.7 Links between the LCR LEP and WYCA

There are a number of strong linkages between the LCR LEP and WYCA, notably:

- the SEP forms the basis of the work of both the LCR LEP and WYCA;
- WY council leaders are members of both WYCA and LEP Boards;
- The LEP Chair is a member of WYCA; and
- The Assurance Framework has been adopted by both the LCR LEP and WYCA.

1.8 Reviewing, approving and publishing the Assurance Framework

It is important that we learn from experience, so the LCR LEP and WYCA review the Assurance Framework annually to ensure that it meets:

- the needs of local investors, all our partners and the wider public; and
- the standards set out in the National Assurance Framework.

For 2016/17 the review included input from WYCA's Overview and Scrutiny Committee.

The Assurance Framework was reviewed by the LEP Board on 24 January 2017 and by WYCA on 2 February 2017.

The Assurance Framework is a 'live' document, and it is envisaged that the document will be subject to further revision and update to ensure that it remains fit for purpose. A compliance checklist sits alongside the Assurance Framework document, which is used as a tool to monitor ongoing compliance. A structured review of the document, in particular around ancillary information such as web links, will be developed and embedded as part of this plan.

For transparency, the Assurance Framework is published on the LCR LEP and WYCA websites, together with supporting information.

2. GOVERNANCE AND DECISION-MAKING ARRANGEMENTS

2.1 Introduction

The principal decision-making bodies for the Leeds City Region are the LCR LEP and WYCA.

The LCR LEP is responsible for setting strategic direction and will hold partners to account in the delivery of our Strategic Economic Plan (SEP).

WYCA is the accountable body for funding allocated to the LCR LEP. It is the vehicle through which the SEP is implemented, as well as being the statutory, publicly accountable, decision-making body.

This section focusses on how WYCA makes its investment decisions about projects and programmes, both in its capacity as accountable body for the LCR LEP and in its own right in relation to funding for which the LCR LEP is not responsible.

2.2 Overview

WYCA itself may make any investment decision at any of its formal meetings, and makes the key significant decisions in relation to any proposed investment (Please refer to Appendix 1 for further detail). However, WYCA has also delegated its authority to make decisions in specified circumstances, to:

- the **Transport Committee**, and
- WYCA's **Managing Director**.

Transport Committee has delegated authority to approve individual schemes within the Integrated Transport Block of the capital programme, up to a maximum cost of £3m. The committee also oversees, and has strategic oversight of, public transport revenue expenditure funded by the West Yorkshire Transport Levy.

The Managing Director's delegated authority is exercised in respect of relatively minor or straightforward matters, such as finalising contractual arrangements, to expedite and speed up the decision-making process etc. It is subject to appropriate input from Members – see further below.

WYCA has also appointed two **advisory committees** to advise WYCA in relation to investment decisions (refer to Appendix 1 for further detail):

- the **Investment Committee**; and
- the **LCR Partnership Committee**.

These committees may also advise the Managing Director when he is making delegated investment decisions on behalf of WYCA.

The Investment Committee provides a key advisory role in the decision-making process and constitutes a fundamental part of the assurance process for scheme progression as set out in more detail in Section 4 of this document.

Delegated decisions by the Managing Director in relation to schemes taken through the Assurance Process are taken with the benefit of a written report providing the appropriate level of information as to the Assurance Process outcomes and recommendations that flow from that process and the Investment Committee. The Managing Director may also consult with WYCA's Leadership Team – the senior officers of WYCA.

The LCR Partnership Committee provides a forum to bring together representatives from all Leeds City Region local authorities as not every Leeds City Region local authority is directly represented on the LCR LEP Board.

Its purpose is to facilitate direct collective engagement with WYCA, the key local authority arrangement supporting the LEP, as its accountable body.

The LEP Board brings together business and council leaders to oversee and make strategic decisions related to our Strategic Economic Plan. The LCR LEP also appoints a number of Panels and advisory groups which do not take decisions on its behalf, but provide advice to the LEP in relation to its developing strategy:

- LEP Investment Panel which advises the LEP. The panel also provides advice to the Investment Committee in relation to business grants and loans and to the Managing Director, when he is making delegated investment decisions on behalf of the WYCA;
- Business, Innovation and Growth Panel;
- Employment and Skills Panel;
- Green Economy Panel;
- Land and Assets Board; and
- Business Communications Group.

Further detail about the governance arrangements and membership of the LCR LEP and its advisory groups and panels is set out in Appendix 2.

As set out in detail in Section 4 of this Assurance Framework, all schemes requiring investment go through a 3 Stage Assurance Process. The process has (depending on the scheme), up to 8 Decision Points and as a scheme progresses through the Assurance Process, decisions are made at each of these points about whether or not a scheme should progress and what the requirements for a scheme should be in its development. This includes any funding for scheme development and the final funding agreement.

Section 4.2 sets out in detail the Assurance Process Stages and Activities, as well as the Decision Points that take place at the end of each Activity.

Figure 2.1: Overview of the Assurance Process



Subject to exceptions **all schemes MUST be seen by the Investment Committee at Decision Point 2 and 5** and received a positive recommendation to enter Stage 2: Pipeline Development and Stage 3: Delivery and Evaluation.

Whilst in practice, Investment Committee will consider all schemes at Decision Point 2 and 5, they may be requested to consider a scheme’s FBC at Decision Point 4 rather than at Decision Point 5. This would be done to aid in the delivery of a scheme where the signing of grant agreements or tender contracts are time sensitive. A scheme would only be able to do this if they remain within the agreed tolerance set out at Decision Point 4, and if the FBC remains unchanged following finalised costs and Legals (part of Activity 5). Where a scheme fails to remain within tolerances or the FBC is significantly different to that approved at Decision Point 4, a scheme would have to come back to Investment Committee.

Subject to exceptions, such as small grant programmes e.g. business growth grants and loans, **all schemes will require an initial approval from WYCA to proceed at Decision Point 2**, taking into account the recommendations of the Investment Committee.

In its role as an advisory body to WYCA, the Investment Committee will also make a recommendation at Decision Point 2 on the required level of approvals at all subsequent Decision Points in the Assurance Process for a scheme. This recommendation will take into regard the size/scale/sensitivity/risks (i.e. the tolerances) around each specific scheme.

Possible options available to Investment Committee in making their recommendation include:

- A scheme must be considered and gain the approval of WYCA at each Decision Point during its development; or
- A scheme's approvals at subsequent Decision Points may be delegated to the Managing Director, provided that the project remains within scheme tolerances set at Decision Point 2; or
- A scheme's approvals may be delegated to the Managing Director up to an identified Decision Point, at which point, the scheme should be referred back to the Investment Committee and/or WYCA for review and then WYCA for approval.

WYCA must take any investment decision which hasn't been delegated to either the Transport Committee or the Managing Director, including those decisions where a scheme has fallen outside of the tolerances identified by WYCA.

Before taking any funding decision, a decision-maker needs to be satisfied that the WYCA Assurance Framework has been complied with. WYCA's Programme Appraisal Team (PAT) has a key role in ensuring compliance with the Assurance Framework - see further Section 4.3.5 below.

Where any investment decision is taken by the Managing Director under delegated authority, such decisions are usually taken in consultation with WYCA's Leadership Team, who are provided with evidence through supplied reports (Requests for Decision).

The Managing Director also has delegated authority to approve the terms of any Funding Agreement in respect of a scheme which has previously been approved by WYCA or under delegated authority under Decision Point 5 (Final Costs and Legal Agreement approval).

The Managing Director reports his delegated decisions to Investment Committee and to WYCA.

2.2.1 Enterprise Zone Activities, Growth Hub, Business Grants and Economic Development Loans

There are currently specific arrangements in place in relation to business grants and economic development loans, a result of legacy arrangements for programmes that started before WYCA was created. These are being revised as appropriate at suitable points in the programmes. In addition, arrangements relating to the principles for ESIF Sustainable Urban Development (SUD) Purposes are set out in Appendix 3.

Enterprise Zone Programme

The LCR EZs Programme provides support (via grants or loans) to partner districts and applicable landowners/developers to unlock and accelerate development across the 10 Enterprise Zones (EZs) in the LCR LEP area. This funding is managed by WYCA (as accountable body for the LEP). Broadly this support falls into three categories:

- Occupier Incentives;
- Support for Infrastructure; and
- Developer Incentives.

As the site feasibility stage develops and interventions required at each EZ location are defined, discrete projects and/or packages of interventions for development and delivery will be progressed into the Assurance Process and be assessed on a case by case basis. This will be considered by the Investment Committee, before

being considered by WYCA as required. Delegations may be made to the Managing Director to approve further feasibility / project development spending as part of Stage 2: Pipeline Development.

Growth Hub

The Growth Hub for Leeds City Region is funded directly from Business, Energy and Industrial Strategy (BEIS) via a two-year deal for 2016/17 – 2017/18 to the value of £1,025,000. The ‘hub and spoke’ delivery model was approved by the LCR Directors of Development and the LEP’s Business Innovation and Growth (BIG) Panel, and then by the LEP Board in 2015. The Panel consists of senior Councillors, including one Leader, and private sector representatives from key businesses and representative bodies from across the city region. The funding is used to resource the activity of the central hub team, and to co-fund the SME Growth Managers who operate within the city region’s Local Authority districts. The Growth Managers’ salaries are matched on a 50/50 basis by the Local Authorities who also employ them.

Detailed progress on the Growth Hub project is reported on a quarterly basis to the BIG Panel, and on a 6-weekly basis to the main LEP Board by the BIG Panel Chair. There is also a private sector lead person on the BIG Panel for the Growth Hub, who run their own small business. The BIG Panel is currently responsible for ensuring that the project’s output and expenditure targets are met, and for identifying and addressing risks and opportunities.

Quarterly highlight reports on the Growth Hub are also produced for WYCA, which detail outputs, expenditure, risks and key milestones.

Business Grants

As mentioned above, the process for Business Grants funded from the Local Growth Fund (LGF) is currently under review, as it currently comprises legacy (i.e. before Combined Authority creation) approvals via Leeds City Council. Going forward, these approvals will sit within the WYCA Assurance process and will be undertaken by WYCA. The process at present is as follows:

- Skills service: Grants with a value of less than £5k are appraised by a weekly panel including the delivery consortium and WYCA officers. Grants over £5k are appraised by a monthly panel including the delivery consortium, WYCA officers and employers. Grants are approved by the WYCA Managing Director (MD);
- Apprenticeship Grant for Employers: Grants are awarded subject to meeting defined eligibility criteria. No businesses have a role in decision-making;
- Business Growth Programme:
 - Grants of £10-£100k are appraised and administered by officers at Leeds City Council (LCC) on behalf of WYCA;
 - Grants of £50-100k are considered by a panel of officers from the constituent authorities, which provides a recommendation;
 - LCC handles the administration of grants of up to £100k on behalf of WYCA, overseen by the Executive Head of Economic Services under delegation from the Managing Director;
 - No businesses have a role in decision-making for applications of £10-£100k.
 - Grants over £100k are appraised and administered by officers at WYCA and are considered by a panel of officers and Investment Panel. Recommendations are circulated to the Partnership Committee via email. Final approval is by the WYCA MD.

As an interim measure at present all grants administered by LCC are signed off by WYCA’s Executive Head of Economic Services under delegation from the MD

Economic Development Loans and Grants

The process for Economic Development Loans and Grants, funded from the Growing Places Fund (GPF), is also currently under review. WYCA makes decisions about entering into the economic development loans or grants, following consideration of the recommendations made by the **LEP Investment Panel** and the **Investment Committee**. WYCA approves projects and the loan or grant amount in principle and the Managing Director under his delegated authority finalises and approves the details, following appropriate due diligence and agreement on final terms by the Investment Panel.

However, if approval on such applications cannot be sought from WYCA in a timely way, due to decisions being required in between scheduled meetings, the recommendations of the **Investment Committee** are circulated by email to WYCA Members for comment within a specified timeframe of 5 working days. If no objections are raised over this period then the Managing Director determines the application under delegated authority.

If any WYCA Member raises an objection or issue in relation to an application, the Managing Director refers the application back to WYCA for further consideration.

If a loan or grant application comes from the wider Leeds City Region area (Craven, Harrogate, Selby and Barnsley) then the **LCR Partnership Committee** is consulted⁶. If recommendations cannot be sought from the LCR Partnership Committee in a timely way, individual members of the LCR Partnership Committee are consulted by email with any resulting views and any recommendations being referred to WYCA, as the LCR Partnership Committee is not a decision-making body.

The Managing Director reports decisions on loans and grants made under delegated authority, to subsequent WYCA meetings.

2.3 Transparency

WYCA and the LCR LEP are mindful of the need to build the trust and confidence of stakeholders and the public, in relation to our ability to take investment decisions. Promoting transparency in its decision-making is a key part of this.

WYCA by law must designate a **Monitoring Officer**, who is responsible for ensuring that decisions conform to the relevant legislation and regulation. This is WYCA's Head of Legal and Democratic Services. A key part of this role is to ensure that the legal responsibilities of WYCA as accountable body, in relation to ensuring the transparency provisions are met, as set out below.

2.3.1 Meetings

Specific statutory requirements apply to WYCA in relation to transparency. The key provisions are:

- the public's rights to attend meetings and inspect documents of WYCA as set out in its Procedure Standing Orders;
- agendas and reports of meetings of WYCA and its committees are available to the public on its website, in accordance with its Procedure Rules, 5 clear days before a meeting, [here](#);
- minutes of meetings are published on WYCA website;
- significant decisions taken by officers are published on WYCA website; and

⁶ Not every Leeds City Region local authority is directly represented on the LCR LEP Board, (although those which are not may have representatives on LEP Panels or Advisory Committees).

The LCR Partnership Committee provides a forum to bring together representatives from all Leeds City Region local authorities. Its purpose is to facilitate direct collective engagement with WYCA, the key local authority arrangement supporting the LEP, as its accountable body.

- WYCA adheres to the Local Government Transparency Code which requires the publication of additional data.

The LEP Board is working towards similar standards; currently the agenda, papers and minutes of LCR LEP Board meetings are published on the LCR LEP website, as well as the SEP and information relating to progress on delivery of growth deals.

2.3.2. Requests for information

WYCA is subject to the Freedom of Information Act 2005 and the Environmental Impact Regulations 2004, and will respond to statutory information requests in accordance with approved procedures. WYCA also deals with any requests for information from the LCR LEP, on its behalf, in accordance with the same procedures. Further information on the Authority's Freedom of Information policy can be found [here](#).

2.3.3. Providing Information

An overview of all scheme business cases and evaluation reports are published on the WYCA website. A nominated point of contact is made available to receive public and stakeholder comments;

Summaries of business cases to be considered by WYCA as part of the Assurance Process (see Sections 3 and 4) are published electronically ahead of meetings to allow for external views to be sought. (There are a small number of exceptions to this rule in order to maintain commercial confidentiality); and

Regular programme progress reports will also be available on WYCA and LEP websites, including key funding decisions and monthly performance dashboards providing information on expenditure and output/outcome performance.

2.4 Use of Resources and Accounts

The use of resources by WYCA are subject to the usual local authority checks and balances, including the financial duties and rules which require councils to act prudently in spending. These are overseen by WYCA's Chief Finance Officer, who is its Director of Resources. This post has statutory responsibility to administer WYCA financial affairs⁷, and is responsible for ensuring that funding is used legally and appropriately.

WYCA has clear accounting processes in place to ensure that all funding sources (including devolved Major Scheme Transport Funding) are accounted for separately and that funds can only be used in accordance with WYCA decisions.

WYCA has a statutory duty to keep adequate accounting records and prepare a statement of accounts in respect of each financial year. This statement of accounts will be published (usually in June in draft and in September as fully audited, although this will change in accordance with legislative requirements) and will cover expenditure from the Local Growth Fund and other funding sources received from Government.

WYCA will publish a public notice each year, setting out a specific period during which any person may inspect and make copies of the Authority's accounting records for the financial year.

During the same period, the local auditor must give a local government elector within the West Yorkshire (or their representative) an opportunity to question the external auditor about the accounting records, and objections may be made to the auditor about any relevant item.

2.5 Audit

As a local authority, WYCA complies with statutory requirements relating to audit arrangements, principal elements of which are:

- appointing an **audit committee**;

⁷ under Section 73 Local Government Act 1985

- inspection by **external auditors**; and
- adopting **internal audit arrangements**.

These audit arrangements apply to LCR LEP funding in respect of which WYCA is the accountable body, in the same way as for other WYCA expenditure.

WYCA's Governance and Audit Committee fulfils the requirement to appoint an **audit committee**, and (from May 2017) must include at least one independent person.

The role and responsibilities of this Committee include

- reviewing and scrutinising WYCA's financial affairs;
- reviewing and assessing WYCA's risk management, internal control and corporate governance arrangements;
- reviewing and assessing the economy, efficiency and effectiveness with which resources have been used by WYCA;
- approving the review of internal controls and the annual governance statement;
- considering and approving the statement of accounts;
- considering external audit arrangements and reports; and
- advising WYCA in relation to the Assurance Framework.

Further detail on the membership and meetings of this Committee can be found [here](#).

An annual independent audit is conducted by **externally appointed auditors** ensuring WYCA operates a robust financial management and reporting framework, including reviewing whether WYCA meets its statutory obligations in relation to grant funding.

WYCA's **internal audit** function carries out independent and objective appraisals of relevant systems and processes, including ensuring that effective procedures are in place to investigate promptly any alleged fraud or irregularity.

WYCA's financial regulations set out further detail in relation to WYCA's audit arrangements (found [here](#)).

2.6 Scrutiny

WYCA is required by law to appoint an **Overview and Scrutiny Committee**. This Committee is authorised to:

- review or scrutinise decisions made or other action taken in connection with functions of the Authority⁸;
- make reports or recommendations to WYCA with respect to WYCA's functions; and
- receive and monitor responses to any reports or recommendations made.

The Committee may therefore scrutinise any decision of WYCA made in its role as accountable body for the LCR LEP. This provides an additional safeguard in relation to LCR LEP decision-making.

The independent element of this scrutiny is safeguarded by a requirement that membership of this Committee cannot include any member of WYCA. It comprises Members co-opted from its constituent and non-constituent councils. The Overview and Scrutiny Committee has been fully involved in the creation of this Assurance Framework, including signing off the version for publication.

Further detail on the membership and meetings of this Committee can be found [here](#).

⁸ In relation to a decision made but not implemented, this includes the power to recommend that the decision be reconsidered by WYCA in accordance with the Scrutiny Standing Orders

2.7 Codes of Conduct

There are procedures in place to ensure that an individual involved in the decision-making process discloses any personal interest which might affect their judgement in a matter. Where appropriate, any individual with such an interest is precluded from taking part in decision-making.

In relation to the LEP, the LEP Chair, and other LCR LEP Board and Panel members are subject to the Nolan Principles of public life. On appointment these members are required to:

- confirm in writing that they agree to follow the Nolan Principles, and
- provide written information to WYCA about their business interests, and the capacity in which these interests arise (for example, as employee, or company director).

At the beginning of each meeting, all members present are asked to declare any potential conflict of interest. Any member making a declaration cannot take part in the decision. These declarations are minuted.

The LEP has a published conflicts of interest policy and a published register of interests which (found [here](#)).

In relation to WYCA, there are statutory provisions which require WYCA to adopt a Code of Conduct for its Members and voting co-opted Members. The Code sets out the conduct expected of Members, including procedures for declaring and registering:

- acceptance or receipt of a gift or hospitality and
- disclosable pecuniary interests, which are defined by the code.

The code is publicly available on WYCA website (found [here](#)).

Failing to comply with requirements for registering and disclosing pecuniary interests may be a criminal offence.

The register that records Members' interests is also publicly available on WYCA website, accessible through the committee membership records.

WYCA has also approved arrangements under which allegations that the Code has been breached can be investigated and for making decisions on such allegations (found [here](#)).

WYCA has also adopted a Code of Conduct for Officers, which includes procedures for registering personal and prejudicial interests. Officers also need to comply with a Gifts and Hospitality policy. Failure to comply with the Code may lead to disciplinary action.

2.7.1. Conflicts arising during funding allocation and appraisal processes

Section 4 sets out in detail how potential conflicts of interest arising during funding allocation and appraisal processes are addressed. That is, there is a clear separation between the LEP/WYCA appraisal functions and the project sponsor/promoter. Officers carrying out appraisals are not involved in advising on project and business case development activity as part of the sponsor promoter team.

2.8 Complaints and Whistleblowing

WYCA will consider any complaints received in accordance with its agreed complaints procedure, which is currently under review and can be found [here](#). Any complaint about the LCR LEP will be dealt with by WYCA in accordance with WYCA's complaints process.

WYCA has also adopted a Whistleblowing policy (found [here](#)), to investigate and resolve any case where it is alleged – by stakeholders, members of the public or internal whistle-blowers – that WYCA is acting in breach of the law, failing to adhere to the framework or failing to safeguard public funds. Should any allegations arise in relation to the LCR LEP, the same policy will apply.

2.9 WYCA Resources and Capabilities

WYCA has a scale of staff resource with the necessary key functions to enable it to:

- manage the pipeline, including supporting business case development;
- carry out programme and project appraisal;
- co-ordinate and manage the decision process (e.g. timing of meetings and associated paperwork); and
- oversee the delivery, monitoring and evaluation of schemes (e.g. benefits realisation management, financial and resource management, risk).

WYCA draws on external expertise and technical support such as financial, economic, property, legal and evaluation advice, for example through consultancy frameworks or from partner organisations including the Home and Communities Agency, local authorities, Skills Funding Agency and others.

2.10 Local Engagement

Engagement with stakeholders and the wider public is regarded as a central part of the process to develop, monitor and implement the SEP, the Growth Deal and all other aspects of the work of the LCR LEP and WYCA.

For example, over 600 organisations and individuals were engaged in the development of our SEP, via public meetings, electronic consultation and social media. In addition to the contributions from local businesses and other stakeholders, we also engaged consultants and academics to act as ‘critical friends’ to provide objective and external challenge as the SEP was developed.

The LCR LEP has continued to engage with businesses and public sector partners since the SEP was published, including through a number of LEP advisory panels.

The LCR LEP has established a Business Communications Group made up of spokespeople from key business representative organisations in the Leeds City Region. The Group plays an active role in supporting business growth in the region by helping to coordinate effective communications between the LCR LEP and the business community. The Group also act as an advisory group to the LEP Board; consulting with their members on barriers to growth and ensuring businesses are at the heart of everything we do.

The Group brings together 18 business representative organisations and sector bodies in the region, collectively representing around 20,000 local companies, and provides a channel both for the business community to influence LCR LEP policy and delivery, and for the LCR LEP to communicate information to that membership base. The Group has influenced the development of key LCR LEP products and services, including its recently launched skills service and the LCR LEP growth service. Local public sector and university partners are also heavily engaged in project design and implementation, with cross-sector working groups having been established to shape work on LCR LEP priorities including innovation, exports, inward investment, skills and apprenticeships and resource efficiency.

The LCR LEP also engages and communicates with partners through channels including social media, press releases, the LCR LEP website, events and a monthly eNews, which is distributed to around 33,000 businesses and stakeholders. Social media has been used particularly effectively for informal engagement of businesses and partners on policy and project development, and the LEP’s “innovative use of social media for consultation and engagement” was highlighted in a 2014 report by IPPR North.

In any future work to develop the SEP, or any key strategies that underlie the overall Plan, we will take steps to ensure that these principles of open and inclusive engagement are maintained and enhanced.

2.11 Arrangements for cross-LEP working

There are a number of areas where the LCR LEP works closely and interfaces with neighbouring and other regional LEPs. These include:

- Yorkshire LEP meetings, which take place 4 times a year;
- Yorkshire LEPs also meet regularly to discuss approaches to business support and are part of the Northern Powerhouse Growth Hub Network;
- Yorkshire Hubs collaborated on the Northern Powerhouse Investment Fund, including regular meetings to determine contributions from their ESIF allocations;
- Cross-LEP meetings sharing best practice around skills;
- As part of the LEP network, where wider best practice is shared;
- Through Transport for the North, where there is a significant degree of cross-LEP collaboration, working down from the Partnership Board, through to officer working group meetings around Northern Powerhouse Rail, Strategic Transport Plan and Roads Strategy;
- Core Cities forums, which take place 4 times a year, covering a wider spectrum of national policy issues; and
- LCR LEP is also invited to attend the Sheffield Combined Authority as an observer, given the close links between the two functional economies.

3. APPROACH TO PRIORITISATION

3.1 Introduction

The approach for identifying and prioritising those programmes and projects which are most likely to provide value for money, maximise economic benefits and deliver against the LCR SEP's vision and strategic priorities, is set out in the following section.

3.2 Identifying candidate schemes

Local partners, the Policy and Strategy Directorate and the LEP will largely be responsible for identifying and developing candidate schemes for inclusion in the project pipeline. To assist the identification of schemes, a number of guiding principles have been, and will continue to be used.

- Focus on economic growth and fit with the vision, targets and priorities of the SEP e.g.:
 - SEP priorities of Good Growth, job creation, improving skills and employability, supporting businesses growth, delivering housing growth, CO₂ reduction, and improving accessibility
- Be identified in, or fit with, existing local plans and strategies e.g.:
 - Local Development Frameworks and area masterplans
- Leverage other investment e.g.:
 - Private sector investment;
 - Unlock/enable follow on investment in priority locations across the City Region; and
 - Unlock Spatial Priority Areas by transport interventions.
- Be deliverable within required timeframes to meet local and national expenditure/outcome targets
- Be deliverable with regards resources, capability etc.
- Reflect and align with wider national policy or plans to ensure added value can be achieved e.g.:
 - Homes and Communities Agency, Skills Funding Agency, the Department for Business Energy and Industrial Strategy, Highways England, Network Rail and other public bodies
- Seek to be transformational e.g.:
 - Deliver a City Region-wide impact or deliver greater value added by aligning with major infrastructure schemes such as Northern Powerhouse Rail, HS2 and industrial strategy activities
- Fit to any specific funding requirements and/or criteria
- Prove value for money.

Scheme promoters are required to submit evidence on standard WYCA business case templates which have been designed in line with HM Treasury Five Cases guidelines, and designed to capture evidence relating to the guiding principles above.

Calls for proposals

Other avenues for potential schemes to access funding opportunities from the LEP/WYCA could be through funding competitions with specified deadlines for submissions as well as open calls where the LEP/WYCA will be seeking on-going business case submissions from scheme promoters.

All calls for proposals with specified deadlines, including details of the application and decision process and assessment/eligibility criteria are posted on the LEP/WYCA website and promoted with public sector partners and the business community.

3.3 Methodology for prioritising investment

Once schemes have been identified, the prioritisation of schemes to enter the pipeline (Stage 1) is then critical to the creation of a focused programme of investment across the four priorities of the SEP.

When comparing schemes for prioritisation, they are considered in the context of creating a balance between spending areas, between projects within a programme, in relation to funding opportunities and bids that come forward. This is done to ensure that schemes of a different nature are not compared against each other.

In order to facilitate the prioritisation of schemes in an objective, consistent and transparent way, they are compared on the basis of their potential to deliver on the criteria they were originally identified on (see Section 3.2), as well as their ability to offer value for money.

3.3.1 Assessment criteria

The Assurance Process will inform decision-making by providing an objective, transparent and rigorous system of appraisal to assess programmes and individual projects objectively. It is a flexible framework that can be adapted to the specific nature, scale and scope of the project and/or programme. It sets out how all City Region projects and programmes, whether they are housing, regeneration, transport, low carbon, skills, innovation or anything else that comes to WYCA and the LEP for consideration, will be appraised and evaluated based upon the evidence provided⁹.

The Assurance Process will be applied to the assessment of all projects and programmes funded from Government or local sources that flow through WYCA and the LEP projects, drawing on national guidance (e.g. Green Book, Treasury Five Cases, WebTAG and CLG Appraisal Guidance),

The following assessment criteria are used:

- fit with the SEP and other relevant strategies;
- clear evidence of the rationale and need (or demand) for the project;
- the additional GVA and employment impacts, as well as the wider benefits, at the LCR level (see Section 3.3.2 below for further detail);
- contributes to our 'good growth' aspirations;
- clearly defined inputs, activities, outputs, and anticipated outcomes and an assessment of additionality of benefits;
- confirmation that the investment represents value for money and is the preferred option;
- clear detail of the financial costs of the proposal and evidence of the need for WYCA/LEP support and availability of match funding; and
- the project is deliverable, has robust risk management, delivery, and monitoring and evaluation arrangements

Preference will be given to those schemes that:

- deliver 'high' value for money (e.g. a Benefit Cost Ratio or other appropriate VfM benchmark that meets established guidance for the project type being assessed);¹⁰
- offer the potential to generate a return; and

⁹ The assurance process will be used in a slightly different manner for the purposes of the European Structural and Investment Funds (ESIF). ESIF projects will not be subject to the full assurance process assessment. Instead the assurance process will focus on elements of the strategic fit and value for money assessment of project proposals, thereby complementing the formal, more extensive, technical assessment which will be carried out by the Government (DCLG) in its role as Managing Authority.

¹⁰ For transport schemes DfT guidance highlights that there is an expectation that a high VfM is achieved at all stages of the approval/assurance process and is independently verified.

- maximise private sector and other public sector investment.

It should be noted that there will also be cases when WYCA approves schemes where there is a lower Value for Money case. This could be where there are convincing wider economic and environmental impacts or where a scheme meets multiple SEP priorities. There may also be instances where there is a need to invest quickly in conjunction with significant levels of private sector leverage, in order to unlock a major development, or where social value is sought to be maximised (eg through the West Yorkshire Transport Fund programme).

3.3.2 Tools for estimating economic and wider benefits

All programmes and projects will be expected to have a positive (direct or indirect) impact on growth through job creation, skills improvement, productivity, improved connectivity etc. to ensure that the good growth aspirations articulated in the SEP are realised.

In order to assess GVA and jobs growth, as well as wider economic benefits, both quantitative and qualitative assessment will be required. WYCA/LEP will take into consideration broader strategic value of proposals, particularly with regard to their potential to deliver increased GVA impact, as well as carbon and wider social benefits (e.g. contribution to the good growth principles set out in the SEP), in finally determining whether to approve a scheme.

A range of tools and models will be used to help estimate the wider economic impact of scheme proposals in order to facilitate the prioritisation and decision-making process. These currently include:

- **The Regional Econometric Model (REM)** – will be used on non-transport schemes to help determine their net additional employment and net additional GVA impact; and
- **The Urban Dynamic Model (UDM)** – will be used for transport schemes to understand how employment and GVA growth could be constrained without the proposed transport intervention(s).
- **Skills Value Model** - An in-house approach has also been developed to quantify the impact of skills interventions. The approach allows us to estimate the potential increase in earnings attributable to acquiring a new qualification. The Net Present Value (NPV) and/or the net increase in earnings can be used as a proxy for GVA.

Net additional economic output, measured by Gross Value Added (GVA) per pound invested will be used as a key metric for determining whether a project delivers value for money. Other measures of value for money will be used where necessary to provide more information on the richness and scale of the potential impact of projects. Such measures include total cost per job and total GVA per job.

The qualitative assessment will seek to consider the strategic importance of the scheme (e.g. an assessment of how the scheme contributes to the priorities and objectives of the SEP). This more qualitative assessment is particularly important for revenue programmes, the direct effects of which are traditionally more difficult to quantify.

4. ASSURANCE AROUND PROGRAMME & PROJECT DELIVERY

4.1 Introduction

This section sets out how the Assurance Process is used in the development and delivery of all WYCA project and programme investments.

4.2 Assurance Process

The Assurance Process (see Figure 4.1) is a system for project control to deliver value for money in a transparent and accountable way. It has been designed to take all schemes through their project/programme lifecycle, and provides a practical “step-by-step” framework to aid the development of business cases, to ensure successful delivery and monitoring and evaluation and for making key decisions. The Assurance Process is both scalable and proportionate, and offers a structured process for appraising, developing, planning, delivering and evaluating that is in line with HM Treasury guidance to deliver best public value.

The Assurance Process should be used by the following:

- **Project Promoters:** it provides a pathway to allow promoters to develop proposals in a way that will give them the best chance of success;
- **Decision Makers:** it is a framework to provide the information they need to take investment decisions and to prioritise between different proposals in a clear and transparent manner; and
- **Partners and the wider public:** to give confidence that there is a clear and transparent framework to appraise and prioritise schemes and to take investment decisions

An important feature of the Assurance Process is its **flexibility in that it can be adapted to the specific nature, scale and scope of the project and/or programme**. For example, it offers the potential for accelerated decision-making by allowing small scale, less expensive projects to move quickly through the key decision points described below.

Programmes which are comprised of multiple projects for their delivery may also be subject to accelerated decision-making. In these instances, the assessment of the cost and benefit information may be at a high level with the programme level business case providing the strategic context for subsequent investments (projects). Following approval to fund the programme, the projects comprising the programme must be subject to individual business cases. **The programme must be approved at Decision Point 2 before any projects can proceed through the next stages of the Assurance Process.**

Overview of the Assurance Process:

Figure 4.1: Overview of the Assurance Process



Activities: Under each stage outlined above there are a series of Activities that need to be carried out in order to progress each scheme. Whilst there are eight possible Activities, not all would apply to all schemes and the process and intensity of appraisal applied can be tailored for each scheme depending on its type, scale and complexity, with the appropriate Activities applied (e.g. not all schemes will be required to complete an Outline Business Case and Full Business Case).

Decision Points: At the end of each Activity, a scheme is required to go through a Decision Point. It is here where a scheme is appraised against the HM Treasury 'Five Cases Model'. As such, project sponsors must demonstrate that a robust, accurate and compelling business case exists at each stage of the process.

There are two key Decision Points at 2 and 5 (highlighted in green in Figure 4.1). All schemes must go through at least these key decision points. The number of decision points a scheme will be required to go through will depend on the selected pathway following a scheme being deemed eligible for further development, and will be determined at Decision Point 2. The outcome of each decision point could be either to:

- Reject the project;
- Revisit the business case to address issues raised during the appraisal; or
- Approve the scheme through the particular Decision Point with a series of actions to be addressed during the next stage.

Stage 1 Pipeline Eligibility:

Stage 1 of the Assurance Process is designed to act as the sifting stage for proposals that have been received through published calls and other sources. It is used to:

- Determine the suitability of proposal for entry into next stage: Stage 2 - Pipeline Development;
- Determine a scheme's Pathway through the process and business case requirements;
- Determine timescales and high level milestones
- Determine any resource commitments to support scheme development
- Provide guidance to an applicant on project development/pathway; and

Decision Point 1

- Approve / reject progression of a scheme to Activity 2 and the drafting of a Case Paper based on
 - A scheme's strategic fit with the SEP (further eligibility tests are applied where there are specific restrictions around how different funding streams can be allocated);
- And where applicable, approval to prioritise a scheme over other schemes that may have come forward as part of a call for projects

Decision Point 2 (KEY)

- Approve / reject progression of a scheme to enter into the Stage 2: Pipeline Development of the Assurance Process and to start work on Activity 3, 4 or 5 (this will depend on the selected Assurance Process Pathway, based on the case officer's recommendations based on light touch appraisal of scheme¹¹).
- Recommendations will cover:
 - Which funding stream a scheme should be allocated to
 - A scheme's Assurance Pathway
 - The Approval Route for each Decision Point on the Pathway
 - High level milestones

¹¹ Appraisal based around HM Treasury Green Book 5 cases. Focus on strategic fit, scope to deliver economic benefits and deliverability

- Tolerances around risk, cost and programme, which when exceeded will require additional approvals
- Resource commitments to support project development (if applicable to funding stream)
- The recommended level of appraisal required for the Outline and Full Business Case stages.

Stage 2 Pipeline Development:

Whilst Stage 1 Pipeline Eligibility of the Assurance Process forms the basis of the initial test for a scheme and aids in prioritising which schemes should be invested in, **Stage 2 Pipeline Development** sets the framework under which all schemes will progress and develop through the preparation and finalisation (including due diligence) of the “business case”. It is used to:

- Revisit the case for change, confirm the option that optimises value for money, undertake a cost benefit analysis (where applicable), ascertain affordability, finalise costs and confirm delivery and management arrangements;
- Test feasibility of proposal, including intervention options;
- Develop Five Case evidence and analysis;
- Detail the cost plan, outputs, impacts and VfM;
- Detail the funding plan;
- Detail the delivery arrangements;
- Market test solutions;
- Undertake risk management and mitigation planning;
- Undertake full scheme appraisal;
- Determine suitability for next stage: Programme Committed;
- Establish conditions precedent for funding agreement; and
- Establish baseline for monitoring and evaluation.

The output from this stage is a Full Business Case with final costs. Therefore, any procurement and contractual arrangements should be finalised and a funding agreement drafted and ready for signature.

Decision Point 3 (if required)

- Approve / reject progression of a scheme to Activity 4 or 5 (as set out and agreed in the Assurance Process at Decision Point 2) based on the case officer’s recommendations based on a detailed appraisal of scheme.
- Recommendations will cover:
 - Approval of scheme’s Outline Business Case and Preferred Option.

Decision Point 4 (if required)

- Approve / reject progression of a scheme to Activity 5 based on the case officer’s recommendations based on a detailed appraisal of scheme.
- Recommendations will cover:
 - Approval of scheme’s Full Business Case;
 - Commitment to conditionally fund scheme costs, subject to due diligence / procurement / funding agreement negotiations successfully undertaken in Activity 5; and
 - Reconfirmation of the approval route and tolerances set for Decision Point 5.

Decision Point 5 (KEY)

- Approve / reject progression of a scheme to enter into the Stage 3: Delivery and Evaluation of the Assurance Process and to commence work on Activity 6 based on the case officer's Recommendations.
- Recommendations will cover:
 - Approval of the scheme's Full Business Case, revised to include final costs;
 - Commitment to fund scheme costs, subject to successful funding agreement negotiations; and
 - Confirmation of any key funding conditions.

Stage 3: Delivery and Evaluation:

During this stage monitoring/reporting arrangements are put in place to track the progress of a scheme as it is delivered. At this point the funding will be drawn down. Towards the end of this stage and the completion of a scheme, any outstanding conditions will be discharged before final payments are signed off.

A scheme will then be subject to evaluation in order to determine if the scheme benefits have been realised (further detail on Evaluation is covered in Chapter 5).

Decision Point 6

- Approve / reject progression of a scheme to Activity 7 based on the case officer's recommendation
- Recommendations will cover:
 - Approve / reject any variations outside of tolerances.

Decision Point 7

- Approve / reject progression of a scheme to Activity 8 based on the case officer's recommendation
- Recommendations will cover:
 - Approve Project Post Completion Review. If not approved, agree next steps to seek remedy;
 - Approve Final Funding Payment.

Decision Point 8

- Approve Final Evaluation Report. If not approved, agree next steps to seek remedy.
- Approve / reject Project Closure report.

4.3 Business Case Requirements at each stage of the Assurance Process

A key objective of the Assurance Framework is to support WYCA in assessing whether potential investments offer good value for money and have the capacity to generate and deliver the growth objectives set out in the SEP, or specific objectives relevant to a funding stream.

Along with the focus of the business case changing as a scheme progresses through the Assurance Process, the focus of the Business Case appraisal is structured around a series of key appraisal questions which enable the appraiser to review and test the evidence presented in the Business Case across the 'Five Cases'. Project promoters are made aware of the key appraisal questions in order to guide the presentation of evidence in the Business Case.

All projects will undergo a 'five cases' assessment to ensure a project demonstrates that the outcomes and outputs are deliverable, that the associated business case is a sound one and that the scheme represents value for money.

The following business case templates will be completed by projects during Stages 1 and 2 of the Assurance Process.

Stage 1: Pipeline Eligibility

The first document produced to make the case for investing in a scheme is called an **Expression of Interest** (EoI). This is completed by the Scheme Promoter and submitted to WYCA in order for a scheme to be considered for funding as part of Activity 1 in the Assurance Process.

The primary purpose of an EoI is to provide WYCA with information on a scheme proposal in order to determine whether it is eligible for funding.

Eligibility is based upon a scheme’s strategic fit to the Strategic Economic Plan and any specific restrictions relating to how different funding can be allocated.

If a scheme is eligible for funding, this will be approved at Decision Point 1 in the Assurance Process. The information provided in the EoI will then be used to carry out a fuller assessment on a scheme’s potential to deliver economic benefits and to assess the scheme’s deliverability. This is carried out as part of the Case Paper assessment during Activity 2 of the Assurance Process.

Information provide in the EoI and the Case Paper assessment will also help prioritise schemes that enter the Pipeline based on those having the potential to deliver the greatest benefits and VfM within the necessary timescales

A summary of the criteria that will be used to aid the Stage 1 assessment and prioritise and select those schemes that will progress to Stage 2 are set out below in Table 4.1.

Table 4.1: Overview of the Stage 1 Assessment Criteria

Criteria	Description
Strategic Case	<ul style="list-style-type: none"> • Has the scheme been clearly defined? • Is it clear why WYCA investment is needed and what it will be used for? • Does the scheme have a clear alignment to SEP Strategic Priorities, Headline Initiatives and funding source? • Does the scheme meet the ‘Good Growth’ principles? • Is there a clear rationale / need / market failure case for investment? • Have the scheme objectives been clearly set out?
Commercial Case	<ul style="list-style-type: none"> • Has evidence of need/demand for the project been identified? • Is the market for the project clearly understood? • Does the project unlock other downstream investments? • Has the scheme considered how it will procure the solution?
Economic Case	<ul style="list-style-type: none"> • Will the project contribute to SEP Headline Indicators? – either directly or indirectly • What potential does the project/programme have to deliver economic benefits/growth e.g. through jobs, unlocking sites, skills uplift, etc.? • Does the project contribute to other indicators that underpin the key principles of the SEP and the individual Priority Areas? • Do projected outputs and outcomes appear realistic / achievable? • Does the project appear to offer the potential of reasonable value for money?

Criteria	Description
	<ul style="list-style-type: none"> • Where appropriate has strategic and economic modelling been used to carry out an initial test of a project to identify a GVA/£ ratio e.g. Urban Dynamic Model (UDM) or the Regional Econometric Model (REM) • Has the project/programme undertaken an options appraisal e.g. SWOT assessment of a long list of options in order to identify a short list? • Does the scheme have a Benefits Register?
Financial Case	<ul style="list-style-type: none"> • Is the amount and timing of WYCA investment and match funding clearly set out? • Has the Loan first principle been considered? • Has other funding been confirmed or is there a clear timescale for confirmation? • Is there a proposal for WYCA to achieve any financial return through the project? • How are the scheme costs made up? Are they robust and realistic?
Management Case	<ul style="list-style-type: none"> • How will the scheme be managed, are the appropriate arrangements in place / outlined. How 'delivery ready' is the project? • Are delivery timescales clearly indicated and are they realistic? e.g. A high level development and delivery timetable identifying any potential barriers or constraints (e.g. planning, legal, land ownership issues). • What are the main risks facing this scheme? • If appropriate for scheme – has it got a Risk Register and/or Risk Plan? • Are there any potential barriers/constraints to the Scheme that will impact on delivery? • Has an initial assessment of any potential state aid implications been undertaken? • Are there any linkages/Interdependencies with other schemes that could affect delivery • Is the appropriate project / programme management documentation in place? • Have the appropriate supporting technical studies been undertaken? • Has the Promoter demonstrated any Lessons Learnt?
Other criteria (if applicable)	<ul style="list-style-type: none"> • For transport schemes this could include modelling to predict changes in carbon emissions, accidents, mode splits and impacts at different geographies including deprived communities.

The appraisal outcome from the 'Eligibility' assessment (which will be written up in the form of a Case Paper) will determine whether a scheme proposal proceeds through Decision Point 2 and is invited to prepare a Business Case – outline (OBC) or full (FBC) depending on the agreed pathway through the Assurance Process for the scheme. For example, an OBC may be requested where the scheme proposal is considered novel or contentious or is of a scale that requires further detailed technical analysis. It is also at this stage that any decision to commit to scheme development resources/support will be made.

Stage 2: Pipeline Development

The OBC (if required) and FBC uses a detailed ‘five cases’ assessment (see below) of the scheme that demonstrates that the outcomes and outputs are deliverable, that the associated business case is a sound one and that the scheme represents value for money.

At this stage the Business Case template seeks to build on the evidence presented in the EoI in order to present the full details of the scheme across the ‘Five Cases’ model to include:

- Strategic case: refinement from the EoI;
- Commercial case: market demand/testing evidence and procurement strategy;
- Economic case: to include options analysis, economic impact assessment and value for money analysis;
- Financial case: costs, funding and financial profile; and
- Management case: governance/project management, programme, confirmation of procurement arrangements, risk mitigation and State aid compliance.

4.3.1 Appraisal - Business Case Assessment Criteria

All schemes will have to meet the requirements of each component of the five cases assessment.

Key questions for the business case appraisal are contained within the templates that are used throughout the Assurance Process. These include:

- Stage 1 – Case Paper
- Stage 2 – Business Case Appraisal Report for the OBC (if required) and FBC.

A summary of the criteria that will be used to aid the Stage 2 assessment and select those schemes that will progress to Stage 3 are set out in Table 4.2.

Table 4.2: Stage 2 Assessment Criteria

Criteria	Description
Strategic case appraisal	<ul style="list-style-type: none"> • Does the project clearly set out the strategic drivers for this investment? • Does the project contribute to the achievement of the Leeds City Region’s Strategic Economic Plan • Does the project link to other activity being delivered either within the City Region or nationally? • Does the project meet other national, sub-regional and local strategies and policies? • Does the project set out why WYCA funding is required in order to be undertaken? • Has the project undertaken any engagement/consultation with key stakeholders and beneficiaries affected by the scheme? • Does the project clearly set out its objectives? • Does the project clearly set out the key activities to be funded?
Commercial case appraisal	<ul style="list-style-type: none"> • Has the project provided evidence to support the market demand justification for this project? • Has the project provided evidence to support the projected take-up by the market? • Does the project have a preferred procurement strategy/approach? • Has the project considered risk allocation and transfer?

Criteria	Description
Economic case appraisal	<p><u>All Projects:</u></p> <ul style="list-style-type: none"> • What Long List of Options have been considered? • What Critical Success Factors (CSF) have been used to evaluate the Long List of options? • How has the Long List of Options been appraised? • What is the Short List of Options? • How has the Short List of Options been appraised? • How does the Scheme contribute to the SEP Headline Indicators • What methodologies have been used to calculate the Monetised Benefits? • What methodologies have been used to calculate the Monetised Costs? • How is uncertainty in the appraisal dealt with? • Does the project identify any wider benefits? • Does the project identify any Low Carbon and Environmental Benefits • What is the Scheme Value for Money position? • Is the Preferred Option clearly defined? <p><u>Additional Assessment Criteria for Transport Projects:</u></p> <ul style="list-style-type: none"> • What methodologies have been used for modelling and appraisal of the scheme? • What transport model(s) have been used for the scheme appraisal? • What forecasting methodologies have been used for the scheme appraisal? • How has the impact of the scheme on travel demand and behaviour been incorporated? • How is uncertainty in the appraisal dealt with? • How the scheme impacts across different social groups? • Does the project have an Appraisal Summary Table? • Does the project have a Transport Economic Efficiency Table? • Does the project have an Analysis of Monetised Costs and Benefits Table? • Does the project have a Public Accounts Table?
Financial case appraisal	<ul style="list-style-type: none"> • Has the project got a calculated outturn capital cost? • Has the project got a clear cash flow and funding profile? • Does the project have any revenue, on-going/operational costs associated with it? • Does the project have any other funding sources? • Have the main financial risks been identified? • Has the project addressed how will cost overruns would be dealt with? • Does the project offer any potential to generate a commercial return to pay back funding? • Does the project have any state aid issues to address? • Is the WYCA funding a loan?
Management case appraisal	<ul style="list-style-type: none"> • Does the project have a clear delivery plan? • Is there more than one delivery partner involved in the delivery of this project? • Does the project have a clear programme? • Has the project set out any delivery constraints? • Does the project have an adopted approach towards risk management? • Has the project completed a Quantified Risk Assessment (QRA)? • Does the project have a Communications Strategy? • Does the project have a Benefits Realisation Plan?

The Business Case appraisal is effectively a risk-based appraisal designed to enable the appraiser to test and report on key scheme risks across the Five Cases. This ensures that decision-makers at any level of delegation fully understand scheme risks, particularly in terms of benefits realisation, financial outcomes and value for money. It also provides the basis on which any conditions precedent for a funding agreement can be proposed. Business cases are rated against an appraisal framework and each of the five 'cases' given a RAG (red, amber and green) rating based on the response to the key appraisal questions as follows:

RED	Does not adequately address one or more of the key assessment questions
AMBER	Addresses all of the key assessment questions but specific issues may require further consideration or action
GREEN	Presents a clear and comprehensive response to the key assessment questions

The main findings in respect of the five cases are then brought together into a single assessment summary and an overall scheme RAG rating. It is anticipated that schemes receiving an overall red rating may require the applicant to provide extensive additional information prior to subsequent reappraisal. Schemes receiving an overall amber rating may require special conditions (or conditions precedent) to be included in any subsequent grant agreement between the applicant and the accountable body.

4.3.2 Assessment of Economic Impact & Value for Money

This exercise will draw on a range of tool-kits and approaches to demonstrate wider economic benefits and value for money in order to prioritise and assess the overall business case for a scheme. In line with recognised VfM guidance the assessment will consider: **economy** (minimising the cost of resources used); **efficiency** (the relationship between the output from goods or services and the resources to produce them); and **effectiveness** (the relationship between the intended and actual results of public spending (outcomes) meeting objectives).

As set out in the LEP National Assurance Framework guidance, the methodology used to assess VfM will be in line with the established guidance prescribed by the relevant government department, described below:

- **Transport:** the standard against which WYCA will assess the robustness of the economic case of transport projects with a capital cost in excess of £5m will be the established WebTAG methodology. See section 4.3.3 for further detail;
- **Housing:** the appraisal will draw on advice and guidance from the HCA alongside DCLG's Appraisal guide for residential and non-residential development
- **Enterprise, business support and innovation:** these projects will need to demonstrate ability to deliver VfM through evidence-based business cases aligned with HM Treasury Green Book guidance, with a commitment to publishing results to add to the evidence base on what works and contribution to local and national policy goals on productivity and growth
- **Skills capital:** the appraisal will continue to draw on Skills Funding Agency guidance (e.g. for the financial appraisal of schemes);
- **Regeneration:** projects will need to be in line with the National Planning Policy Framework and the Planning Practice Guidance. For projects beyond housing and transport interventions, for example enabling works, land assembly, utilities and/or public realm projects, the DCLG appraisal guide will be useful in helping to appraise their costs and benefits.

The approach adopted will also be proportionate to the scale and risk of the proposal, and will draw on a range of techniques, including:

Cost Benefit Analysis (CBA)

The CBA calculates the costs and benefits for each year covered by the proposal and other shortlisted options (including the do-nothing/do minimum 'counterfactual' position) which are then summed to produce a net

figure for each year. Each of these annual net values is then discounted (as set out in the Green Book) and the results are summed to give a Net Present Value (NPV) and forms the basis on which value for money is assessed.

Wider Economic Impact Assessment

As set out in 3.3.2, in generating a prioritised shortlist of schemes, a wider economic impact assessment will be undertaken, utilising a range of tools and models. Taking the findings from this analysis, the Assurance Process will draw on a range of nationally recognised value for money benchmarks relevant to the type of scheme under review.

Other measures of value for money will be used where necessary to provide more information on the richness and scale of the potential impact of schemes. Such measures include:

- total cost per job;
- total GVA per job;
- cost benefit ratio; and
- grant per job.

To enhance the rigour of the assessment we will apply and/or draw on a range of nationally recognised guidance and value for money benchmarks relevant to the type of scheme under review, such as:

- WebTAG - as outlined in Section 4.3.3 (below) the modelling and appraisal of transport schemes will be developed in accordance with the guidance published in WebTAG;
- the HCA Additionality Guidance¹² and other appropriate sources, including DCLG Appraisal Guidance for housing and regeneration schemes;
- the Regional Development Agency Impact Study 2009¹³; and
- evaluation evidence produced by the What Works Centre for Local Economic Growth

The adopted approach also aims to provide a 'level playing field' between the wide-range of intervention types that are being considered across the four strategic priorities of the SEP. This has been identified as the right approach to allow the LEP and WYCA to maximise the employment and productivity outcomes from available funding.

4.3.3 Compliance with DfT's WebTAG Guidance

All transport schemes will be subjected to the minimum requirements on modelling and appraisal, Value for Money (VfM) Statement, assurance and evaluation as set out in the National Assurance Framework Guidance (LEP and Single Pot)¹⁴.

The modelling and appraisal work will be scrutinised to ensure it has been developed in accordance with WebTAG, is robust, and is fit-for-purpose. A mix of both internal and external resources (partner local authorities and independent consultants) in the form of a Gateway Peer Review Panel will be used, so that appropriate and independent recommendations can be provided to decision-makers. Opinion from DfT may be sought for high value or contested schemes. Responsibility for quality assurance of the assessment and scrutiny will rest with WYCA's Head of Feasibility and Assurance.

An Appraisal Summary Table (AST) and VfM Statement will be produced by following WebTAG and DfT's VfM guidance. A VfM Statement will be produced for decision-makers summarising the conclusions from VfM assessment taking into consideration whether benefits outweigh the costs whilst identifying key risks and sensitivities that may affect the VfM conclusion. The statement will be prepared by the scheme promoter. This will be reviewed and signed off by suitably qualified and authorised WYCA personnel who are

¹² See <https://www.gov.uk/government/publications/additionality-guide>

¹³ See <http://webarchive.nationalarchives.gov.uk/20090430145135/onenortheast.co.uk/impact/index.cfm>

¹⁴ Single Pot Assurance Framework – National Guidance. Department for Community and Local Government. April 2016.

independent. The VfM Statement will be presented to WYCA for decision-making purposes at appropriate stages in the Assurance Process.

To maintain the value for money for major transport investments from the public purse, WYCA is committed to approve schemes with a final VfM category of ‘High’ or above. In exceptional circumstances any scheme with a VfM category lower than ‘High’ may be approved. An example of such a transport scheme could be one which unlocks a major development site or a scheme which can be directly attributed to job creation and/or GVA growth.

4.3.4 Appraisal Proportionality

The level of appraisal will be proportionate to the nature, scale and scope of each project and/or programme. For example, **where a scheme carries greater risk and/or is more complex, the intensity of the appraisal will reflect this.** This is not simply a matter of the financial scale of a project, but will also need to take account of how the project is structured, its processes and dependencies. The capital-intensive nature of transport projects and the accompanying high costs mean that transport schemes will have different financial thresholds in terms of how they are treated.

The proposed framework is set out in Table 4.3. These are **indicative** investment thresholds that will be used as an initial guide to determine the level of appraisal required for transport and non-transport schemes, and which will be reviewed in light of experience. Evidence will be provided to the PAT around factors of project complexity to inform the decision around the level of appraisal requirement.

Table 4.3: Investment thresholds to determine level of appraisal

Complexity / risk		Cost					
		Non-transport schemes			Transport schemes		
		Low (less than £5m)	Medium (£5m to £10m)	High (greater than £10m)	Low (less than £20m)	Medium (£20m to £50m)	High (greater than £50m)
Low	Value for money/GVA impact - ratio of GVA per £ spent simple appraisal	Value for money/GVA simple appraisal	Full HM Treasury ‘Green Book’ compliant business case including GVA assessment	BCR/GVA simple appraisal	BCR/GVA simple appraisal	Full WebTAG compliant business case & GVA assessment	
High	Value for money/GVA BCR and other ‘relevant’ benefits appraisal	Value for money/GVA BCR and other ‘relevant’ benefits appraisal – individual Green Book cases may be applied	Full HM Treasury ‘Green Book’ compliant business case including full CBA and GVA assessment	Full WebTAG compliant business case & GVA assessment	Full WebTAG compliant business case & GVA assessment	Full WebTAG compliant business case & GVA assessment	

4.3.5 Who will undertake the Appraisal of Projects?

WYCA Appraisal Function

The responsibility for appraisal of projects sits within the Delivery Directorate. Each scheme will be assigned a Case Officer when it enters the Assurance Process. The Case Officer will be responsible for carrying out the appraisal of a scheme. This may be done using their own expertise, or where necessary bringing together expertise from within WYCA or from external advisors and partners. This may cover financial, transport, economic, property, legal matters and experience of the relevant priority areas of the SEP.

As well as being multi-disciplinary, membership can also include representation from different authorities and organisations as appropriate (e.g. peer review by officers from non-promoting authorities). Where appropriate and necessary, external advice will be procured to support the process (e.g. independent appraisal of WYCA projects). Wider independent advice may also be sought in some cases, including liaison with DfT and HMT economists.

There will be a clear separation between the appraisal function and the project sponsor/promoter. This means that staff carrying out appraisal will not be involved in advising on project and business case development activity.

Following each assessment of a project, a template will be completed by the Case Officer that reports the findings of the appraisal and this will be reviewed by the Programme Appraisal Team (PAT).

The WYCA Appraisal Function and Programme Appraisal Team (PAT) (see below) scrutinise and quality assure the process to ensure that the work undertaken is independent of the authority promoting the scheme. The Director of Delivery has overall responsibility for ensuring value for money for all projects and programmes.

Programme Appraisal Team (PAT)

The Programme Appraisal Team (PAT) is the formal group of WYCA officers who oversee the Assurance Process as projects/programmes progressing through it.

The PAT is an internal assurance group and has no formal approval making powers. The PAT make recommendations which are then reported through the current WYCA governance arrangements for a formal decision.

The PAT consists of a core membership representing WYCA programme delivery, feasibility and assurance, policy, economic, legal, and financial functions. Membership is supplemented by Case Officers, independent technical advisers, peer group representatives (including representatives from partner authorities and/or third party private businesses) and other attendees as required to supplement the decision making process.

The PAT Terms of Reference are attached in Appendix 4.

4.3.6 When will schemes be assessed?

It is expected that discussions between the scheme promoter and the LEP/WYCA will be an on-going and iterative process.

There will be a number of avenues for potential schemes to access funding opportunities from the LEP/WYCA. For example, this could be through funding competitions with specified deadlines for submissions as well as open calls where the LEP/WYCA will be seeking on-going business case submissions from scheme promoters.

All calls for proposals with specified deadlines, including details of the application and investment decision process, will be posted on the LEP/WYCA website and promoted with public sector partners and the business community.

The timescales for the assessment of business cases will vary depending upon the nature and complexity of the scheme, on the quality of information provided by the scheme promoter and on the volume of business cases under review. However, milestones will be agreed and set out between the Promoter and LEP/WYCA

following all Decision Points within the Process in order to establish a clear picture of what needs to be done next in the development of a scheme and when it can expect to be assessed and appraised across all areas of its business case.

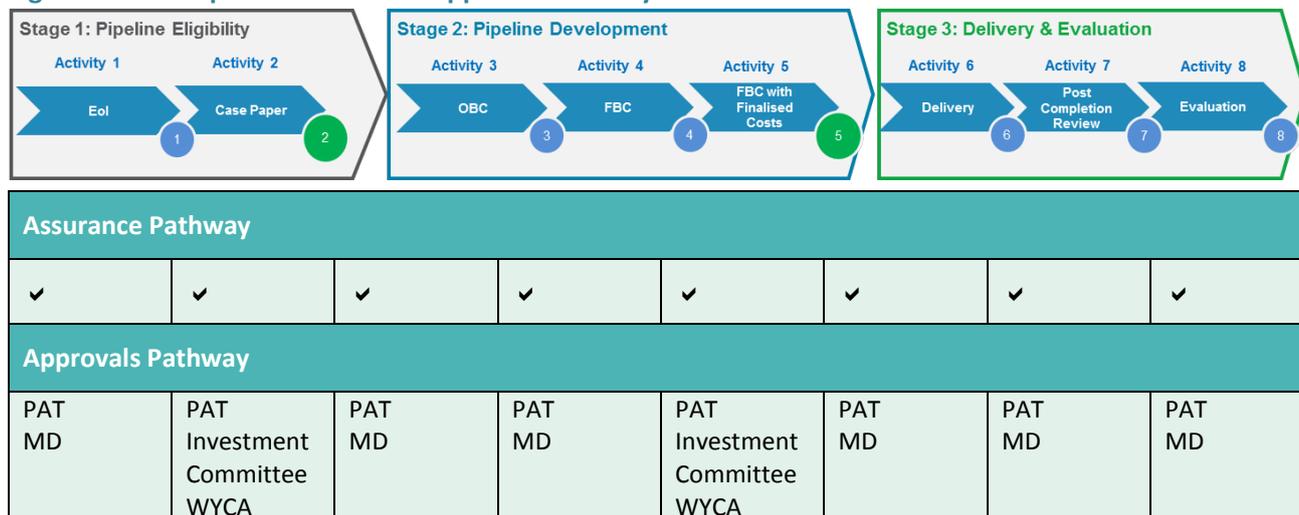
4.3.7 Reporting of Appraisal Findings

Approvals Pathway

Schemes will be assessed on a case by case basis, with the approvals pathway set out and agreed at Decision Point 2 which best serves the needs of WYCA in carrying out the correct level of assurance, enabling schemes to progress quickly, and enabling WYCA to respond quickly to investment opportunities. There are 5 possible approval routes at each Activity (an example of the approvals pathway is shown in Figure 4.2):

- PAT – Investment Committee – WYCA
- PAT – Investment Committee – Managing Director
- PAT – WYCA
- PAT – Managing Director
- PAT – Transport Committee

Figure 4.2: Example of a Scheme’s Approval Pathway*



*this example is based upon a large scale, complex transport scheme

The key principle is that the PAT will always review a scheme at a Decision Point to check whether the Assurance Process has been applied correctly and assess whether a scheme is eligible to progress to the next Activity. The Investment Committee is asked to review the PAT’s recommendations early on in the Process in advance of WYCA or the Managing Director making any formal approval. This will usually be at Decision Point 2 at entry into the Pipeline for development.

Whilst schemes will by default always be seen by the PAT at each Decision Point, the PAT also have the option to defer the responsibility for seeing a scheme’s business case at Decision Points as they see fit e.g. LEP Loans may be seen by the PAT at Decision Point 2 with a Case Paper, then come back at Decision Point 4 with a Full Business Case that will be assessed by the LEP Investment Panel instead.

In the case where the situation arises that the PAT agrees to reject a scheme, it is the role of the PAT to advise Investment Committee of this recommendation – and then for the Investment Committee to either approve or reject.

Depending on the cost, complexity and risk of a scheme, the Investment Committee may request that a scheme is referred back to the Committee at subsequent Decision Points for their recommendation to progress along the PMO Process in advance of Decision Point 5.

There is also the option for the Investment Committee to recommend to WYCA that further approvals after Decision Point 2 be delegated to WYCA Managing Director to facilitate speeding up the delivery of schemes that are considered low cost, less risky and complex.

4.3.8 Due Diligence Assessment

Due diligence is the independent verification of key information and assumptions. The purpose of due diligence is to protect all parties from acting on incorrect or impartial information.

Due diligence may be carried out at any point in the development of a scheme, however it will be formally required as part of Activity 5 – Finalising Costs. Information requirements at this stage will depend upon the nature of the scheme, the findings of the Full Business Case assessment and any outstanding actions still to be undertaken prior to any funding agreement being approved.

Each case will of course be different depending upon the nature of the scheme, but could include:

- **Lending:** financial standing of delivery body, company ownership and creditworthiness, value of security offered and details of any existing charge, terms of loan including drawdown and repayment, consideration of State Aid;
- **Recoverability:** projects need to demonstrate the income from which the loan will be repaid;
- **Deliverability and risk:** confirmation that the project is ready to start and a risk management plan is in place; and
- **Final economic impact / VfM statement:** jobs created, contribution to the City Region economy and other outputs/outcomes such as remediated land, apprentice positions, houses built, private sector deliverability.

4.4 Release of Funding, Cost Control and Approval Conditions

The funding offer will be bespoke to each individual scheme. The arrangements for the draw down and release of funding will be agreed during Stage 2 and Stage 3. To illustrate, the following funding conditions could apply and will be specified in the funding agreement:

- Funding to scheme promoters will be capped at the maximum level;
- Any potential overspends (costs exceeding the agreed tolerances) will be escalated by the Project Executive to WYCA. WYCA will consider the appropriate options which will include a requirement for the Business Case to be re-worked and presented back to WYCA for further consideration;
- The Promoter's Chief Internal Auditor to provide assurance and to certify all expenditure on an annual basis, as is the case for LTP expenditure;
- The Promoter's Chief Finance Officer (Director of Resources) to sign off all expenditure on an annual basis, as is the case in the current arrangements for LTP expenditure;
- Claw-back provision in place to ensure funding is only to be spent on the specified scheme and that any cost savings achieved on the completed scheme are returned to the Fund;
- WYCA, as the Accountable Body, will release funding in advance in instalments (on a quarterly basis unless agreed otherwise), but only when it is needed. Regular reconciliation will be adopted to accelerate or pause payments to keep pace with actual spend; and
- WYCA may arrange for local audit of schemes to detect any misuse of funds.

Overall, WYCA's Internal Audit arrangements will sign off all total expenditure as part of the Annual Audit process.

5. MONITORING AND EVALUATION

5.1 Introduction

The following section sets out the approach to Monitoring and Evaluation, including ongoing reviews of the Assurance Framework

5.2 Scheme Monitoring and Evaluation

Monitoring During Development and Delivery (Activity 3 to 6 inclusive)

All projects will be monitored throughout their progression through the Assurance Process. Monitoring reports will be used to guide the collection of data from individual projects and is designed to ensure that it captures information required by WYCA/LEP and Her Majesty's Government.

To ensure the benefits of the assurance process are fully met, WYCA will invest in a new Portfolio Information Management System (PIMS) which will provide the following benefits:

- **Transparency**
 - Allows informed and improved decision making.
 - Provides visibility of project progress.
 - Provides a full audit trail of project data.
 - Linkages and dependencies between various projects in the portfolio can be viewed and managed more easily.
- **Consistency**
 - Provides a robust and automated method of project gate review.
 - Standardised templates and reports will offer more robust project controls.
 - Centralised repository for cost and risk management activities will provide a uniform approach.
- **Efficiency**
 - Manual data input and manipulation is reduced.
 - Standardised reports, documents and dashboards enable project teams and stakeholders to concentrate on delivery.
 - Resource management allows for resource planning ahead of demand.
 - The organisation's ability to plan using future project deliverables is increased.
 - Lessons learned can be more easily understood and shared between stakeholders
- **Focus on delivery**
 - Aggregation of project data can identify trends in advance.
 - Facilitates alignment of projects to corporate strategy.
 - Recommendations and actions to be carried out in a more structured and timely way.

Key metrics of information on performance will be reported at regular intervals from when a scheme enters Stage 2: Pipeline Development and will include income and expenditure, programme and top risks.

The individual project monitoring information will feed into an overall monitoring plan for WYCA funding, which will be reported to WYCA/LEP to enable effective management of all projects and programmes and schemes are being delivered.

All WYCA/LEP Board monitoring reports are published on WYCA and LEP websites.

Post Completion Review (Activity 7)

The purpose of the Post Completion Review is to confirm that a project has met all key requirements and deliverables in accordance with the Funding Agreement and completed any outstanding compliance requirements highlighted during Activity 6 and in the Final Monitoring Report. Also, to capture feedback and lessons learnt to inform the development and delivery of future projects.

The output from Activity 7 is a Project Completion Report.

Evaluation (Activity 8)

All projects funded by WYCA and the LEP will be required to have an effective Monitoring and Evaluation (M&E) plan in place at the end of Activity 5, which will form a key aspect of a project's business case. During Activity 8, the M&E plan will be used to assess the effectiveness and impact of investing public funds and to identify good practice and key learning points that can inform decisions about future delivery.

The achievement of wider impacts will also be gathered as part of the evaluation work, including the extent to which projects are contributing to the overall objectives of WYCA and the LEP.

The output from Activity 8 is a Project Closure Report (PCR) Report, which should enable a clear demonstration that intended expenditure, outputs, outcomes and impacts have been delivered effectively and scheme objectives have been achieved and whether its benefits have been realised.

SEP Evaluation Strategy

A SEP Evaluation Strategy has now been agreed in principle with Government and will be used to further assess how well and cost effectively schemes have delivered, and the learning points that have emerged.

The principles behind the Evaluation Strategy are that it is locally owned, managed and draws on local systems; it will be proportionate and selective (e.g. we will not evaluate everything) and we will work with partner LEPs and government to identify opportunities for thematic evaluations that could be conducted across LEP areas or centrally commissioned.

The Strategy, which draws on recognised evaluation techniques and methodologies (e.g. to determine net impact/understand economic impact, etc.), will play an important role in strengthening the evidence base in order to inform the future strategic direction of policy development and assist in the design and delivery of future policy by:

- **Establishing evaluation frameworks with supporting tools and templates:** such as the adoption of agreed indicators and measures, data collection procedures and reporting mechanisms;
- **Identifying benefits and impacts:** Establishing the outcomes and impacts of a given project or programme and understanding whether the project under/over performed;
- **Demonstrating value for money:** showing that the public funds (e.g. Local Growth Fund, Growing Places Fund, Regional Growth Fund, Enterprise Zone, etc.) the LEP, WYCA and partners are managing are being used effectively and efficiently and are delivering a positive return on investment; and
- **Understanding the key lessons learnt:** Exploring what is working well and what is not, including management, content, delivery, recruitment and how far projects or programmes are meeting beneficiaries' needs.

WYCA and the LEP will ensure that learning is disseminated and accessible to partners within the Leeds City Region and other key partners.

Five Year Gateway Review

As part of the LCR Growth Deal agreement the West Yorkshire Plus Transport Fund will be subject to five-yearly Gateway Reviews to assess impact. At this stage, the Government has suggested that the Gateway Review will focus on evaluating the performance of the investment fund with economic growth becoming the primary measure for assessing impact.

An independent panel, as agreed with HM Government, has been commissioned to undertake the Review. The first Gateway Review in 2019-20 will determine the availability of future Government payments for 2021-22 to 2024-25.

The evaluation component of individual Transport Fund scheme's Monitoring & Evaluation plans will need to complement the five-year Gateway Review.

A review of the overall Monitoring & Evaluation activity forms part of the Action Plan, and will advise on the development of an overarching Monitoring & Evaluation framework.

5.3 Risk Management

Risk is managed in line with HM Treasury 'Orange Book' Guidance on the Principles and Concepts of Risk.

WYCA recognise that effective risk management is an integral part of good corporate governance and as such should be a part of everyday management processes. WYCA is committed to ensuring that robust risk management arrangements are in place and operate effectively at all times. The Portfolio Management Office will champion risk management, providing a management lead and ensuring that appropriate arrangements are maintained. The Head of PMO is has overall responsibility for the identification and management of risk, but the day-to-day management of risk sits with Directors, Heads of Services and risk owners.

Identification and Assessment of Risk

Full project-level risk analyses and mitigation/contingency plans are required for each scheme as part of the application process and in developing the business case.

Monitoring Risk

Funding recipients are required to submit updated risk assessments including mitigations on a monthly basis as part of the Monitoring Reporting process.

A strategic risk register with mitigations and responsibilities at the overarching Growth Deal level is also produced and reviewed every six months by the Growth Deal Management Group.

Appendix 1 – Role of WYCA and WYCA Advisory Committees

West Yorkshire Combined Authority: Membership

Members are appointed in accordance with the Order which established it. This provides that West Yorkshire constituent councils appoint at least one Member to WYCA, with a further two West Yorkshire appointments to reflect the balance of political parties among the West Yorkshire councils.

York is a non-constituent Council of WYCA, and appoints one of its Members to be a WYCA Member, and the LEP also nominates one of its members to be a WYCA Member. These two Members are non-voting, except in so far as WYCA gives them voting rights.

Membership of WYCA is set out on WYCA web-site ([here](#))

WYCA Transport Committee

In accordance with the policies and strategies set by WYCA, the Transport Committee meets on a regular basis to consider matters relating to WYCA transport functions. In relation to transport-related investment, the Committee has a specific role in liaising with the West Yorkshire and York Investment Committee to promote the strategic alignment of regional transport funding investment.

The terms of reference, membership of the Committee, the dates of future meetings and agenda items can be found [here](#).

West Yorkshire & York Investment Committee

In relation to any function of WYCA relating to economic development and transport-led regeneration, the West Yorkshire and York Investment Committee¹⁵ is authorised to:

- advise WYCA about any proposed funding submissions by the Authority; local financial strategies; and project management and delivery arrangements;
- advise WYCA on the adoption, application and review of a Single Appraisal Framework (Assurance Process) for schemes seeking funding from the Authority or the LEP¹⁶;
- review the impact of programmes funded by the Authority or the LEP and make recommendations to the Authority as appropriate;
- liaise with the Transport Committee to promote the strategic alignment of regional transport funding investment¹⁷; and
- advise the Authority about any other key issues affecting the discharge of these functions.

The terms of reference, membership, future meeting dates and agenda items of the Investment Committee can be found [here](#).

LCR Partnership Committee

Not every Leeds City Region local authority is directly represented on the LCR LEP Board, (although those which are not may have representatives on LEP Panels or Advisory Committees).

The LCR Partnership Committee provides a forum to bring together representatives from all Leeds City Region local authorities. Its purpose is to facilitate direct collective engagement with WYCA, the key local authority arrangement supporting the LEP, as its accountable body.

¹⁵ This is an advisory committee appointed under S102(4) Local Government Act 1972.

¹⁶ Including gateway criteria for entry of schemes into the Assurance Process.

¹⁷ This may be through holding joint meetings with the Transport Committee.

The terms of reference provide for the Committee to advise WYCA in relation to any function of WYCA relating to its role as accountable body for funding allocated to the Leeds City Region (including the Local Growth Fund), including to ensure that decisions and activities of the LEP conform with legal requirements and that funds are used appropriately.

The terms of reference also provide for the Committee to act as a consultative forum on any matter referred to it by WYCA. This could include matters raised with WYCA (through the Chair), or by LCR authorities not represented on WYCA, as well as any raised by the LCR LEP Board.

Recommendations made by the LCR Partnership Committee may be referred to WYCA, or implemented under officer delegated authority. Where necessary, decisions may also be ratified by relevant authorities.

Six WYCA Members are on the Partnership Committee; one from each constituent West Yorkshire Council, alongside a WYCA Member appointed by the non-constituent council (York). The five Leaders of the City Region authorities not represented on WYCA are voting co-opted members of the Committee.

The terms of reference, membership, meeting dates and agenda items of the Partnership Committee can be found [here](#).

Appendix 2 – Role of LEP and LEP Advisory Committees

LEP Board

Role and Responsibilities

The LEP Board:

- Provides high quality leadership by:
 - setting the strategic direction for the sustainable economic growth of the Leeds City Region economy, as outlined in the Strategic Economic Plan (SEP), and
 - proposing key objectives and investment priorities to deliver the overall vision and strategy of the LCR LEP;
- Oversees the delivery of the SEP and through partnership with the private, public, voluntary and social enterprise bodies who all contribute to this aim;
- Leads the development of both existing and future Enterprise Zones in the Leeds City Region;
- Leads and coordinates funding bids and leverages funding from the private and public sector to support the delivery of agreed LCR LEP priorities;
- Works with WYCA to set the forward strategy for attracting new financial and business investment into the area;
- Jointly approves a Business Plan and performance reporting with the WYCA on its plans and the SEP;
- Influences key sub-regional, regional, national and international strategies;
- Publishes an annual report; and
- Provides a link to Government on all aspects of the LCR LEP's work.

Membership

The LEP Board brings together business and council leaders to oversee and make strategic decisions related to our Strategic Economic Plan.

This approach to partnership working provides the best of both worlds: private sector expertise on what businesses need to grow, and democratic accountability for public sector investment.

Details about the current membership of the LEP Board, including their positions are set out on the LCR LEP website ([here](#)).

The LEP Board has a private sector Chair, and at least 50% of the rest of the members also come from the private sector. One member is appointed to represent and engage with the SME business community.

The LEP Board:

- appoints its private sector members, following open recruitment procedures;
- appoints at least one representative from public sector organisations which are not local authorities;
- appoints its Chair and Vice Chair;
- annually reviews its membership having regard to the skills, knowledge and competencies it needs, the geography of the Leeds City Region, its key business sectors and different sizes of business operation and its diversity statement – see further below; and
- Has adopted a diversity statement explaining how the LEP looks to ensure diverse representation at Board and sub-group level which is reflective of their local business community (including geographies and protected characteristics). This is provided as Appendix 5.

LEP Panels and Advisory Boards

Roles and responsibilities - overview

The LEP Board appoints LEP Panels and thematic Advisory Boards, to assist in developing and implementing projects under the strategic priorities of the SEP. The Panels and Advisory Boards do not have decision-making powers in relation to Growth Deal or other investment projects. The LEP Board decides the role of each Panel or Advisory Board, which are set out in their terms of reference.

The LEP Panels and Advisory Boards play a proactive role in identifying and ‘working up’ project ideas for the project pipelines within their respective themes. In this way, a strong link is maintained between project development and the overall strategy and policy led by the LEP:

- LEP Investment Panel;
- Business, Innovation & Growth Panel – innovation, export promotion and business support projects (SEP Strategic Pillar 1);
- Employment & Skills Panel – skills and labour market projects (SEP Strategic Pillar 2);
- Green Economy Panel – resource smart projects (SEP Strategic Pillar 3);
- Land and Assets Board; and
- Business Communications Group.

The Panels report back to the LEP Board; each LEP Board meeting receives an update on the work of each Panel.

Membership

The LEP Board determines the membership of each Panel and Advisory Board, taking into account the need to ensure both democratic accountability and a balance of expertise around strategic LEP priorities, financial matters, and green credentials.

The LEP Board appoints the members of each Panel or Advisory Board. All private sector members are appointed following open recruitment procedures.

Membership of a Panel or Advisory Board may include non-LEP Board members.

The LEP Board appoints the Chair of each Panel, who is a LEP Board member.

LEP Investment Panel

This Panel ensures that all applications for financing from the LCR LEP are appraised in a robust and transparent way, and oversees all funding awards.

Funding applications are considered by this Panel first, before making recommendations to the LEP Board and WYCA for endorsement.

A list of the members of the Investment Panel can be found [here](#).

Business, Innovation and Growth Panel

This industry-led Panel, made up of businesses, universities, policy-makers and delivery partners ensures that our work is driven by the needs of business. The Panel oversees projects that will realise the Leeds City Region’s economic potential by strengthening our global competitiveness, encouraging innovation and enterprise and unlocking small business growth.

A full list of the members of the Panel can be found [here](#).

Employment and Skills Panel

This Panel brings employers together with local authorities and skills providers. The Panel oversees projects to address skills gaps in the Leeds City Region’s key industry sectors, and create local leadership that drives

improvements in skills and employment. The Panel's work is driven by the needs of employers and the Leeds City Region's economy.

A full list of members of the Panel can be found [here](#).

Green Economy Panel

This Panel is a joint partnership between local government and private sector businesses in the region. The Panel oversees projects that are helping to develop a cutting-edge energy infrastructure for the region that will drive innovation and contribute to business growth. The Panel's main objective is to achieve a substantial and continued decrease in carbon emissions, while also increasing economic output and employment.

A full list of the members of the Panel can be found [here](#).

Land and Assets Board

This Board has dual aims; to develop strategic housing and regeneration policy and strategy; and also to achieve a more integrated approach to how the public sector uses its assets in the Leeds City Region, supporting economic growth and deliver better value for money as a result.

A full list of the members of the Panel can be found [here](#).

Business Communications Group (BCG)

This group is made up of spokespeople from key business representative organisations in the City Region. They play an active role in supporting business growth in the region by helping to coordinate effective communications between the LEP and the business community. They also act as an advisory group to the LEP Board; consulting with their members on barriers to growth and ensuring businesses are at the heart of everything we do.

The Chair of BCG is the identified LEP Board member to represent the SME business community.

A full list of the members of the Panel can be found [here](#).

Appendix 3 – Assurance Process Principles for ESIF Sustainable Urban Development (SUD) Purposes

Purpose

The urban agenda and the role of cities in driving forward smart, sustainable and inclusive growth is central to the successful delivery of the 2014-20 ESF Funds Growth Programme in England.

The Leeds City Region (LCR) Sustainable Urban Development (SUD) Strategy, which aims to address integrated urban challenges and opportunities in our area, was submitted to the Department for Communities and Local Government (DCLG) back in September 2015 and has now been formally agreed.

The Department for Communities and Local Governments – otherwise known as the Managing Authority - agreement of the SUD Strategy will ensure that funds worth up to 10% of the Leeds City Region European Structural and Investment Funds (ESIF), European Regional Development Fund (ERDF) allocation will be made available in order to implement the SUD strategy.

In order to put in place the delegated functions that are required by Article 7 of the EU Regulation 1301/2013, with regard to project selection, DCLG will establish the West Yorkshire Combined Authority as an Intermediate Body (IB) in line with Articles 123 and 125 of EU Regulation 1303/2013.

WYCA as the Intermediate Body will, in order to make decisions with regard to its role in the project selection process, use the principles of the Assurance Process as outlined below. Any process will be undertaken in line with the selection criteria as defined by the ESIF national Growth Programme Board.

This Appendix presents the Leeds City Region Assurance Process as the model and framework that the WYCA will adopt in assisting in the selection of projects as part of the ESIF programme 2014-2020 for SUD.

Background

- In July 2012 the Leeds City Region agreed a 'City-Deal' with HM Government giving greater local control over spending and decision-making particularly with regard to economic development, regeneration and transport. This 'City-Deal' agreed to the creation of a West Yorkshire Combined Authority (WYCA) and a commitment to develop an Assurance Process. The Assurance Process once approved by HM Treasury would provide a consistent, robust appraisal process for projects and programmes to inform investment decisions.
- In light of this, and the flexibility that is inherent within the Assurance process, it represents a means to structure the local appraisal of ESIF SUD projects rather than developing a separate process. This approach will complement the formal technical assessment which is carried out by DCLG.

Introduction to Selection of Projects using the Assurance Process principles

The process adopted here reflects the guidance issued by DCLG and adheres to the process and role of the Intermediate Body.

The Investment Committee will provide advice to WYCA in line with the nationally agreed criteria and in line with the agreed and signed Memorandum of Understanding between WYCA and DCLG.

The Investment Committee will be asked to provide advice to WYCA to whether proposals set out at Outline and subsequently Full Application appropriately address:

Local Strategic Fit as defined in the Selection Criteria¹⁸ for the ERDF 2014-2020 programme, which provides how:

¹⁸https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/430594/ERDF_and_ESF_Selection_Criteria_200315_Published.pdf

- The proposed operation contributes to the needs/opportunities identified in the Call for Proposals to which it is responding.
- The proposed operation is aligned to the local growth needs set out in the local ESIF Funds Strategy and contributes to the specific objectives, outputs and results of the relevant priority axes set out in the Operational Programme.

In addition, WYCA will provide advice to DCLG on the following Value for Money and Deliverability selection criteria:

Value for money

- The operation must represent value for money. In assessing value for money, DCLG will take account of:
 - Efficiency: the rate/unit costs at which the operation converts inputs to the Fund outputs.
 - Economy: the extent to which the operation will ensure that inputs to the operation are at the minimum costs commensurate with the required quality.
 - Effectiveness: the extent to which the operation contributes to programme output targets, results and/or significant strategic impact at the local level.

Deliverability

- The operation is deliverable within the requirements of the fund specific Operational Programme taking account risks, constraints and dependencies
- Evidence has shown that this type of operation is effective or where the operation is new or innovative, the risks have been considered and appropriate mitigations put in place.

Using the Assurance Process Principles

The Assurance Process is designed to ensure any projects seeking public finance should be subjected to a rigorous appraisal. HM Treasury has developed the Green Book which provides the basis for how projects should be appraised using the '5-cases model' to carry out a holistic assessment.

The 5-cases are:

1. **Strategic:** does the scheme fit with the aims of the City Region's Strategic Economic Plan? **(will be used for selection of projects for SUD as part of the ESIF Strategy)**
2. **Economic:** is the scheme value for money? **(will be used for selection of projects for SUD as part of the ESIF Strategy)**
3. **Commercial:** is there demand for the scheme and is it commercially viable?
4. **Financial:** is the scheme affordable and sustainable?
5. **Management:** is the scheme deliverable with achievable objectives? **(will be used for providing advice on the selection of projects for SUD as part of the ESIF Strategy)**

The Green Book details approaches and tools that can be adopted in order to effectively appraise projects. It is accepted that the detail and extent of appraisal should reflect the size and complexity of projects, but within all appraisals there should be some consideration of each of the 5-cases.

The Assurance Process has been developed in line with these principles and was a key requirement that emerged from the LEP's City-Deal. Discussions with HM Treasury are continuing to ensure alignment with central government processes and expectations. The Assurance Process will be used by the LEP and WYCA for all of its different funding regimes, providing a consistent and robust approach to appraise projects. This means all projects, irrespective of objectives or thematic area (transport, regeneration, housing, skills, innovation, enterprise etc.), will be assessed under this 'single' framework. This will better able the LEP and WYCA to compare and prioritise projects and programmes.

It is the Assurance Process which will be used to form the basis for the 'local' appraisal and selection of SUD ESIF projects outside the formal DCLG assessment.

For the purposes of selecting SUD ERDF projects the key principles of the Assurance Process will be used – but only using cases 1, 2 and for advice case 3 as described above and in line with the nationally agreed criteria and the agreed and signed Memorandum of Understanding between WYCA and DCLG.

Strategic Fit – Proposed Scope

The proposed assessment of strategic fit is currently being structured around the four pillars of activity that are central to the Leeds City Region Strategic Economic Plan (SEP):

1. Growing businesses
2. Skilled People, Better Jobs
3. Clean Energy and Environmental Resilience
4. Infrastructure for growth

Promoting social inclusion and combating poverty, designed to reflect aspects of the social outcomes that are promoted within the ESIF programme, are integrated within the pillars.

The pillars have been broken down into activity that could contribute to strategic outputs within the respective pillar and projects would be scored against these criteria.

Value for Money (VfM) - Economic Impact – Proposed scope

In assessing the value for money of each of the projects it is proposed that the process effectively mirrors that of the Assurance Process. The approach will be one of ensuring that the costs and benefits of projects are taken into account and wherever possible quantified.

This will be more straightforward for some projects than others and there will be an onus on reflecting local intelligence and priorities. New jobs and catalytic projects are ‘worth’ more in some areas than others simply because there are fewer jobs or because it is more difficult to create and sustain jobs in certain locations. This is especially the case where disadvantage is long-term and entrenched.

The Research and Intelligence team own and manage the Regional Econometric Model, a complex tool that enables scenarios to be assessed in terms of their net economic impact. This will provide a range of outputs with a focus on impacts in terms of employment and gross value added (a measure of economic impact). These outputs can be calculated over a range of different geographies.

Other approaches could be used to quantify the outputs/outcomes that by their nature have a direct impact that is more social rather than economic.

In terms of the local assessment additional measures of value for money will be used where necessary to provide more information on the potential impact of projects. Such measures and ratios will include:

- Total GVA of the project;
- Ratio of GVA to Total Cost AND public sector support;
- Total cost per job;
- Total GVA per job;
- Cost benefit ratio;
- Grant per job;
- Cost per business assist ;
- Cost per skill outcome; and
- Capital / build costs.

The appraisal will be informed and supported by national and local research in terms of the costs of outputs and outcomes. This will include elements such as guidance issued by OFFPAT, evaluations of RDA activity and

more recent, evidence emerging from the What Works Centre for Local Economic Growth and bespoke evaluations such as that carried out on WYCA's Business Growth Programme (BGP).

Undertaking the work

Currently in WYCA a new 'One Organisation' restructure is taking place. Within the new structure the responsibility of the Assurance Process is the responsibility of the Delivery Director, to whom a Head of Feasibility and Assurance reports.

The Head of Feasibility and Assurance will commission the Head of Research and Intelligence Appraisal team (under the Director of Policy, Strategy and Communication), to undertake the work on Local Strategic fit and Economic - Value for Money. The appropriate policy lead will also support the Appraisal team, under the supervision of the Head of Research and Intelligence to provide the advice which will be considered and discussed by the WYCA Investment Committee, which in turn will lead to recommendations to the CA to make decisions on the selection of operations.

Reporting

The results from the appraisal will be presented in a summary report alongside DCLG's formal assessment summary. This will provide an insight into the strengths and weaknesses, bringing together the metrics and other qualitative and quantitative information. It is proposed that this will be based on the traffic-light system for ease of insight and understanding, similar to the approach adopted for LCR's Business Growth Programme and Growing Places Fund.

Appendix 4 – Programme Appraisal Team (PAT) Terms of Reference

1. Introduction

- 1.1. The Programme Appraisal Team (PAT) is the formal group of WYCA officers who oversee the Assurance Process as projects/programmes progressing through it.
- 1.2. The Assurance Process is part of the Leeds City Region Local Assurance Framework.
- 1.3. The PAT is an internal assurance group and has no formal approval making powers. The PAT make recommendations which are then reported through the current WYCA governance arrangements for a formal decision/approval.

1) *Figure 1: WYCA Assurance Process*



2)

2. Objectives of the PAT

- 2.1. Ensure the Leeds City Region Local Assurance Framework principles are applied consistently at all stages of the Assurance Process and to facilitate the progress of projects through Decision Points. This will include:
 - a) Receiving and reviewing project Case Papers and Appraisal Reports from Case Officers and considering Case Officer recommendations at Decision Points.
 - b) Requesting further information/clarifications as appropriate to facilitate recommendations and approvals in accordance with delegations.
 - c) Ensuring that appropriate levels of appraisal, including peer consultation and review, have been undertaken as part overall scheme appraisal.
 - d) Providing Decision Point recommendations/approvals in accordance with delegations.
 - e) Recommending PMO Pathway for projects/programmes once accepted into Stage 2: Pipeline Development.
 - f) Receiving and reviewing Change Requests for projects/programmes where a change falls outside of set tolerances in order to make recommendations in accordance with delegations.

- g) Provide an interface between Leadership Team, Case Officers, and key partners/stakeholders to escalate matters where required.
- 2.2. Provide oversight and advice to Leadership Team, Investment Committee and the Combined Authority on project/programme eligibility, pipeline development and delivery.
- 2.3. Provide strategic and operational guidance to projects and programmes through the monitoring of progress and key risks, to aid progression through the Assurance Process.
- 2.4. Provide strategic and operational insight to support the development of calls for proposals to ensure an adequate pipeline is maintained and in the allocation of resources (including underspend) to support the development and delivery of schemes that deliver the Strategic Economic Plan (SEP) objectives.
- 2.5. Where appropriate, provide assurance of funding bids before they are submitted for government funding.

3. **How the PAT operates**

PAT Membership:

- 3.1. The PAT consists of a core membership representing WYCA policy/strategy, delivery, legal, and financial functions.

PAT Attendance:

- 3.2. The PMO provides secretariat services to the PAT.
- 3.3. Case Officers, independent technical advisers, peer group representatives (including representatives from partner authorities and/or third party private businesses) and other attendees as required attend the PAT to supplement the decision making process.

Table 1: PAT Membership

Role on the PAT	Responsibilities on the PAT	Membership
Director	Chair – to oversee the PAT	Director of Delivery
Feasibility & Assurance	Vice-Chair – to oversee the PAT in absence of the Chair To ensure the principles of the LCR Local Assurance Framework are adhered to.	Head of Feasibility & Assurance
Transport Policy	To ensure Projects/Programmes meet SEP Objectives in relation to transport.	Head of Transport Policy
Economic Policy	To ensure Projects/Programmes meet SEP Objectives in relation to economics.	Head of Economic Policy
Finance	To oversee any financial matters	Assistant Director Finance
Legal	To oversee any legal matters	Head of Legal and Democratic Services

PMO	To ensure the principles of the LCR Local Assurance Framework are adhered to	Head of PMO
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Meeting Format:

- 3.4. The PAT will meet on a regular cycle (monthly or more frequently subject to the programme) with an agenda based around the Assurance Process Activities. Projects/programmes being discussed at the PAT will be allocated time slots in which discussion and recommendations will be made.
- 3.5. Promoters will attend meetings by invite only. Where a Promoter does attend to present their scheme, they will only be present to their allotted time slot. They will be asked to leave the meeting in advance of any recommendation being made by the PAT.

Records of Meetings

- 3.6. Meetings will be minuted, with draft minutes being circulated to the PAT members after a meeting has taken place. The minutes will be formally agreed and considered signed off at the following meeting.
- 3.7. Actions and recommendations relating to each specific project/programme being discussed will be captured and communicated to Case Officers and Promoters separate to the official minutes.

Conflict of Interest

- 3.8. Where conflict of interest issues arise during a meeting e.g. scheme comes forward for discussion which member of the PAT is the Senior Responsible Officer for, the SRO will leave the meeting and won't be part of any discussions and recommendations in relation to their scheme. Where this happens, this will be minuted.

Making Recommendations

- 3.9. The PAT's recommendations will depend on the Decision Point for any given scheme, summarised in the Leeds City Region Local Assurance Framework.
- 3.10. The PAT may recommend a scheme to not progress through a Decision Point or for additional information in order for a scheme to progress at any given Decision Point.
- 3.11. All PAT Recommendations are reported through the current WYCA governance arrangements for a formal decision/approval.

Appendix 5: Leeds City Region LEP Equality and Diversity Policy including Diversity Statement (Draft)

Introduction

The Leeds City Region covers a large physical area and spans 10 local authority areas (Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York), and is the biggest outside London, worth over £62 billion and generating 5% of England's output. It has 3 million residents, a workforce of 1.9 million, 119,000 businesses, 14 Further Education Colleges and nine Higher Education Institutions, one of the largest concentrations in Europe.

In order to deliver significant growth and productivity gains we aim to remove all barriers to achieving economic performance, resulting in tangible economic benefits to our businesses, residents, visitors, workforce and diverse communities. Our diverse communities will benefit from strong economic growth and no community will be excluded from full participation in economic life and progress.

The competitive advantage arising from local diversity will be harnessed to drive growth. We aim to integrate equality into all that we do, and the work that others do on behalf of the Leeds City Region.

What is Equality and Diversity?

Equality is ensuring individuals or groups of individuals are not treated differently or less favourably, on the basis of their specific protected characteristic, including race, gender, disability, religion or belief, sex, sexual orientation and age.

Diversity aims to recognise, respect and value people's differences to contribute and realise their full potential by promoting an inclusive culture for all.

Diversity and equality issues impact everyone in the Leeds City Region area, hence we are committed to removing barriers that might restrict people and continue to work towards positive change.

Commitment required

Leeds City Region is committed to achieving diversity and equality of opportunity both as a partnership and as a commissioner of services. In practice this means doing what we can to positively promote equality and diversity across the delivery of projects, programmes and services and in relation to our own structure.

Leeds City Region LEP promotes equality of opportunity and does all it can to ensure that no member of the public, service user, contractor or staff member working within a partner organisation will be unlawfully discriminated against.

What we will do

Leeds City Region LEP will engage with all stakeholders and be inclusive and transparent in all communications. Our priorities and objectives mostly deliver an equality impact, for example, by targeting key sectors, priority groups, and local communities. In addition, we will work with our partners to ensure that all project development, commissioning and tendering procedures support the following principles:

- Advancing equality of opportunity;
- Showing our commitment to support those with a protected characteristic into enterprise and employment;
- Ensuring the elimination of unlawful discrimination, harassment and victimisation.

We will ensure barriers to equality are being proactively tackled at delivery level and in delivering our equality and diversity policy we will:

- Assess the impact on equality as we develop our strategies, policies and programmes, and consider what actions, if any, may be appropriate to improve any identified adverse impacts;
- Through WYCA's role as the accountable body, monitor our social, environmental and economic impact and the impact on equality as we implement our strategies, policies and programmes;
- Be open and transparent and publish all information regarding our progress on achieving equality and diversity;
- Work in partnership with the range of local, regional, and national organisations to create new and better actions;
- Provide excellent customer care by ensuring that services are provided by knowledgeable and well-trained staff who understand the needs of their communities; and
- Promote best practice.

Diversity Statement regarding board membership and sub groups

Selection for board membership will be on the basis of aptitude and ability. We shall encourage applications from all diverse backgrounds to the board and its sub groups. We shall also endeavour to recruit openly from our community so that the board reflects regional diversity in terms of the protected characteristics, including age, race, gender and disability. This measure will be assessed annually and the results produced for the board. We shall ensure that all members of the board and its sub groups have had equality and diversity training.

Responsibilities

The ultimate responsibility for our policy rests with the Leeds City Region LEP Board members to ensure that there are systems in place to put this policy into practice on a day-to-day basis.

The LEP is responsible and accountable for the implementation of this policy and for ensuring we fulfil our role in addressing diversity issues by promotion of this policy.

The Leeds City Region LEP Board and team members will be made aware of their responsibility to challenge discrimination. This Policy will be reviewed every year and any recommendations and changes are to be agreed by the Board.