



## GFirst Local Enterprise Partnership

Board Paper – 26<sup>th</sup> March 2019

<b>Agenda Item 8</b>	<b>Assurance Framework refresh – 2019</b>
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<b>Supporting Papers</b>	8i Assurance Framework v6 8ii Annexes A – I
<b>Confidentiality</b>	Open
<b>Purpose</b>	<p>To confirm to the Board that the Assurance Framework for the Strategic Economic Plan (SEP) has been revised and updated.</p> <p>To outline the changes made and reasons for this, including those that require actions by the Board:</p> <p>Board Membership - Proposed amendments to the LEP Articles of association Diversity &amp; Risk Champions Role of the S151 officer</p> <p>To ask the LEP Board to approve the revised and updated version of the Assurance Framework so that it can replace the existing version</p>
<b>Summary</b>	<p><b>Background:</b> MHCLG (Ministry of Housing, Communities and Local Government) updated the National Local Growth Assurance Framework in January 2019, to provide guidance for localities. This builds on work to strengthen LEPs and addresses the recommendations of the <i>'Non-Executive Director Review in to Local Enterprise Partnership Governance and Transparency'</i> (Oct 2017) and the national review into LEPs, <i>'Strengthened Local Enterprise Partnerships (2018)</i>. LEPs are required to update their Local Assurance Frameworks to reflect the requirements in the guidance, and to have them in place by 31.03.19.</p> <p>The Programme Management Group has noted the guidance, both mandatory and discretionary, and undertaken a thorough refresh of the Gfirst LEP Assurance Framework (including annexes). The current version can be found here:</p>

<https://www.gfirstlep.com/lep-governance/>

The changes are:

1. General updating and minor revisions to reflect modest changes in the way we operate. These have not been highlighted in this paper
2. Board Membership - **Proposed amendments to the LEP Articles of association.** To comply with the guidance, it is proposed that:
  - a) The defined term of office for both the Chair and Deputy Chair is 3 years with an option to extend for 3 years. In addition that there is an option to extend for a further 3 years in exceptional circumstances if approved by the Board.
  - b) There is the option to co-opt an additional five Board members with specialist knowledge on a one year basis
3. Diversity – There is considerable focus on ensuring diversity in the way LEPs operate. To comply with the best practice guidance:
  - a) A clear Diversity Statement has been published on the GFirst website
  - b) A report will be presented to the LEP Board annually discussing progress in encouraging diversity and how improvements can be made.
  - c) The LEP Board is asked to **nominate a diversity champion** from its membership. Their role will be to encourage diversity and ensure that the LEP is acting in line with its diversity statement.
4. Risk Management - To strengthen the LEP’s risk management processes the Board is asked to **nominate a risk champion.** Their role will be to ensure that the risks associated with the operation of the LEP and its delivery programme are managed in accordance with the Assurance Framework, and to satisfy the Board that these processes are delivering an appropriate level of risk management.
5. **Role of the S151 Officer** – The detail on this role and that of the Accountable Body have been thoroughly refreshed to satisfy the requirements detailed in the guidance. Specifically, the S151 officer (or their representative) will take a more active role in ensuring good governance. This will include attendance by the S151 officer (or their nominee) at LEP Board meetings, regular meetings with the Chief Executive or his deputy, and an oversight of all documentation relating to Board decision making and management. Full details are in section 4 – Accountability.
6. Delivery Plans and Annual Reports will be published at the beginning of each financial year. The first Delivery Plan will be drafted by the end of April 2019, to be published by the end of May 2019. This will need to be approved by the LEP Board. The Board

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	will be consulted on this by written procedure. The Annual Reports will include a financial statement in the future.
<b>Implications, impacts or risks</b>	There are no significant impacts. The refreshed document will provide a sound framework for delivery, and will support the LEP and Accountable Body's activities.
<b>Decision required</b>	<ol style="list-style-type: none"> <li>1- To approve (or not) the refreshed Assurance Framework v6 26.03.19</li> <li>2- To agree (or not) to the proposed amendments to the LEP Articles of Association (see points 2a &amp; 2b above)</li> <li>3- To seek nominations for the role of Diversity Champion</li> <li>4- To seek nominations for the role of Risk Champion</li> </ol>
<b>Recommendations</b>	<p>It is recommended that the Board:</p> <ul style="list-style-type: none"> <li>- approve the refreshed Assurance Framework</li> <li>- agree the changes to the Articles of Association</li> <li>- nominate Diversity &amp; Risk Champions</li> <li>- note the changes to the role of the S151 Officer</li> </ul>

For further information about any points raised in this Board paper, please contact Mally Findlater:  
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## **GFirst LEP Strategic Economic Plan Delivery**

### **Assurance Framework**

Version 6 Updated 26th March 2019

# **GFirst LEP Assurance Framework**

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# **GFirst LEP Strategic Economic Plan Delivery**

## **Assurance Framework**

### **Introduction**

Growth Deals provide funds to Local Enterprise Partnerships or LEPs for projects that benefit the local area and economy. The first wave of Growth Deals was announced on 7 July 2014 with further funding being made available in January 2015. In total Gloucestershire received, £101.716 million, including funding for local major transport schemes and those projects previously governed by the Gloucestershire Local Transport Board (GLTB).

This framework forms part of a suite of key documentation supporting the development/delivery of the Gloucestershire Growth Deal, informing the Accountability Systems Statements for both Local Government and the Local Growth Fund and ultimately, providing assurance to the Public Accounts Committee as to how allocated growth funds are being utilised.

In line with the 'Strengthened Local Enterprise Partnerships' guidance from Government, GFirst will focus on Strategy, Allocation of Funds, Co-ordination and Advocacy in support of the development and delivery of Gloucestershire's Local Industrial Strategy and Investment Plan. This framework is sufficiently robust to provide the guiding principles to support the management of future funding programmes.

The Assurance Framework outlines the Governance arrangements for Gloucestershire's Growth Deal, including the roles and responsibilities of the LEP Board, as well as the roles and responsibilities of other Boards/decision making forums with regard to the management of funds governed by this Assurance Framework.

The Framework has been developed collaboratively by staff of the LEP and Accountable Body teams and formally endorsed by Gloucestershire County Council's Chief Finance and Section 151 Officer and the GFirst LEP Board.

## **Section 1: GFirst LEP Governance and Decision Making**

### **1.1. GFirst LEP CIC**

GFirst LEP was established in 2011 as one of the 38 Local Enterprise Partnerships (LEPs) in England to work with local businesses, local voluntary organisations and local authorities to drive sustainable economic growth in Gloucestershire, and by doing so, create jobs and business opportunities.

In April 2015, GFirst LEP CIC Ltd was established in response to evolving responsibilities working with the public sector on the local economic growth agenda.

Specifically, the objectives of GFirst LEP CIC Ltd are to:

- Promote economic growth prosperity and employment within the County of Gloucestershire by fostering existing businesses within the County and attracting new ones to it;
- Encourage the achievement of a modern technological skills base within the workforce in Gloucestershire through education;
- Support the continuation of the availability within Gloucestershire of a high quality of life for individuals who live or work in, or who visit Gloucestershire.

GFirst LEP CIC Ltd (“GFirst LEP” or “LEP”) is a not-for-profit company and as such, any surplus or assets are used principally for the benefit of the community.

### **1.2 The GFirst LEP Board**

GFirst LEP’s Board of Directors is responsible for the strategic decision making of the Local Enterprise Partnership. The Chair and Deputy Chair are recruited from the private sector, following an open and inclusive process, in consultation with the business community. The defined term limit for the Chair and Deputy Chair is three years with an optional extension of three years. There is an option to extend for a further three years in exceptional circumstances if approved by the Board.

The Board has a minimum of 6 and a maximum of 14 Directors. At least two-thirds of the Board are drawn from the private sector including SMEs, having their primary experience and/or regular source of employment within the private sector. The remaining Directors represent the public sector, including local government, further education and higher education and the voluntary, community, environmental and social enterprise sectors. At least one Director is appointed by Gloucestershire County Council. There is a designated SME Champion Board Member, drawn from the private sector, and an intention to appoint Board Champions for ‘risk’ and ‘diversity’ in 2019.

From 2019 there will be an option to co-opt an additional five Board members with specialist



knowledge on a one year only basis, unless there are exceptional circumstances.

All new Board Members and LEP officers are supported to understand their roles and responsibilities through a comprehensive induction programme.

The LEP regularly works with the business groups/membership organisations/businesses to identify potential Board candidates and stagger Board membership to ensure no mass leaving at one particular point. Board members have annual conversations with the Chair and Chief Executive to ensure they are performing and are able to commit to the Board

The LEP is committed to diversity and will look to ensure diverse representation both at Board and Board Subgroup level which is reflective of Gloucestershire's local business community. GFirst is committed to ensuring that one third of Board members are women by 2020, and there is an expectation of equal representation by 2023. From 2019 the Board will elect a diversity champion to encourage diversity and ensure that the LEP is acting in line with its Equality and Diversity Statement: <https://www.gfirstlep.com/downloads/2019/gfirst-lep-equality-and-diversity-statement.pdf>

A report will be made to the Board annually to review progress, and recommend how improvements can be made.

The LEP Board and staff are committed to adhere to the Seven Principals of Public Life (The Nolan Principles) and sign up to the GFirst Code of Conduct [https://www.gfirstlep.com/downloads/library/96-gfirst\\_lep\\_-\\_code\\_of\\_conduct\\_for\\_lep\\_board\\_members\\_\(jan\\_18\).pdf](https://www.gfirstlep.com/downloads/library/96-gfirst_lep_-_code_of_conduct_for_lep_board_members_(jan_18).pdf)

The LEP Board understand the need to regularly engage with the Accountable Body team and provide access to all LEP Board documents to the Section 151 Officer or their representative and where decisions are being made the S151 Officer or their representative should have the opportunity to comment.

### **Board Remuneration and LEP officer Salaries**

The expenditure and/or remuneration policy for the Chair and Board members is published on the GFirst website (<https://www.gfirstlep.com/downloads/2018/gfirst-lep-cic-financial-statements.pdf>), Profiles of the current Directors can be found at: <http://www.gfirstlep.com/gfirst-LEP/About-Us/The-Board/>

GFirst LEP's Chief Executive, senior management team and staff are responsible for the operational decisions, activities and stakeholder relationship management activities required to plan for and implement the Strategic Economic Plan (SEP), the EU Structural and Investment Fund Strategy (ESIF Strategy), Single Local Growth Fund (SLGF) funded projects and wider asks of Government, within the context of the Growth Deal for Gloucestershire.

These staff members deliver an independent secretariat function. The CEO and all officers are employed by the LEP, and therefore provide impartial advice and support to the Board.

Relevant contextual documents can be found at <http://www.gfirstlep.com/gfirst-LEP/Our-Priorities/Our-Vision/>

### **1.2.1 Roles and Responsibilities of the LEP Board**

The GFirst LEP Board is ultimately responsible to Government for ensuring that all aspects of the Growth Deal are delivered. The Gloucestershire Economic Growth Joint Committee provides democratic accountability for those investments made through the Growth Deal and Gloucestershire County Council (GCC) acts as Accountable Body for all Growth Deal funding.

In terms of the Single Local Growth Fund (SLGF), the LEP Board has the overall authority to:

- a) Review and approve business case proposals for projects to be presented to Government with the aim of including them as part of the Growth Deal with Government
- b) Review the recommendations made by the LEP Investment Panel; and the findings of the due diligence assessments of projects in order to make decisions to approve the release of growth funding
- c) Review project monitoring reports and, if necessary, suspend or stop further payments to project promoters where insufficient progress has been made or where the Programme Management Group/Accountable Body advise that this is necessary.

#### **LEP Investment Panel**

The LEP Investment Panel usually meets quarterly and will aim to meet approximately 2 weeks before the LEP Board meeting. The Panel acts in an advisory capacity whilst making investment recommendations to the LEP Board. (see para1.6.1 below)

The responsible officers and advisers comprising the LEP Investment Panel, at any one time, will be published on the GFirst LEP website. This information can currently be found at <https://www.gfirstlep.com/about-us/funding-opportunities/> under the heading 'Infrastructure Investment Fund (GIIF)'.

#### **The Programme Management Group**

The Programme Management Group is an advisory group principally drawn from the executive team at the LEP, expert officers from the Accountable Body and specialist financial and or legal input as required.

Details of the roles and responsibilities of the Programme Management Group may be found in Annex B. The Programme Management Group is concerned with process management issues fundamentally, including due diligence, compliance and performance and support for the decision making process to implement the Growth Deal in Gloucestershire.

In this respect, it has the authority to:

- a) Commission review and report on the recommendations produced as part of the due diligence process for Single Local Growth Fund proposals to the LEP Investment Panel and the GFirst LEP Board.
- b) Prepare and present summary papers and reports (eg due diligence) to key

meetings including: LEP Investment Panel, GEGJC and the LEP Board to support the decision making process and the effective delivery of the Local Growth Fund programme.

- c) Implement the outcome of decisions by the LEP Board through working with Gloucestershire County Council as Accountable Body to agree project milestones, funding drawdown and project monitoring processes that will be incorporated in to the funding agreements between GCC and the project promoters.
- d) Make operational management decisions such as being flexible on the phasing of individual project claims within the approved suite of projects.
- e) Review project monitoring reports and, if necessary, advise GFirst LEP Board and Gloucestershire County Council to suspend or stop further payments to project promoters where insufficient progress has been made or other circumstances where this is necessary.
- f) Review risk and value for money issues arising from the initial due diligence process and ongoing project delivery. The PMG are responsible for the identification and the management of risks.
- g) Provide financial oversight and management related to the programme's performance against plan and with commitments to Government

### **1.3 Gloucestershire Local Transport Board (GLTB) 2013 to 31 March 2016**

The GLTB was formed in 2013 in response to a Department for Transport (DfT) initiative to devolve the control of capital funds for major transport schemes to Local Enterprise Partnership (LEP) areas, in line with the Government's localism agenda. LTBs were established with a remit to decide on major transport priorities between 2015 and April 2019 and to allocate funding to prioritised schemes. Five schemes were prioritised for funding via the GLTB, which was awarded an allocation of £9.8m to fund these schemes. Since the GLTB was established the way transport funding for local major schemes was allocated has fundamentally changed. Funding for local major schemes, including the GLTB funding, is now allocated to the LEP through Gloucestershire's Local Growth Deal and the LEP Board has taken over responsibility for the transport projects originally approved through the GLTB. For further information see [www.gloucestershire.gov.uk/gltb](http://www.gloucestershire.gov.uk/gltb)

### **1.4 LEP Decision Making Framework**

The project assessment and fund management processes associated with the SLGF are appended as Annex C. All formal reporting lines flow back to the LEP Board which makes the final decisions on whether to award funding. As part of this process, the Board draws upon support from associated advisory forums, including the LEP Investment Panel and the Gloucestershire Economic Growth Joint Committee. Supporting papers on the strength and

validity of the investment case are made available to the LEP Board to inform their decision making. These could include:

- Project Business cases / applications for funding
- Formal appraisal and / or due diligence by independent expert
- Recommendations from the Investment Panel and / or the Gloucestershire Economic Growth Joint Committee

Details of the current advisory forums and their areas of responsibility are in Annex B.

Funding decisions are normally made at LEP Board meetings. In exceptional circumstances, where there is an imperative to seek a decision between meetings, the decision making is processed by written procedure. This process is fully recorded and minuted. The minutes are reviewed at the next Board meeting, and published on the website.

The LEP Board may be required to make decisions regarding the recovery of funding where there has been non-compliance, mis-representation or under-performance based on relevant documentation provided by the Programme Management Group, in conjunction with the Accountable Body.

The Accountable Body will then routinely follow an instruction from the LEP Board and ultimately be actioned under the authority of Gloucestershire County Council's (GCC) S151 Officer. All instructions taken by the Accountable Body on behalf of the LEP are recorded in a Register of Accountable Body Instructions/Activities.

The third clearly defined area of responsibility, alongside the LEP's decision making role and GCC's Accountable Body function, is that of project/scheme promoter. There is an important distinction between a project promoter and the fund managing authority (whether local or central). Project promoters can be any organisation which makes the case for major project investment through a series of business cases. The LEP, supported by GCC as the Accountable Body is the decision making body.

However, GCC has a separate and distinct role to play as an important project promoter. Where GCC acts as scheme promoter as well as Accountable Body, clear operational management and division of duty protocols are applied to ensure potential conflicts of interest do not arise.

In other areas where there could be a risk of conflicts of interest often where partnership members in advisory or decision making forums are from the same organisation actively promoting a project idea and/or ultimately seeking investment funds, the Declarations of Interest Policy outlined at para 3.2.3 will apply:

### **1.5 Arrangements for Supporting Effective Delivery and Implementation of Projects**

GFirst LEP has established a number of working arrangements with both the public and private sector to enable full engagement to support the effective delivery of the LEP's objectives and the outcomes identified within the SEP. The following sets out the way the LEP engages with the public and private sector.

### **1.5.1 Private Sector**

GFirst LEP has established a number of business groups to enable clear communication from and to the key industry/business sectors in Gloucestershire. These business groups provide GFirst LEP with the 'voice of business' within the county and work to help implement the LEP's priorities, including: addressing skills shortages; access to business support and finance for local businesses; linking schools and businesses; reviewing employment land requirements; creating county-wide strategies for specific sectors, etc.

A nominated GFirst LEP Board Member is attached to the majority of business groups to increase Board engagement and provide a direct link from the group to the Board. They liaise with one another and other Board members to co-ordinate and collaborate on work to support the LEP and the local economy. They report progress, achievements and challenges to the LEP Board through input and presentations at Board meetings as necessary.

In 2018 the LEP created two new business groups (Visitor Economy & Tourism and Cyber), due to the increasing importance of the sectors, and these are currently both Chaired by GFirst's Deputy Chief Executive. As these groups gain traction an appropriate sector relevant Chair and a Board member will be appointed.

Membership of these groups is voluntary and further details of the work and membership can be found at;

<http://www.gfirstlep.com/gfirst-LEP/About-Us/Business-Groups/>

Please note that these groups and their inter-relationships are not fixed and are subject to change to remain fit for purpose.

The Employment and Skills Board – a specialist group of local employers and education and skills providers makes recommendations on skills priorities, and capital and revenue funding for skills projects. In 2019 the GESB is set to transition into the Skills Advisory Panel. More information, on the GESB can be found here:

<https://www.gfirstlep.com/about-us/skills-for-business/>

and meeting documentation can be found here;

<http://glostext.gloucestershire.gov.uk/ieListMeetings.aspx?CommitteId=754>

### **1.5.2 Public Sector**

The LEP works with a wide range of public sector bodies in the delivery of its objectives. Section 2 provides details of the LEP's underpinning local authority partnership arrangements in place to facilitate joint decision making and collaboration on growth and economic development between all local authorities in the LEP area.

In addition to the local authority partnership working, the LEP works with other public sector partners:

Further and Higher education partners enjoy board representation and are engaged in the development of business support services, skills and a number of infrastructure projects.

The LEP has consultative relationships with publically funded infrastructure organisations such as Highways England, Network Rail and a number of others.

## **1.6 Other Funds and Bodies Governed by This Assurance Framework**

In addition to the Gloucestershire Growth Deal, this Assurance Framework also governs the management arrangements for similar investment funds from central government which are overseen by the LEP Board or bodies with a similar remit to that given to the LEP Board.

### **1.6.1 Other Funds and Bodies Governed by This Assurance Framework**

#### **Gloucestershire Infrastructure Investment Fund (GIIF)**

GFirst LEP was awarded £8.4million from the Department for Communities and Local Government's Growing Places Fund to set up a revolving infrastructure investment fund for the county known as the Gloucestershire Infrastructure Investment Fund (GIIF).

The GIIF, whilst a separate fund to the SLGF, is governed by a common suite of core principles and management experience and has been brought into this Assurance Framework because of the strong similarities in sign off procedures and governance through the LEP Board.

Gloucestershire County Council is the Accountable Body for GIIF, which is designed to stimulate local economic growth by targeting investment to deliver the infrastructure needed to unlock constrained and stalled development sites. The funds should help to realise potential development value, new jobs, housing and regeneration. Investment funding awarded to successful applicants takes the form of a repayable loan.

The Gloucestershire LEP Investment Panel usually meets quarterly and acts in an advisory capacity and makes investment recommendations for GIIF loan funding to the LEP Board. The Investment Panel, which is made up from private sector and public sector representatives, also reviews and monitors the GIIF programme and investment portfolio. Current membership of the Investment Panel and further details of the eligibility criteria for the fund can be found at;

<https://www.gfirstlep.com/about-us/funding-opportunities/>

Under Infrastructure Investment Fund (GIIF).

The LEP Board has responsibility for making the final decisions on GIIF loan funding.

## **1.7 Relationship Between the LEP Board and Wider Community – Business and Local Government**

The GFirst LEP Board's role is to set the strategy for economic growth within the SEP and the EU Structural and Investment Fund Strategy (ESIF Strategy). It is a forum for discussion and decision-making on strategic growth priorities, with a particular focus on acting as the 'voice' of businesses in the county and with regard to this agenda, an important link between the private, public and voluntary sectors.

The LEP Board will lead on the proactive monitoring of performance against the SEP and ESIF Strategy and will work closely with the Gloucestershire Economic Growth Joint Committee to facilitate collective and collaborative decision making on SEP and ESIF Strategy delivery issues that require support from the county's local authorities.

The seven Gloucestershire councils are committed to supporting the delivery of the programmes set out in the SEP and, where appropriate, to contributing to the delivery of those programmes and the wider growth ambitions for the county. The statutory Gloucestershire Economic Growth Joint Committee (GEGJC) provides a mechanism for co-ordinating this contribution and is outlined in more detail in Section 2.

### **1.8 Arrangements for Cross LEP Working**

There are a number of aspects of local economic development that are strongly affected by regional or national economic issues. GFirst LEP works with the LEP Network of all 38 LEPs as well as neighbouring (West of England, Swindon & Wiltshire, Worcestershire, Oxfordshire) and South West LEPs both formally and informally. The Chairs and Chief Executives of the South West LEPs (GFirst, West of England, Swindon & Wiltshire, Heart of the South West, Dorset, and Cornwall & the Isles of Scilly) meet formally every quarter to co-ordinate work with central government as well as other initiatives.

### **1.9 Growth Deal Delivery/Project Implementation Arrangements**

The SEP and ESIF Strategy contain the intervention priorities that GFirst LEP and partner organisations have identified to strengthen the Gloucestershire economy and local opportunities for growth. These priorities have been robustly reviewed by Government and endorsed for SLGF investment within the 'Gloucestershire Growth Deal'.

Contextual Documents - <http://www.gfirstlep.com/gfirst-LEP/Our-Priorities/Our-Vision/>

Detailed funding negotiations were held with Government for activity commencing in 2015-16 and the LEP, with support from GCC as the Accountable Body, developed and prepared the commissioning, financial management and monitoring processes that are required to underpin and maximise the effectiveness of the Growth Deal's implementation. In this regard, the LEP will endeavour to work to the UK Government's eight principles for sound commissioning and the guidelines provided in the National Audit Office's 'Successful Commissioning' toolkit.

Working with local authorities, Government departments, agencies and other opt-in partners, these principles will be upheld and will underpin the specific commissioning arrangements agreed between partners and the LEP. GFirst LEP Board reserves the right to ask a project promoter or third party to manage a portfolio of projects on the LEP's behalf.

The Strategic Economic Plan outlines four investment areas for Gloucestershire:

- The Growth Zone: delivering high quality employment land along the M5 corridor
- The Growth Hub: delivering support for businesses and individuals to enable them to

- reach their full potential
- The Gloucestershire Renewable Energy, Engineering, and Nuclear Skills Centre: supporting growth in key sectors in the county
- Enablers for Growth: investing in key infrastructure that supports countywide growth

### **1.10 Government Branding**

The LEP commits to meeting Government branding guidelines for projects, ensuring that the correct branding and wording is used for websites, signage, social media, press notices and other marketing materials. All projects are required to sign up to the 'GFirst LEP Publicity requirements' at the project launch, which is a commitment to be compliant with both Government and LEP branding principals.

### **1.11 Project Management Boards**

As appropriate Management boards may be set up to oversee financial, delivery, and output/outcome performance of particular investment areas and will ensure that progress is being made in a timely and efficient manner – and, crucially, in line with expectations in the Strategic Economic Plan. The GFirst LEP staff and LEP Board members will ensure that each investment area maximizes the opportunity for further development and that areas of common interest are shared across management boards and projects.

Feedback from the Management Boards will update the LEP Board on progress, blockages and recommendations.

Membership of Management Boards will be agreed in partnership with Lead Partners and the structure and meeting arrangements for these will be reviewed annually to ensure fitness for purpose.

Where there is no separate project management board for an individual project, the project promoter will identify appropriate alternative arrangements ensuring the lawful and effective delivery of the project. The robustness of these arrangements will be assessed through the due diligence process. Project promoters will ensure that the LEP is provided with regular updates on the progress of the project, and be accountable to the LEP Board.

### **1.12 ESIF – Local Management Committee Arrangements**

An important complement to the SEP is the Gloucestershire EU Structural and Investment Funds Strategy (ESIF Strategy – approved in December 2014 and updated in 2016) which will contribute a further approx. £35.7m revenue funding alongside the SLGF capital investment secured through the Growth Deal, to enhance the economy and environment of Gloucestershire between 2015 and 2020.

Management of these funds differs to that of the SLGF and core Growth Deal and will be co-ordinated centrally through the Ministry of Housing Communities and Local Government (MHCLG), Department of Work and Pensions (DWP) and Department for Environment,



Farming and Rural Affairs (DEFRA). An ESIF local area committee has been put in place to help shape the delivery of the Gloucestershire ESIF Strategy, ensuring that local strategic aims are fairly considered alongside national operational objectives, such that maximum local economic impact is achieved through the Gloucestershire allocation of EU funds.

The Gloucestershire ESIF Management Committee meets periodically when there is business to attend to, and is comprised of the following representatives:

- GFirst Local Enterprise Partnership
- Local Authorities (one from Gloucestershire County Council and one representing the six Districts)
- Business partners (including small businesses and social enterprise)
- Voluntary and Community Sector
- Equalities and non-discrimination
- Environment
- Trade Union
- Higher Education
- Education, skills and employment
- Rural CLLD Local Action Group(s) active in Gloucestershire
- Managing Authorities for each of the ESI funds and BIS local

Further information is available at <http://www.gfirstlep.com/about-us/our-vision/eu-structural-investment-funds-strategy/>

Guidance from Government about how LEP Area ESIF Committees operate, is available in Annex D.

Whilst the ESIF project commissioning, assessment and management process sits outside the scope of this Assurance Framework, the Managing Authorities (MHCLG and DWP), opt-in organisations (DWP, SFA and Big Lottery) and GFirst LEP publish information to inform potential applicants of the process for application including how projects eligible for EU investment support will be identified and funded.

For further details about the EU Structural and Investment Funds, please see the relevant documents at <https://www.gov.uk/government/policies/making-european-funding-work-better-for-the-uk-economy/supporting-pages/european-structural-and-investment-funds-growth-programme>

## **Section 2: Local Authority Partnership**

### **2.1 The Gloucestershire Economic Growth Joint Committee**

The local councils in Gloucestershire have taken the opportunity presented by the development of a Strategic Economic Plan to strengthen collective governance across the County, forming a statutory Joint Committee under the provisions of the Local Government Acts 1972 and 2000, ahead of the successful negotiation of the Gloucestershire Growth Deal. The Gloucestershire Economic Growth Joint Committee (GEGJC) now meets formally every quarter and provides a pivotal interface between the seven local authorities in the County and GFirst LEP to collaborate effectively in support of the implementation of the SEP and Gloucestershire Growth Deal.

The GEGJC includes the local authorities within the GFirst LEP area of Cheltenham Borough Council, Cotswold District Council, Gloucester City Council, Gloucestershire County Council, Forest of Dean District Council, Stroud District Council and Tewkesbury Borough Council.

Membership of the committee comprises the Leaders of each council (or another executive member), alongside the Chair of the LEP and one other LEP Board member (or their nominees).

Each of the Councils empowers the GEGJC to discharge on their behalf the power to do anything it considers likely to achieve the promotion or improvement of the economic wellbeing of the area of Gloucestershire together with such additional functions as the respective constituent Councils may determine from time to time.

An Inter-authority Agreement (IAA) provides the accountability framework under which the Partner Authorities endeavour to work together in delivering and promoting the economic well-being of their respective areas.

Brief terms of reference for the GEGJC (approved September 2014) are appended in Annex B Further information is available on the County Council website <http://glostext.gloucestershire.gov.uk/mgCommitteeDetails.aspx?ID=725>

Clearly, the most immediate focus for this group is to support the LEP in the delivery of the SEP and Gloucestershire Growth Deal. The Joint Committee is aided in this task through a Senior Officer Group. See Annex A

### **2.2 Joint Scrutiny**

Decisions made by the GEGJC shall be subject to the scrutiny arrangements of each Partner Authority. In addition, Gloucestershire County Council has set up the Gloucestershire Economic Growth Overview and Scrutiny Committee (GEGOSC) which comprises six County Councillors and one person from each of the District Councils in Gloucestershire as voting co-opted Members. Brief terms of reference of the GEGOSC are set out in Annex B and further information is available here

<http://glostext.gloucestershire.gov.uk/mgCommitteeDetails.aspx?ID=731>

## **Section 3: Transparency**

GFirst LEP recognises the importance of having clear arrangements in place which enable effective and meaningful engagement of local partners and the public. It also acknowledges the importance of having transparent practices in place which give people confidence that decisions made are proper, based on evidence and capable of being independently scrutinised.

For these reasons, GFirst LEP has put in place a range of measures to ensure transparency. GFirst LEP and Gloucestershire County Council as the Accountable Body will continue to review and implement systems to provide transparency in the achievement of these objectives.

### **Evidence Base**

The Gloucestershire Strategic Economic Plan is underpinned by a detailed assessment of the County's economy which highlights its strengths in high value manufacturing, a strong labour market, a large vibrant SME sector and a global reputation for its beautiful countryside. Nonetheless, alongside such attributes are a range of needs and opportunities, analysis of which has been well documented and used to inform the strategic approach outlined in the SEP and now being furthered through the Growth Deal. A comprehensive analysis of the Gloucestershire Economy can be found in sections 2 of both the ESIF and the SEP:

<http://www.gfirstlep.com/gfirst-LEP/Our-Priorities/Our-Vision/>

A thorough refresh and review of the evidence base that supports the economy of Gloucestershire is being undertaken in 2019 to support the preparation of Gloucestershire's Local Industrial Strategy. It will also inform future strategy and decision making.

### **3.1 Website**

GFirst LEP has a dedicated website through which local partners and the public are kept up-to-date with current progress on the various projects with which it is involved and in achieving the outcomes identified as part of the SEP.

The website includes a copy of the Articles of Association of the GFirst CIC <http://www.gfirstlep.com/downloads/library/97- cicarticlesofassociation.pdf>, a copy of the most recent company accounts <https://www.gfirstlep.com/downloads/2018/gfirst-lep-cic-financial-statements.pdf> and the current Company Directors. From 2019 GFirst will publish a financial statement each year within the annual report.

Details of the Register of Members' Interests for all Board Members can be found at:- <http://www.gfirstlep.com/about-us/the-board/register-of-members-interests/>

## **3.2 Making and Recording Decisions**

### **3.2.1 Agendas and Reports**

Meeting agendas and papers are published on the LEP's website 5 clear working days before the meeting takes place. The only exception to this relates to material of a confidential or commercially sensitive nature. This would include Government information held on terms that forbid disclosure, information that is subject to a court ruling, or information that is private or commercially sensitive for a person or business, where its disclosure would have a detrimental effect. Minutes of Board meetings are published within 10 clear working days of the meeting taking place.

This Assurance Framework is published on the GFirst LEP website, so that the process for making decisions regarding the Single Local Growth Fund is clearly visible to the general public. GFirst LEP will publicise opportunities for future rounds of the Growth Deal, or any other relevant investment funds or programmes, as appropriate via a combination of channels such as updates with the GEGJC and Senior Officers Groups; website; targeted communications to potential project promoters etc.

It will also publicise the outcomes of Growth Deals secured with Government using the LEP website, social media and press releases, once formally agreed with Government.

The Gloucestershire Economic Growth Joint Committee will also publish all agendas, papers and minutes, including those pertaining to decisions regarding the Single Local Growth Fund (subject to any redactions required to satisfy commercial confidentiality) where applicable.

### **3.2.2 Freedom of Information and Complaints**

GFirst LEP CIC is constituted as a company limited by guarantee and, as such, is not subject to requests made under the Freedom of Information Act 2000. However, GFirst LEP CIC will work collaboratively with Gloucestershire County Council to address any reasonable requests under the Freedom of Information Act 2000. GFirst LEP CIC will also record declarations of interest.

The Environmental Information Regulations 2004 and the Equality Act 2010 will be adhered to and project promoters will be required to demonstrate their compliance with the appropriate legislation as part of the project assessment process.

The LEP will deal with any complaints in line with a published complaints policy which is available on the GFirst LEP website. <http://www.gfirstlep.com/contact/>

There is also a process for confidential reporting of complaints ([http://www.gfirstlep.com/downloads/library/94-gfirst\\_lep\\_-\\_confidential\\_reporting\\_of\\_complaints\\_\(jan\\_18\).pdf](http://www.gfirstlep.com/downloads/library/94-gfirst_lep_-_confidential_reporting_of_complaints_(jan_18).pdf)) and a whistleblowing policy ([http://www.gfirstlep.com/downloads/library/95-gfirst\\_lep\\_-\\_whistleblowing\\_policy\\_\(jan\\_18\).pdf](http://www.gfirstlep.com/downloads/library/95-gfirst_lep_-_whistleblowing_policy_(jan_18).pdf)).

## **Data**

The LEP maintains appropriate data protection arrangements in line with the Data protection Act 1998, the General Data Protection Regulations (GDPR) and the Data Protection Act 2018 Privacy Policy <https://www.gfirstlep.com/downloads/2019/privacy-policy-gfirst-lep-march-2019.pdf>

### **3.2.3 Conflicts of Interest**

The Directors and employees of the GFirst LEP are governed by the requirements set out in the Articles of Association in declaring conflicts of interest. Full details can be found here:- <http://www.gfirstlep.com/downloads/2018/gfirst-lep---conflicts-of-interest-policy-jan-18.pdf>

### **3.2.4 Local Engagement**

The successful delivery of the Gloucestershire Strategic Economic Plan demands close collaboration and partnership working across the county. There are strong and well established working relationships between GFirst LEP, the private sector, the seven local authorities, the HE and FE sectors, the Local Nature Partnership and the voluntary and community sectors.

In the past few years the LEP has committed significant resources to leading a major business and community wide engagement programme with the aim of ensuring that county growth plans meet the needs of the people of Gloucestershire. From Board level and throughout a range of associated structures, the LEP maintains an ongoing dialogue with partner organisations in the private, public, education, voluntary and community sectors.

Engagement with the wider business community is principally sustained through Business Groups representing 75% of employment and 80% of the Gloucestershire economy. In addition, the Chair and Chief Executive of the LEP meet regularly with the Leaders and Chief Executives of the local authorities, plus the county's six Members of Parliament, complemented by review sessions with many Government agencies including Homes England, Highways England and Skills Funding Agency.

All of the above is supported further by a strong presence on social media (Twitter and LinkedIn) and the support of our Gloucestershire Ambassador network who are committed to promoting the county - <https://www.gfirstlep.com/about-us/gl-ambassadors/>

### **3.2.5 Developing, Prioritising, Appraising and Approving Projects**

The Gloucestershire Growth Deal, as it currently stands for the period 2015 to 2021 includes a caseload of projects with outline approval, however, GFirst LEP will promote and publicise opportunities for future rounds of SLGF or other investment funding programmes, as and when they arise. This activity will also re- affirm or update the SLGF eligibility criteria agreed with Government and the GFirst LEP Board.

## Methods of Project Delivery

Working closely with the Accountable Body, the LEP adopts several different delivery methods in order to address the identified SEP priorities. These vary depending on the particular dimension of the Growth Deal agreed with Government and include:

- Calls for projects and Competitive Bidding Rounds
- Direct Commissioning of Specific Activities
- Commissioning with Opt-in Partner Organisations such as the Skills Funding Agency, Big Lottery and DWP
- Procurement

## Capital Investment project pipeline (including Regeneration and Infrastructure Projects)

To support the full breadth of economic growth aspiration in the County, the local authority/public sector partners comprising the GEGJC developed the Gloucestershire Infrastructure Investment Pipeline (GIIP) to help the LEP Board to have a clear understanding of the most immediate infrastructure/regeneration priorities when considering opportunities to bid for external funding such as SLGF.

This has been further developed (2019) to include all capital projects that have potential to have a transformational impact on the economy of Gloucestershire, and is now called 'The Gloucestershire Economic Growth Capital Investment Pipeline' (CIP). The CIP is a living document, actively managed by the Senior Officer Group of the GEGJC which aims to provide a comprehensive view of all capital projects (including infrastructure/regeneration projects) which could make a substantial and well evidenced contribution to economic growth. Identified priorities from this process are used to inform the business case selection process conducted by the LEP Board. The CIP is funding agnostic. Selection for funding consideration would follow the process associated with a funding opportunity as it is identified. <https://www.gfirstlep.com/project-pipeline/>

## Growth Fund Project Assessment and Fund Management Process – Project Selection

Annex C features a flow diagram of the Growth Fund Project Assessment and Fund Management Process which outlines how projects coming forward for potential Single Local Growth Fund (SLGF) investment will be prioritised, developed and assessed for funding. This process is transferable to other investment opportunities that flow through the LEP.

The LEP programme management and executive teams are involved in the initial sifting of project ideas at the EOI stage from the CIP, or other sources, to select those that have the greatest potential to meet the criteria for any funding opportunity that is processed through the LEP. Applications that are approved at the EOI stage are invited to progress to the initial proposal stage. Initial proposals are then reviewed by a sub-group of the GFirst LEP Board. This assessment process sifts and prioritises the proposals using the criteria set out below.

*N.B. These criteria may be subject to change based on guidance from Government about the type of projects that are fundable and the amount of funding available*

## Criteria

- Economic growth potential
- Demand and rationale
- Strategy and context
- Financial 'ask' within affordability parameters
- Outputs – proportionate
- Outcomes – proportionate
- Private Sector match and/or investment levered in
- Public Sector funds levered in
- Potential to unlock other growth opportunities
- Deliverability and sustainability
- Risks that could impact on delivery

Once the initial project proposals have been assessed, a process will be implemented to confirm which projects will be included in Growth Deal or other investment submissions to Government.

### **Project Approval and Funding award process - For projects where Government has provided an indicative funding allocation.**

1. GFirst LEP will receive and record all submitted business case proposals.
2. Members of the Programme Management Group will then:
  - Receive and review the submitted business case proposals, undertake eligibility and completeness checks and process these appropriately.
  - Commission, report on and ensure final business case refinements and the outcome of the clarification processes, are implemented as per the external due diligence assessment; and present as necessary, to the LEP Investment Panel and GFirst LEP Board.
3. The LEP Investment Panel will make investment recommendations to the LEP Board.
4. The GFirst LEP Board will then review the recommendations made by the LEP Investment Panel including the findings of the due diligence assessments, in order to make the following decisions: approve for funding without conditions; approve for funding with conditions; require business case re-working and re-submission.
5. The Programme Management Group will then work with Gloucestershire County Council, as Accountable Body, to finalise, set up and manage the formal funding agreements with project promoters, as appropriate.
6. The Programme Management Group (PMG) may undertake fund management activity as necessary; including making changes to individual project delivery timescales and budget management requirements. (For example: bringing forward a project into a different financial year.) This will require cooperative working and agreement between the LEP and the Accountable Body and will be discussed at regular PMG meetings. Decisions will be endorsed by the LEP Senior Management team and/or LEP Board as appropriate.
7. PMG manages the allocation of unspent local growth deal funding; for example

where a project does not proceed or does not utilise all the project specific allocated growth deal funding. This process is managed by PMG, with the final decision making undertaken by the LEP Board (or a subgroup thereof).

### **3.2.6 Environmental and Social Value for Investment**

The Public Services (Social Value) Act 2012 actively encourages public bodies/authorities making arrangements for procuring the provision of services, or the carrying out of works to consider how what is proposed might improve the economic, social and environmental well-being of the relevant area. Clearly, the Gloucestershire Strategic Economic Plan is focused entirely on a strategy to improve the economic wellbeing of Gloucestershire, with an assessment of the broader value of the outcomes planned to be delivered, forming a key part of the project selection and investment approval process. This obligation will be met with due regard to the provisions of the above act in ensuring that this is not achieved at cost to broader equality and diversity objectives. In this regard, all project promoters will be required to outline how their planned activities will make a contribution to social value, which will be tested at the due diligence stage.

Gloucestershire's Strategic Economic Plan and the EU Structural and Investment Funds Strategy also recognise the importance of the county's high quality natural environment in attracting and retaining both businesses and their employees. While the planning system remains the relevant statutory instrument for reviewing environmental impact, some activities will have an opportunity for environmental improvement and enhancement of biodiversity. Project promoters will be required to outline the environmental impact of their proposals and to consider, where possible, opportunities for environmental enhancement.



## Section 4: Accountability

Local Growth Fund resources will be paid via a Section 31 grant determination, under the Local Government Act 2003, to Gloucestershire County Council as the Accountable body. The proper use and administration of this funding will be set out through the grant funding agreement, this assurance framework and the wider implementation plan. Gloucestershire County Council will not use this funding for its own purposes unless requested to do so by the LEP.

Gloucestershire County Council (through its Responsible Financial Officer - the Section 151 Officer, or their representative) is accountable for ensuring that grant income received, payments out and any applicable repayments are accounted for and administered correctly. GFirst LEP will be the ultimate decision makers and instruct the issuing of SLGF funding agreements via Board meetings. The LEP will be responsible for developing and maintaining the Strategic Economic Plan and determining the key funding priorities to which SLGF and other resources should be directed. Democratic accountability for the decisions made by the LEP is provided through local authority leader representation and a close working relationship with the GEGJC, with accountability to the business community flowing through the business leaders.

### **Section 151 Officer Role**

The S151 Officer is responsible for the proper financial administration of GFirst LEP throughout the year and is required to write to the MHCLG Accounting Officer by the 28<sup>th</sup> February each year confirming compliance with the Local Assurance Framework and escalate any compliance concerns that can not be resolved locally.

The Section 151 Officer and their representatives should ensure that the five principles outlined in the CIPFA guidance “Principles for section 151 officers working with LEPs” are addressed within this Local Assurance Framework. We have summarised the key elements below confirming how they will be implemented;

#### **A. Enshrining a corporate position for S151 Officer in LEP assurance;**

Through participation of the GFirst LEP Board meetings and having access to all correspondence of the Board this will allow the section 151 officer, or their representative to have visibility of any potential issues that may arise and the opportunity to comment on decisions being taken.

The section 151 or their representative will have quarterly catch ups with the Deputy CEO to review the progress of the LEP, ensure proper administration of financial affairs in the LEP and any concerns or recommendations made by the Accountable Body are acted upon and promptly by the LEP. The areas of audit will also be discussed and agreed which area would be the most beneficial to the LEP.

The section 151 officer and chief executive/ chair acknowledge that proper administration of

financial affairs continues throughout the year. Any improvements required should be clearly set out in the Local Assurance Framework action plan and monitored appropriately for delivery. Both have a role in identifying staff training needs to ensure compliant spend of funds and that all staff understand the governance and control arrangements.

**B. Creating a formal/structured mandate for S151 Officer;**

The LEP board, and its supporting governance structure (where there are appropriate schemes of delegation), is the strategic body responsible for taking decisions on LEP business and LEP programme activity.

Where concerns or improper financial administration are identified the section 151 officer shall provide recommendations for improvements to be made. The LEP board shall be responsible for making changes to address the concerns in line with the recommendations following local discussion with the section 151 officer in line with the agreed responsibility arrangement. Where the board does not agree with the recommendations and no agreement on the way forward can be reached with the section 151 officer, the matter shall be referred to MHCLG who will escalate as appropriate.

The section 151 officer shall have the right to record an opinion if required on the financial implication and assessment of risk (such as delivery risks and cost overrun risks) in every board paper. The LEP board does not have to follow the section 151 officer's advice above, but where they decide on a course of action which goes against that advice, the board should indicate and record the rationale for not following it.

Section 151 officers (or their delegated representatives) should also be invited to attend all board meetings and board agenda setting meetings, but shall not be entitled to vote or otherwise make LEP decisions.

The LEP shall recognise that treasury management and borrowing is part of the role of the accountable body.

The section 151 officer should ensure that there are the correct, established financial processes in place leading up to board decisions such that financial delegations are respected.

Where there are concerns about systemic financial problems this shall be raised with the Cities and Local Growth Unit. The section 151 officer will work with the LEP to improve financial standards, and progress shall become a standing item in the board meetings until the section 151 officer is satisfied that the issue has been resolved.

The 151 officer and the LEP should agree appropriate arrangements over the discharge of the functions of an audit committee.

### **C. Embedding good governance into decision making;**

The section 151 officer working with the LEP chief executive or deputy should ensure that the LEP and accountable body has procedures in place to consider the financial implications of decisions before and during the decision making process rather than reviewing decisions afterwards.

LEPs and the section 151 officer should agree the budget risks facing the LEP at the outset of the financial year, and review them on a frequent basis. The risk appetite should be understood by both the LEP and the section 151 officer. The LEP shall provide the risk register to the section 151 officer on each occasion that it is revised.

At the beginning of the budget year, the section 151 officer should be entitled to comment on the adequacy of the budget plan. This should be provided by the LEP chief executive at the beginning of each financial year.

In addition, the LEP should set out their scrutiny arrangements in their Local Assurance Framework to make sure there is strong governance in place, and appropriate scrutiny procedures to support that governance.

If the dual role of the section 151 officer results in a potential conflict of interest impartial advice should be sought to ensure transparency.

### **D. Ensuring effective review of governance; and**

An internal audit plan should be agreed for the year, this plan should include a risk-based audit plan of LEP activity that will provide assurance to the section 151 officer and the LEP board at appropriate points through the year. LEPs should ensure that there are arrangements for funding the internal audit activity.

The internal auditors of the accountable body may provide assurances to both the LEP Board and the section 151 officer. Guidance on internal audit sets out the assurances to be provided and the reporting relationships to maintain audit independence.

Following a completed audit (by either internal or external audit) where there are comments that relate to the LEP they should be reported back to the board by the Section 151 officer and chief executive or their representatives and provided to the Cities and Local Growth Unit.

Where serious concerns are encountered during the year for example repeated non-compliance with legal requirements or fraud then the section 151 officer shall promptly raise these with the Cities and Local Growth Unit. Local resolution should be the first mechanism to resolve disputes, if this has been unsuccessful it should be raised with the Cities and Local Growth Unit.

## **E. Ensuring appropriate skills and resourcing.**

The section 151 will ensure their representative has the relevant Senior financial experience and be professionally qualified to carry out the delegated role and maintain an overview of the Accountable Body function.

The team providing the Accountable body role will be experienced in the relevant area and able to access the necessary specialist advice as and when required through use of professional advice.

The GCC Accountable body staff will have access to the section 151 officer on a monthly basis to give them an opportunity to discuss any issues and ensure that the Section 151 is kept up to date. This allows for a strategic overview of the LEP and gives the Section 151 assurance that the right level of resources are in place and the opportunity to challenge the processes

Therefore Gloucestershire LEP's Assurance Framework confirms that:

- Gloucestershire County Council will be the only Accountable Body for the Single Local Growth Fund and other funding sources received from Government. The County Council will be responsible for the following;
  - monitoring for compliance within the terms of this LEP Assurance Framework;
  - An oversight function ensuring use of resources will be in accordance with Gloucestershire County Council's established processes including financial regulations and contract regulations
  - Ensuring the right scrutiny processes are in place to ensure LEP governance and transparency arrangements or working
  - ensuring that there are arrangements for local audit of funding allocated by the LEP Board at least equivalent to those in place for local authority spend
  - a support function providing technical advice on relevant law discussing risks associated with pursuing a particular course of action for the LEP Board to consider and drafting funding agreements to allocate the funds appropriately.
  
- GFirst LEP Board will be responsible for ensuring that Gloucestershire County Council's requirements are adhered to, including:
  - ensuring decisions and activities of GFirst LEP conform with legal requirements with regard to equalities, social value, environment, State Aid, procurement etc.
  
  - Provide access when relevant to all LEP Board documents to the Section 151 Officer or their representative and where decisions are being made the S151 Officer or their representative should have the opportunity to comment.

- maintaining the official record of the LEP Board proceedings and holding copies of all relevant LEP documents relating to LGF and other sources of funding where GCC are the Accountable Body.
  - ensuring that the funds are used appropriately, and in a manner that is consistent with the contents of the offer letter from government .
  - ensuring that the GFirst LEP assurance framework is adhered to.
  - holding copies of all relevant LEP documents relating to LGF funding.
  - ensuring that the LEP has agreed timescales and operating practices to support the effective implementation of decisions (e.g. this would include a means for monitoring delivery of outcomes).
  - ensuring once the LEP Board has awarded funding that a clear written agreement exists between the Accountable Body and project promoter which includes adequate provisions to protect public funds (e.g. arrangements to suspend or claw back funding in the event of non-delivery or mismanagement).
  - ensuring the funding requirements, as set out by the Department for Communities and Local Government grant funding letter per each financial year, are adhered to.
- Project promoters are legally responsible for ensuring that their project complies with all the relevant legislation, technical standards and financial propriety. If there is evidence of legal wrong doing or poor project management by a promoter, GCC may be asked to take action on behalf of the LEP Board.

#### **4.1 MHCLG Funding Requirements**

All funding paid pursuant to the Growth Deal, irrespective of whether paid by MHCLG or DfT will fulfil the following requirements:

- 1) It will be used to support the Growth Deal agreed between the Government and the LEP and will be used to secure the outcomes set out in the Growth Deal.
- 2) It will be deployed solely in accordance with decisions made through this local assurance framework agreed between the LEP and Gloucestershire County Council as the Accountable Body. This framework must be consistent with the standards set out in the national assurance framework. In the case of specific schemes which are still subject to business case sign off by DfT, the DfT business case sign-off process may mean that the local assurance framework process is not required in full. This will be agreed on a scheme by scheme basis.
- 3) Project implementation progress will be tracked against agreed core metrics and outcomes, in line with the national Monitoring and Evaluation Framework.

## **4.2 Funding Agreements**

Each project promoter will be asked to enter in to a funding agreement with Gloucestershire County Council, as the Accountable Body, which is a legal contract setting out the terms and conditions required to enable the release of the Growth Funds. The model legal template as shown in Annex E will be used for all projects, but will feature tailored schedules, such as outcomes, milestones, monitoring/audit requirements and a funding profile to meet each individual project's requirements.

Projects in receipt of Local Growth Deal will be required to follow the GFirst LEP Gloucestershire Growth Deal Publicity Requirements.

Please note: For particular projects where one department of Gloucestershire County Council is acting as project promoter, a different department acts as the Accountable Body, so there is an established internal process with an appropriate written agreement in place to ensure separation of roles and responsibilities.

## **4.3 – Funding Arrangement Fee**

A funding arrangement fee is associated with each funding award administered by the Accountable Body, on behalf of the LEP. This is a standard charge for all projects in receipt of investment funding (Growth Deal and GIFF) in Gloucestershire and merely reflects the costs of taking the promoter's business case through the formal assessment process, due diligence and on into contract award, reflecting the work involved preparing/negotiating the funding agreement. Costs incurred are re-charged to the relevant promoter on a full cost recovery basis only. Consequently, once a funding agreement is finalised and the full extent of the processing costs can be clearly identified, the standard approach is for the Accountable Body to invoice the promoter and seek settlement for the fees before the first tranche of grant or loan funding is released.

## **4.4 - Risk Management**

GFirst LEP recognises the need for effective risk management systems and procedures to ensure the early identification, assessment and mitigation of risks that may emerge during implementation of major capital projects. Consequently, during the period of development of the SEP, a pragmatic approach to risk management was devised involving the creation and maintenance of a programme level risk register based upon standard approaches. This was further developed through risk management workshops involving project promoters engaged in Growth Deal projects. A robust risk management framework is now in place, including the escalation process (see Annex I) with standardised templates for risk assessment. Using this approach, risks in delivery of the SEP will continue to be assessed and mitigated, with those categorised as 'Medium' or 'High' monitored closely, with the aim of reducing them at a Net Risk Level.

The programme risk register is developed and maintained by the LEP Projects & Infrastructure Manager and reviewed at each Programme Management Group meeting.

There is also an organisational risk register, also maintained by the LEP Projects and Infrastructure Manager, following a similar process, but with the escalation through to the LEP CEO and Deputy CEO, and if necessary, to the LEP Board.

From 2019 there is an intention to nominate a LEP Board member as the Risk Lead for the Board.

The nature of the risks considered fall into the following categories:-

- Cost
- Reputational
- Timing
- Quality/outputs
- Sustainability (of the project)
- Strategic Impact

It is the responsibility of the relevant Project Manager or Project Management Board (where they exist) to monitor associated risks at project level and report back to the Projects & Infrastructure Manager if any decisions or escalation are required. The Projects & Infrastructure Manager will also seek assurance from individual projects on risk management if there are specific concerns.

#### **4.5 - Monitoring Plans**

The overall Growth Deal, including the 'wider asks of Government' is monitored and reported on using the GFirst LEP Growth Deal Implementation Plan. This main overview document is updated monthly by LEP staff and then shared with Government colleagues to monitor overall progress of the Growth Deal.

For monitoring purposes, Government has asked LEPs for a set of 'core metrics' covering all interventions with inputs/outputs reported quarterly and outcomes annually. This will enable Government to report overall progress across all 38 LEP areas.

Monitoring metrics have been agreed between GFirst LEP, Government and the individual project promoters. Each funded project will be required to monitor and report on these metrics and this requirement will be linked into the funding agreements to be set up between GCC and the project promoters.

Once a funding agreement is in place, the LEP team will convene a 'launch meeting' at which the outputs and wider outcomes of the project, as well as the monitoring and reporting processes, are agreed. Projects will report regularly to the LEP team, and progress updates against their agreed metrics will be collected and collated quarterly. At project and programme level these metrics will be compared to both individual funding agreement commitments and the overall Growth Deal with Government.

All projects will be subject to a formal annual review, to review both the agreed metrics and the wider commitments of the project. The resulting report will be logged with the Accountable Body. LEP programme management staff will report regularly to the LEP Board

which has overall responsibility for the successful delivery of the Growth Deal.

An Evaluation Plan has also been prepared for the Gloucestershire Growth Deal. This explains the rationale for selecting particular Growth Deal projects to evaluate and describes the scope and outline costs of the evaluation activity.

The Evaluation Plan will play a key role in demonstrating the impact and cost effectiveness of the Gloucestershire Growth Deal as well as helping to secure additional SLGF investment in the future. In this regard, Government guidance has encouraged LEPs to:

- Focus on producing a small number of independent high quality evaluations rather than being comprehensive in coverage, with a view to furthering Government and partners' understanding of 'what works'.
- When selecting projects, focus on those that are: i) large in value; ii) can be robustly evaluated with a feasible counterfactuals established; and iii) interesting or innovative 'demonstrator' projects where the research base is less well developed.
- Propose evaluations that are 'proportionate and selective, taking into consideration the scale, value and scope of an intervention'.
- Consider projects with both pre-committed and competitive funding.

#### **4.6 Audit Arrangements and Processes**

There will be independent scrutiny of the LEPs work in implementing the SEP via the Growth Deal and other investment funding initiatives. As the Accountable Body, GCC will appoint independent financial/process auditors to scrutinise activity with particular regard to compliance with the requirements of this framework and further guidance on the management of risk. In conjunction with standard local government practice, the independent audit team will be appointed from within GCC, unless there is a specific reason why this is deemed to be inappropriate.

An initial audit of the LEP's work was undertaken in July 2016 and was considered both robust and constructive. Further such valuable independent audit reviews will be undertaken regularly, as and when considered appropriate, based on an annual needs assessment by GCC Internal Audit Service. The results of any audit will be submitted to both GCC, as the Accountable Body and the LEP Board for consideration of any key recommendations arising.

Project specific audit requirements are detailed within each formal investment funding agreement to ensure individual project promoters put in place sufficient monitoring and assurance mechanisms/procedures to evidence fulfilment of the funding terms and conditions and robust management of risk. As the Accountable Body, GCC will retain the right to review and verify such procedures.



#### **4.7 Circumstances where the Accountable Body could not comply with the LEP' s decision**

The Accountable Body would not comply with a LEP decision if such a decision was:

- not procedurally valid; or
- did not comply with the Local Assurance Framework
- illegal; or
- would lead to the available budget being exceeded; or
- did not demonstrate value for money

This situation should be avoided by the effective operation of the due diligence checks prior consideration of the basis for decisions before they are taken. If a situation did occur whereby the Accountable Body had significant concerns about a decision the LEP had taken, or proposed to take, then an urgent meeting would be convened between the S151 or their representative and the CEO and Chair of the LEP to discuss the matter and come up with a solution.

If the concern of non-delivery and/or mis-management could not be resolved locally then the GCC as Accountable Body should report any concerns to the Cities and Local Growth unit through [localgrowthassurance@communities.gov.uk](mailto:localgrowthassurance@communities.gov.uk)

## **Section 5: Value for Money**

### **5.1 Project Eligibility**

In principle, all eligible schemes are required to submit to the LEP a Business Case Proposal which addresses the '5 Cases' Methodology. As it stands presently, however, the Gloucestershire Growth Deal comprises of a portfolio of project work which has been approved in outline by central Government. These projects have been prioritised against the HM Treasury recommended '5 Cases Methodology' outlined in Annex H, with a particular emphasis on the following factors:

- Growth potential
- Value for money
- Deliverability
- Delivery costs
- Delivery timescales

### **5.2 Business Case Preparation, Appraisal and Due Diligence (core process)**

All outline approved projects need to complete a process of clarifications, appraisal and due diligence before being presented to the LEP Investment Panel and then the LEP Board for formal funding approval. This process varies in detail and level of scrutiny depending on the scale and departmental source of funding, but is always impartially delivered.

All projects have to adhere to the core clarifications, appraisal and due diligence requirements which are set out in Annexes F,G, & H. Aspects of these due diligence checks may be informed by additional assessment and business case development work undertaken and/or specified by Government departments/bodies such as the DfT and the Skills Funding Agency.

Unless there are extenuating circumstances, promoters will be expected to adhere to the agreed timescales through the production of a detailed delivery programme for each project. Any potential project cost or timescale change will need to be agreed at the earliest opportunity, with the Programme Management Group and the Accountable Body. Decisions will be endorsed by the LEP Senior Management team and/or the LEP Board as appropriate.

The project promoter is responsible for all up-front costs for each stage of the business case preparation, clarification and assessment process. However, if a project is approved for development/construction, a promoter may be able to claim back preparatory costs that are considered to be 'capital'. The Accountable Body team can advise project promoters about this, as necessary. Note the Administration Fee is non recoverable however.

### **5.3 Business Case Stages for Transport Projects**

All transport projects will be required to go through a specified business case refinement process (outlined in the guidance in Annex G) as well as due diligence.

The submitted Business Case proposals will be compared against the objectives set at the proposal stage (referred to as the 'Growth Deal Business Case Proposal Submission') and if necessary, additional information may need to be provided.

Transport schemes will be required to complete an 'Outline Business Case' (OBC) as well as a 'Full Business Case' (FBC). However, to ensure that GFirst LEP Business Case requirements are proportionate to the scale of each scheme it has also been determined that schemes identified as 'Minor' will be fast tracked to the Final Business Case stage and will therefore not have to complete a separate OBC. Annex G indicates the criteria that will be used to determine minor schemes.

### **5.4 Due Diligence Process**

The due diligence process, in principle, tests the robustness of the project's planning procedures and reviews the financial, legal and organisational capability of the promoting organisation, including commissioning methodologies, value for money assessments and decision making accountabilities. In essence, the process needs to demonstrate clear impartiality and proportionality, consistent with HM Treasury 'Green Book' principles and Infrastructure UK recommended practices.

Details of the due diligence approach adopted by the LEP can be found in Annex F

#### **VFM scores**

It was agreed that under normal circumstances all investments should demonstrate high value for money (VFM). However, the LEP Board recognises that there may be circumstances in which some investment may provide value for money for broader reasons than the factors taken into account in the initial VFM scoring. For example the project may deliver broader strategic or economic growth outputs or outcomes.

### **5.5 Assessment of Need**

For the current portfolio of Growth Deal activity, the strategic case for investment has largely already been established. Therefore, project promoters will be responsible for informing the LEP of any changes to the scope of outline approved projects, including the costs and implementation timescales. The LEP will be responsible for assessing the impact of any changes on the overall Growth Programme and working with the promoter to address any specific issues. There are no guarantees that the LEP will be able to meet any cost increases either in full or part. Delays to the project may also mean that it is not possible to allocate funding within the investment period.

## Annexes

<u>No.</u>	<u>Title</u>
A	Gloucestershire Strategic Economic Plan/Growth and Governance diagram
B	Organisations and Bodies involved in Delivery
C	Growth Fund Project Assessment and Fund Management Process diagram
D	MHCLG European Growth Programme – Business Process to Funding Agreement diagram
E	Project Funding agreement with Gloucestershire County Council - model template
F	Due Diligence Process
G	Transport Schemes Business Case Guidance
H	Treasury – 5 cases Methodology – Key Principles
I	Risk Management Framework

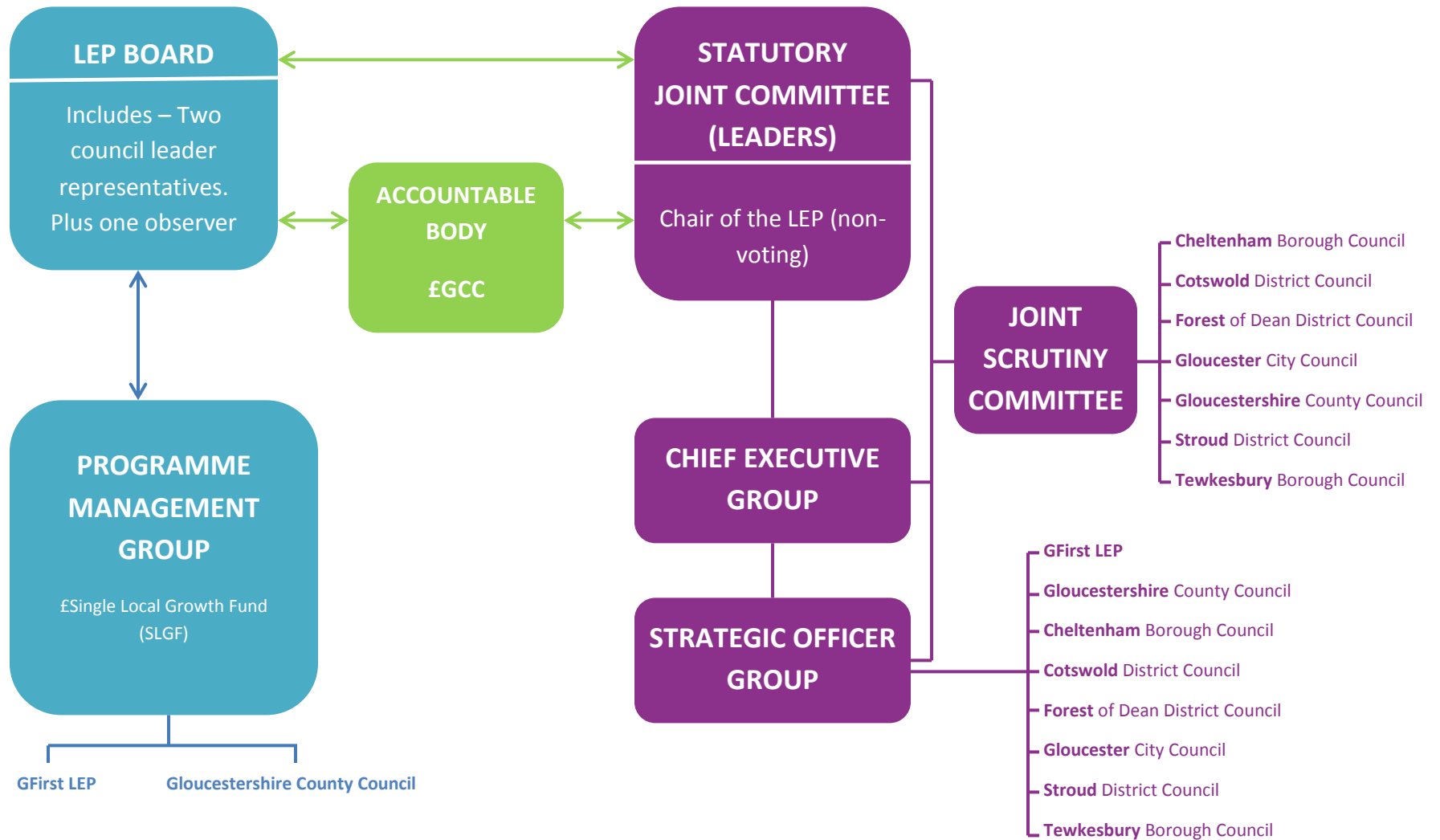
### **References:**

LEP Assurance Framework Guidance  
GFirst LEP CIC – Articles of Association  
LTP Guidance  
GIIF Operating Manual  
DfT Transport Appraisal/Analysis Guidance\*

\*WebTAG: Transport Analysis Guidance - the DfT's guidance on the conduct of transport studies, provides advice on the development of transport options and the appraisal and modelling requirements underlying their assessment

Treasury Green Book.

Gloucestershire Strategic Economic Plan / Growth and Governance



**GFirst LEP Strategic Economic Plan Delivery**

**Assurance Framework**

**Organisations and Bodies involved in Delivery**

**(updated March 2019)**

**Background**

This annex provides summary information about the decision making and advisory bodies and organisations, which have responsibilities and important roles in; the delivery of the Growth Deal for Gloucestershire and; the Assurance Framework for this process.

Related information is also provided in the diagrams contained within Annexes to the Assurance Framework including:

Annex B; Growth and Governance

Annex D; Growth Fund Project Assessment and Fund Management Process

<b>Delivery bodies/groups and how they relate to the GFirst LEP Board</b>	
<b>GFirst Local Enterprise Partnership Board</b>	<b>Role and Responsibilities</b>
<ul style="list-style-type: none"> <li>• Board has a minimum of 6 and a maximum of 14 directors.</li> <li>• up to one third of the Directors represent the public sector, including local government, further education and higher education.</li> <li>• Majority of directors from private sector (two thirds minimum).</li> <li>• Representation from voluntary, community and social enterprise sector.</li> <li>• One Director from Gloucestershire County Council.</li> </ul> <p><a href="http://www.gfirstlep.com/gfirst-LEP/About-Us/The-Board/">http://www.gfirstlep.com/gfirst-LEP/About-Us/The-Board/</a></p>	<ul style="list-style-type: none"> <li>• Responsible for strategic decision making of the LEP.</li> <li>• Responsible to Government for ensuring that all aspects of the Growth Deal are delivered.</li> </ul> <p>For Single Local Growth Fund (SLGF), the LEP Board has the authority to:</p> <ol style="list-style-type: none"> <li>a) Review and approve business case proposals for projects to be presented to Government with the aim of including them as part of the Growth Deal with Government;</li> <li>b) Review the recommendations made by the LEP Investment Panel and the findings of the due diligence assessments of projects in order to; make decisions to approve funding without conditions; approve for funding with conditions; require business case re-writing and re-submission.</li> <li>c) Review project monitoring reports and, if necessary, suspend or stop further payments to project promoters where insufficient progress has been made or where the Programme Management Group/Accountable Body advise that this is necessary.</li> </ol>
<b>Project Management Boards</b>	<b>Role and Responsibilities</b>
<p>Project Management Boards may be set up to oversee delivery and ensure that progress is being made.</p> <p>Membership of these Boards will be agreed in partnership with the Lead Partners and the structure and meeting arrangements for these will</p>	<p>Project Management Boards will report directly to the LEP Board,</p> <ul style="list-style-type: none"> <li>• To provide progress updates and recommendations as appropriate</li> </ul>

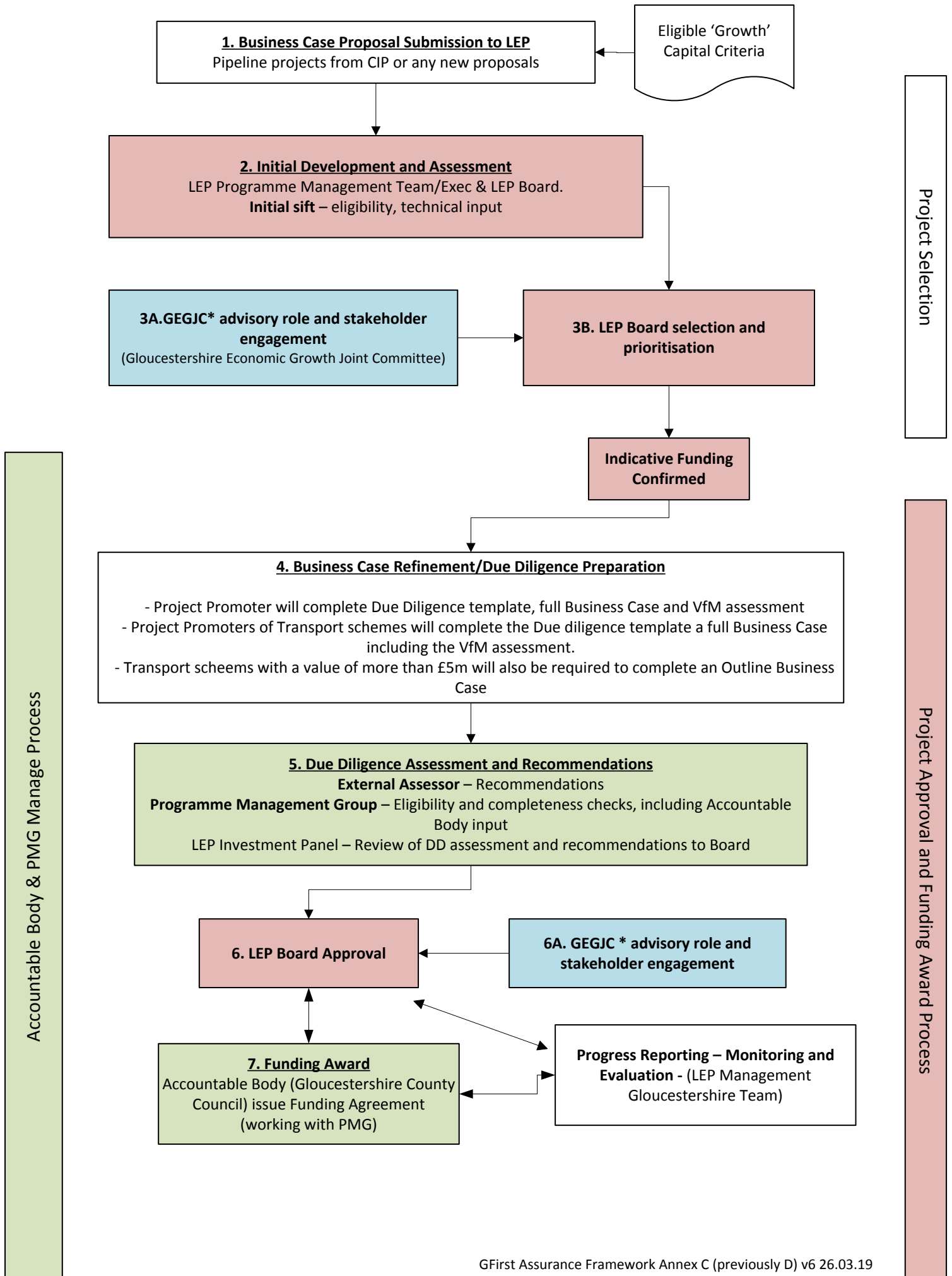
## Annex B (previously Annex C)

<p>be reviewed annually to ensure fitness for purpose.</p>	<ul style="list-style-type: none"> <li>To oversee financial, delivery and output/outcome performance of main investment areas.</li> </ul>
<p><b>Gloucestershire Economic Growth Joint Committee (GEGJC)</b></p>	<p><b>Role and Responsibilities</b></p>
<ul style="list-style-type: none"> <li>One member (the Leader) from each of the seven Gloucestershire Local Authorities (voting)</li> <li>The Chair of Gloucestershire's LEP- or their nominee (non-voting)</li> <li>one other Board member of GFirst LEP – or their nominee (non-voting)</li> </ul> <p><a href="http://glostext.gloucestershire.gov.uk/mgCommitteeDetails.aspx?ID=725">http://glostext.gloucestershire.gov.uk/mgCommitteeDetails.aspx?ID=725</a></p>	<ul style="list-style-type: none"> <li>To facilitate and enable collaboration between the local authorities on economic development and associated activities</li> <li>In conjunction with the GFirst LEP Board to formulate and agree the Gloucestershire Strategic Economic Plan and the Gloucestershire EU Structural and Investment Fund Strategy and other economic plans related to economic growth and to work jointly to ensure their delivery</li> <li>To make recommendations to the GFirst LEP Board on matters relating to the economic wellbeing of Gloucestershire</li> <li>To ensure a coordinated approach by liaising with other groups/boards e.g. LEP Investment Panel, County Strategic Planning and Infrastructure Group</li> </ul>
<p><b>Gloucestershire Economic Growth Overview and Scrutiny Committee (GEGOSC)</b></p>	<p><b>Role and Responsibilities</b></p>
<p>Six County Councillors and one person from each of the District Councils in Gloucestershire as voting co-opted Members.</p> <p><a href="http://glostext.gloucestershire.gov.uk/mgCommitteeDetails.aspx?ID=731">http://glostext.gloucestershire.gov.uk/mgCommitteeDetails.aspx?ID=731</a></p>	<p><b>Scrutiny Role:</b></p> <ul style="list-style-type: none"> <li>To review the decisions of the Gloucestershire Economic Growth Joint Committee and</li> <li>To review the overall impact and delivery outcomes of the Gloucestershire Strategic Economic Plan and to make recommendations to the LEP Board and the Joint Committee on issues and Improvements</li> </ul>
<p><b>Gloucestershire County Council – Accountable Body Role</b></p>	<p><b>Role and Responsibilities</b></p>
<p>Accountable body for the government's Local Growth funds which will be used to deliver the Growth Plan for Gloucestershire.</p> <p>Gloucestershire County Council (through its Responsible Financial Officer – the Section 151 Officer) is accountable for ensuring the grant income received is administered correctly.</p> <p>Gloucestershire County Council website <a href="http://www.gloucestershire.gov.uk">www.gloucestershire.gov.uk</a></p>	<p>Gloucestershire County Council is responsible for monitoring for compliance within the terms of the LEP Assurance Framework</p> <ul style="list-style-type: none"> <li>To ensure use of resources in accordance with Gloucestershire County Council's established processes including financial regulations and contract regulations</li> <li>To ensure there are arrangements for local audit of funding</li> <li>To issue funding agreements between the County Council and the project promoter to set out the terms and conditions for the Local Growth Funds</li> <li>To manage the administration fee process</li> <li>To manage the due diligence process</li> </ul>
<p><b>LEP Investment Panel</b></p>	<p><b>Role and Responsibilities</b></p>

## Annex B (previously Annex C)

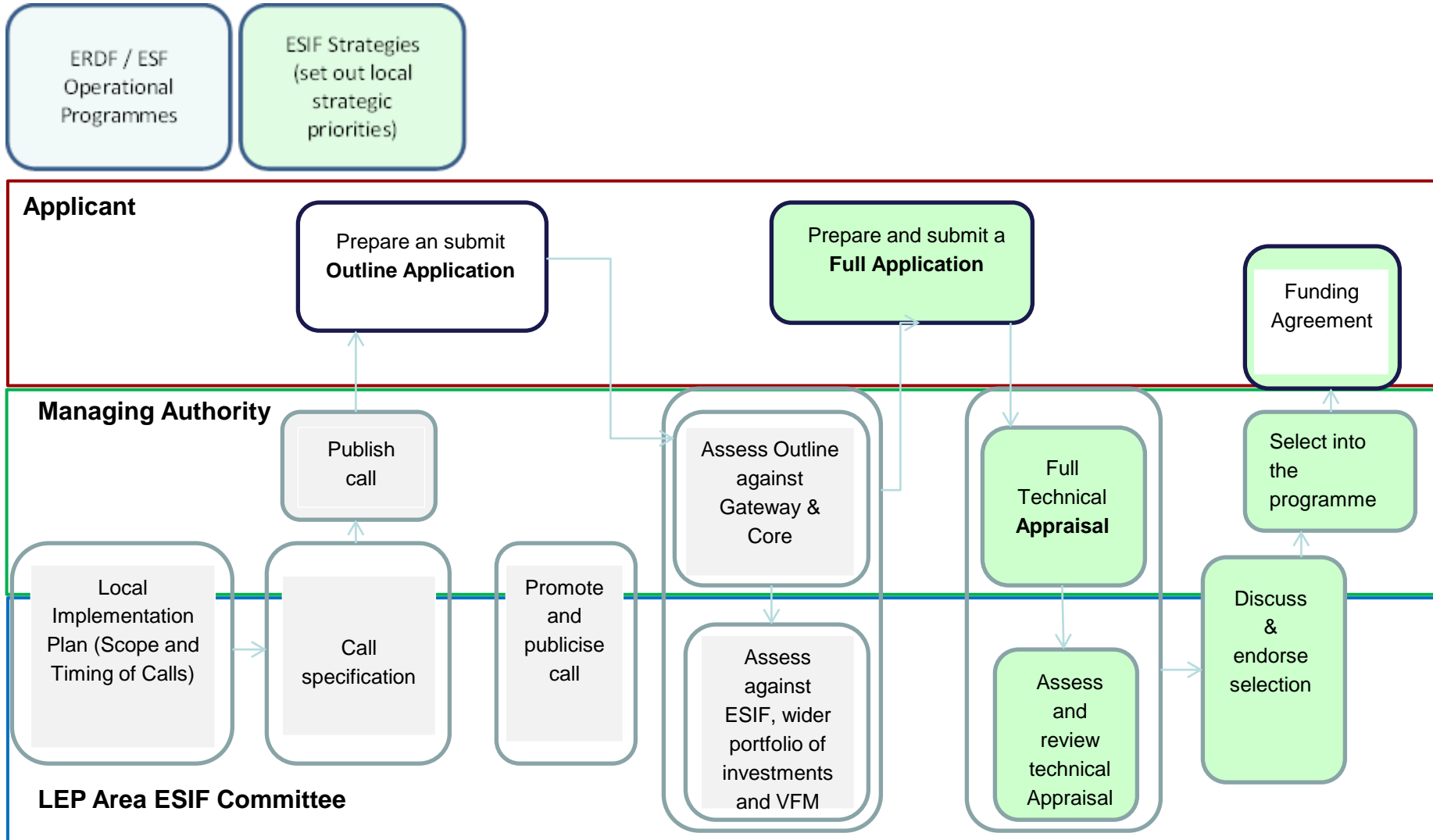
<p>Advisory Panel which comprises both public/private sector representation as follows :</p> <ul style="list-style-type: none"> <li>• Chair – Chief Executive of LEP</li> <li>• Private sector representatives from key Gloucestershire Business sector groups</li> <li>• Three Senior Officer representatives from Local Authorities – to include both rural and urban district councils ideally</li> <li>• Two Gloucestershire County Council officers (1 acting as Accountable Body observer)</li> <li>• Senior representative of the Homes and Communities Agency</li> </ul>	<p>Responsible for providing reports and recommendations to the LEP Board to facilitate the decision process for Local Growth fund grants</p> <ul style="list-style-type: none"> <li>• To review the external Due Diligence reports regarding growth deal funding grant allocations to projects</li> <li>• To advise and make recommendations to the LEP Board on the grant allocation proposed and specific conditions or particular points to be considered</li> <li>• To identify contractual terms and advise the LEP Board accordingly</li> </ul> <p><b>Please note:</b> LEP Investment Panel has an important advisory role for the GIIF loan funding. The Panel reviews external appraisals, and makes investment recommendations to the LEP Board</p>
<p><b>Programme Management Group (PMG)</b></p>	<p><b>Role and Responsibilities</b></p>
<p>Advisory group which comprises:</p> <ul style="list-style-type: none"> <li>• officers from the executive/staff of GFirst LEP</li> <li>• expert officers from the Accountable Body (Gloucestershire County Council)</li> <li>• specialist financial and legal input as required</li> </ul>	<p>Responsible for day to day management of the delivery processes including:</p> <ul style="list-style-type: none"> <li>• To work with Government departments and agencies</li> <li>• To communicate with project promoters.</li> <li>• To commission, report on and review the recommendations produced following the due diligence process for Single Local Growth Fund proposals</li> <li>• To prepare and present summary papers and reports (e.g. due diligence) to key meetings including; LEP Investment Panel, GEGJC, LEP Board to support the delivery of the LGF and the necessary decision making process.</li> <li>• To work with Gloucestershire County Council as Accountable Body to agree project milestones, funding drawdown and project monitoring processes that will form the basis of the funding agreements between GCC and the project promoters.</li> <li>• To undertake other programme management tasks as required and directed by the LEP Board.</li> <li>• To make operational management decisions, such as being flexible with the timing of funding in response to changing circumstances</li> </ul>







# European Growth Programme Business Process to Funding Agreement



DATED

20[XX]

GLOUCESTERSHIRE COUNTY COUNCIL (1)

- and -

[NAME] (2)

---

**CONDITIONAL LOCAL GROWTH CAPITAL FUNDING AGREEMENT**

relating to [PROJECT]

---

Gloucestershire County Council  
Shire Hall, Westgate Street  
Gloucester  
GL1 2TG

THIS DEED is dated \_\_\_\_\_ 20[XX]

## PARTIES

- (1) **GLOUCESTERSHIRE COUNTY COUNCIL** whose principal address is at Shire Hall, Gloucester, Gloucestershire GL1 2TG (the “Authority”); and
- (2) **[NAME]** whose principal address is **[ADDRESS]** (the “Promoter”).

## WHEREAS:

- (A) It is acknowledged that the Authority is the “accountable body” for the Local Growth Funding described hereunder.
- (B) Subject to and conditional upon the Authority first receiving funding of a sum equal to the Local Growth Capital Funding from the **[Ministry of Housing, Communities and Local Government]** for the purpose of funding the Project the Authority has agreed to pay the said Local Growth Capital Funding to the Promoter for the purposes of the Promoter procuring the delivery of the Project.
- (C) The Authority and the Promoter are entering into this Agreement in order to record the terms and conditions on and subject to which their respective obligations hereunder in respect of the Local Growth Capital Funding will be discharged during the Term.

## AGREED TERMS

### 1. DEFINITIONS

- 1.1 In this Agreement the following terms shall have the following meanings:

“**2015 Regulations**”: the Public Contracts Regulations 2015 (and any statutory modification thereto or re-enactment thereof).

“**Budget and Project Plan**”: the budget and project plan set out in Schedule 5.

“**Capital Expenditure**”: capital expenditure and associated expenditure (for example architect’s fees) in respect of an item with an expected life of more than one year.

“**Commencement Date**”: **[DATE] [DRAFTING NOTE FOR GCC OFFICERS: This date should correspond with the start date of the first Milestone Period set out in Schedule 4.]**

“**Data Protection Legislation**”: means (i) the General Data Protection Regulation

(regulation (EU) 2016/679), the Law Enforcement Directive (Directive (EU) 2016/680) and any applicable national implementing laws as amended from time to time, (ii) the Data Protection Act 2018 to the extent that it relates to processing of personal data and privacy, (iii) all applicable laws relating to personal data and privacy.

**“HM Government”**: Her Majesty’s Government.

**“Environmental Law”**: EU law and all other applicable laws and regulations as well as applicable international treaties of which a principal objective is the preservation, protection or improvement of the environment.

**“Fixed Asset”**: any asset that consists of land and/or buildings, plant, machinery or other thing that is, or is to be, fixed to any land and which is to be acquired, developed, enhanced, constructed and/or installed as part of the Project.

**“Funding Manager”**: the individual who has been nominated to represent the Authority for the purposes of this Agreement.

**“Funding Payment Request Dates”**: the funding payment request dates specified in the table set out in Schedule 4.

**“Funding Payment Request Form”**: a form used for requesting the payment of funding in the format specified in Schedule 1 submitted by the Promoter to the Authority in respect of a Local Growth Capital Funding Instalment in accordance with the funding payment procedure set out in Schedule 4.

**“GFirst LEP”**: GFirst LEP CIC (company number: 9353067)

**“Half Year”** means the period of 6 consecutive months commencing on the Commencement Date and each successive period of 6 months thereafter and the use of the term **“Half Yearly”** shall be construed accordingly.

**“Intellectual Property Rights”**: all patents, copyrights and design rights (whether registered or not) and all applications for any of the foregoing and all rights of confidence and Know-How however arising for their full term and any renewals and extensions.

**“Know-How”**: information, data, know-how or experience whether patentable or not and including but not limited to any technical and commercial information relating to research, design, development, manufacture, use or sale.

**“Local Growth Capital Funding”**: the sum of £[NUMBER] (WORDS) to be paid by the Authority to the Promoter in accordance with clause 3 and the funding payment procedure set out in Schedule 4.

**“Local Growth Capital Funding Instalments”**: the Local Growth Capital Funding Instalments specified in Schedule 4, each of which is a **“Local Growth Capital Funding Instalment”**.

**“Major Asset”**: an asset which is not a Fixed Asset but has a value as at the date of this Funding Agreement (or date of acquisition if the acquisition is funded Local Growth Capital Funding) of at least £100,000 (one hundred thousand pounds).

**“Milestone Period”** means each of the numbered milestone periods set out in the table contained in Schedule 4.

**“Prohibited Act”** means:

- (a) offering, giving or agreeing to give to any servant of the Authority any gift or consideration of any kind as an inducement or reward for:
  - (i) doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of this Agreement or any other contract with the Authority; or
  - (ii) showing or not showing favour or disfavour to any person in relation to this Agreement or any other contract with the Authority;
- (b) entering into this Agreement or any other contract with the Authority where a commission has been paid or has been agreed to be paid by the Promoter or on its behalf, or to its knowledge, unless before the relevant contract is entered into particulars of any such commission and of the terms and conditions of any such contract for the payment thereof have been disclosed in writing to the Authority;
- (c) committing any offence:
  - (i) under the Bribery Act 2010;
  - (ii) under legislation creating offences in respect of fraudulent acts; or
  - (iii) at common law in respect of fraudulent acts in relation to this Agreement or any other contract with the Authority; or
- (d) defrauding or attempting to defraud or conspiring to defraud the Authority.

**“Project”**: means the project more particularly described in Schedule 3, whose purpose is [PROJECT].

**“Project Delivery Period”** means the period commencing on [the Commencement Date] and expiring on the expiry of Milestone Period number [INSERT THE NUMBER GIVEN TO THE FINAL MILESTONE PERIOD IN SCHEDULE 4] set out in Schedule 4 unless terminated earlier in accordance with the terms of this Agreement or extended pursuant to clause 4.9. *[DRAFTING NOTE FOR GCC OFFICERS: The primary purposes of this definition is to establish the period during which the Promoter is required to carry out its performance obligations (whether they be construction related and/or the delivery of broader project related outcomes (eg, education)). Please bear in mind that this “Project Delivery Period” is comprised of the series of “Milestone Periods” set out in Schedule 4.]*

**“Project Manager”**: the person appointed by the Promoter to act on behalf of the Promoter for all purposes connected with this Agreement.

**“Project Specification”** the project specification set out in Schedule 3.

**“Project Specific Conditions”** the project specific conditions (if any) set out in Schedule 2.

**“Quarter”**: a period of 3 consecutive months. **“Quarterly”** shall be construed accordingly.

**“Regulatory Bodies”**: those government departments and regulatory, statutory and other entities, committees and bodies which, whether under statute, rules, regulations, codes of practice or otherwise, are entitled to regulate, investigate, or influence the matters dealt with in this Agreement or any other affairs of the Authority and **“Regulatory Body”** shall be construed accordingly;

**“Term”**: the term of this Agreement commencing on the Commencement Date and expiring on [LONG DATE] unless terminated earlier in accordance with the terms of this Agreement. *[DRAFTING NOTE FOR GCC OFFICERS: The primary purposes of this date is to establish the period during which the Promoter may not dispose of major assets or fixed assets without GCC’s prior consent - see clause 5.2.]*

- 1.2 References to any statute, enactment, order, regulation or other similar instrument shall be construed as a reference to the statute, enactment, order, regulation or instrument as

amended by any subsequent enactment, modification, order, regulation or instrument as subsequently amended or re-enacted.

- 1.3 References to the singular shall include the plural and *vice versa*.
- 1.4 References to any gender shall include all genders.
- 1.5 References to clauses and Schedules are to clauses or sub-clauses, and schedules in this Agreement. References in any Schedule to paragraphs are to paragraphs or subparagraphs in that Schedule and references to this Agreement shall include the Schedules.
- 1.6 In the event of a conflict between the clauses and the Schedules to this Agreement, the clauses shall prevail.

## 2. **PURPOSE OF LOCAL GROWTH CAPITAL FUNDING**

- 2.1 The Promoter shall use the Local Growth Capital Funding only for Capital Expenditure net of recoverable input VAT for the purposes of procuring the delivery of the Project during the Project Delivery Period. The Local Growth Capital Funding shall not be used for any other purpose without the prior written agreement of the Authority.
- 2.2 The Promoter shall not make any material change to the Project without the Authority's prior written agreement.

## 3. **PAYMENT OF LOCAL GROWTH CAPITAL FUNDING**

- 3.1 Payment of the Local Growth Capital Funding by the Authority to the Promoter is subject to and conditional upon the Authority first receiving funding of a sum equal to the Local Growth Capital Funding from the [Ministry of Housing, Communities and Local Government] for the purpose of funding the Project. For the avoidance of doubt, the Promoter acknowledges and agrees that the Authority shall not be under any obligation to pay any Local Growth Capital Funding Instalment to the Promoter unless and until the Authority is first in receipt of [INSERT NAME OF FUNDING STREAM/POT] funding from the [Ministry of Housing, Communities and Local Government] of a sum equal to the relevant Local Growth Capital Funding Instalment for the purpose of funding the Project.
- 3.2 Subject to clauses 3.1 and 15, the Authority shall pay the Local Growth Capital Funding to the Promoter in accordance with the funding payment procedure set out in Schedule 4.
- 3.3 No Local Growth Capital Funding shall be paid unless and until the Authority is satisfied that such payment will be used for proper expenditure in procuring the delivery of the



Project in accordance with the terms and conditions of this Agreement and the Project Specific Conditions (if any).

- 3.4 The amount of the Local Growth Capital Funding shall not be increased in the event of any change to the Project pursuant to clause 2.2 or in the event any overspend by the Promoter in procuring the delivery of the Project.
- 3.5 The Promoter shall promptly repay to the Authority any money incorrectly paid to it either as a result of an administrative error or otherwise. This includes (without limitation) situations where either an incorrect sum of money has been paid in respect of a Local Growth Capital Funding Instalment or where Local Growth Capital Funding monies have been paid in error before all conditions attaching to the Local Growth Capital Funding have been complied with by the Promoter. Any such monies, whether disclosed by a report or otherwise, must be refunded forthwith to the Authority on its first demand or upon the Promoter becoming aware that a Local Growth Capital Funding Instalment has been overpaid, whichever first occurs

#### **4. USE OF LOCAL GROWTH CAPITAL FUNDING**

- 4.1 The Local Growth Capital Funding shall be used by the Promoter only for Capital Expenditure net of recoverable input VAT for the purposes of procuring the delivery of the Project during the Project Delivery Period in accordance with the terms and conditions of this Agreement, the Project specification set out in Schedule 3 and the agreed Budget and Project Plan set out in Schedule 5.
- 4.2 It is agreed and acknowledged that the Local Growth Capital Funding constitutes “state resources” for the purposes of the European Commission’s State Aid rules from time to time.
- 4.3 If and to the extent the Promoter uses any of the Local Growth Capital Funding to make payments to any third party, or if it transfers assets acquired using any of the Local Growth Capital Funding to any third party (where the term “third party” shall include, without limitation, any holding company or subsidiary from time to time of the Promoter or any subsidiary of any such holding company) the Promoter shall comply with (as applicable):
- (a) the European Commission’s State Aid rules from time to time; and
  - (b) the 2015 Regulations (or any regulations which amend, extend, consolidate or replace the same);

as though the Promoter is a contracting authority (as such term is defined in regulation 2(1) of the 2015 Regulations). For the avoidance of doubt, if the Promoter is a contracting authority (as such term is defined in regulation 2(1) of the 2015 Regulations) then it shall at all times comply with its obligations under the European Commission's State Aid rules from time to time and the 2015 Regulations (or any regulations which amend, extend, consolidate or replace the same).

- 4.4 Notwithstanding anything to the contrary in this Agreement, if and to the extent the aggregate value of any goods, works and/or services that the Promoter wishes to procure from any third party (where the term "third party" shall include, without limitation, any holding company or subsidiary from time to time of the Promoter or any subsidiary of any such holding company) using the Local Growth Capital Funding will exceed the relevant procurement threshold prescribed under the 2015 Regulations from time to time the Promoter shall procure all such goods, works and/or services in accordance with the 2015 Regulations as though the Promoter is a "contracting authority" as defined in the 2015 Regulations. For the avoidance of doubt, if the Promoter is a contracting authority (as such term is defined in the 2015 Regulations) then it shall at all times comply with its obligations under the 2015 Regulations (or any regulations which amend, extend, consolidate or replace the same) in respect of the procurement of goods, works and/or services.
- 4.5 The Promoter shall if required by the Authority provide a written report detailing the procurement practices adopted by the Promoter in the delivery of the Project to include (without limitation) details of how tenders have been assessed and tenderers have been selected.
- 4.6 Without prejudice to clause 2.1, the Promoter shall **not** use any of the Local Growth Capital Funding to:
- (a) pay for any expenditure commitments of the Promoter entered into before the Commencement Date without the prior written consent of the Authority;
  - (b) use any of the Local Growth Capital Funding in breach of clauses 2 or 4.1;
  - (c) make payments to any third party and/or transfer assets acquired using any of the Local Growth Capital Funding in breach of clauses 4.3 and/or 5;
  - (d) procure any goods, works and/or services in breach of clause 4.4 or clause 4.7;
  - (e) fund any revenue costs;

- (f) pay for any overheads allocated or apportioned at rates materially in excess of those used for any similar work procured by the Promoter;
- (g) pay input VAT which is recoverable by the Promoter from HMRC;
- (h) pay for any for activity of a political nature; or
- (i) meet balance sheet provisions.

4.7 The Promoter shall procure the delivery of the Project in such a manner that:

- (a) assists in improving the economic, social and environmental well being for the relevant area as defined in the Public Services (Social Value) Act 2012 and abide by any specific requirements of Authority policies relating to social value;
- (b) provides “best value” as described in the Local Government Act 1999 and the Promoter shall co-operate with all reasonable requests from the Authority which the Authority considers necessary in order to secure continuous improvement in the way in which the Project is delivered having regard to a combination of economy, efficiency and effectiveness.

4.8 The Promoter shall not spend any part of a Local Growth Capital Funding Instalment [nor submit any further Funding Payment Request Forms] after the expiry of the relevant Milestone Period. If any part of any Local Growth Capital Funding Instalment remains unspent at the end of the relevant Milestone Period the Promoter shall ensure that all such unspent monies in respect of that Growth Capital Funding Instalment are returned to the Authority forthwith unless the Authority has agreed to extend the relevant Milestone Period in accordance with clause 4.9 and Provided that such unspent monies are used for purposes which have been agreed in writing between the Authority and the Promoter. If any part of any Local Growth Capital Funding Instalment remains unspent at the end of the relevant Milestone Period the Recipient shall provide to the Authority an explanation therefor together with a timeline detailing the expected date(s) on which such Local Growth Capital Funding Instalment shall be spent.

4.9 The Authority may at its sole discretion extend any Milestone Period by a period not exceeding 12 (twelve) months and vary the next following Milestone Period and by consequence thereof the next following Funding Payment Request Date by it giving the Promoter written notice of such extension.

## 5. PROVISIONS RELATING TO FIXED ASSETS AND MAJOR ASSETS

### 5.1 Inventory of the Fixed Assets and Major Assets

- (a) If and to the extent that the Project involves the purchase of any Major Assets or Fixed Assets funded by the Local Growth Capital Funding, the Promoter must establish and maintain an inventory of each such asset which details the following:
- (i) date of acquisition of that asset;
  - (ii) description of the asset;
  - (iii) price paid net of recoverable VAT;
  - (iv) location of the asset;
  - (v) serial or identification numbers;
  - (vi) location of the title deeds (where relevant) of the asset;
  - (vii) date and proceeds (net of VAT) of any disposal of that asset; and
  - (viii) the name and address of any person to whom a disposal of that asset is made.

### 5.2 Disposals of Major Assets and Fixed Assets

- (a) The Promoter must not dispose of any interest in any Major Asset or Fixed Asset without the prior written consent of the Authority, such consent not to be unreasonably withheld. If the Authority provides its consent to such disposal, such consent may be subject to satisfaction of certain reasonable preconditions to include, without limitation, an obligation to repay to the Authority (at the Authority's absolute discretion) all or part of the Local Growth Capital Funding.
- (b) All disposals of Major Assets and/or Fixed Assets must be for a consideration which is the best that can reasonably be obtained in the open market, on an arm's length basis, on normal market terms, at the time of such disposal.
- (c) Where the Promoter disposes of any interest in any Major Asset or Fixed Asset without the prior written consent of the Authority, all or (at the Authority's absolute discretion) part of the Local Growth Capital Funding shall be immediately payable

to the Authority and may be recovered as a contractual debt if not paid within 20 Working Days of the date of the disposal.

## **6. ACCOUNTS AND RECORDS**

6.1 The Promoter shall operate an open book accountancy policy and keep separate, accurate and up-to-date accounts and records of the receipt and expenditure of all Local Growth Capital Funding monies.

6.2 The Promoter shall keep a separate, accurate and up-to-date record of:

(a) all payments made to third parties under clauses 4.3 and/or 4.4, detailing the recipients of such payments; the purpose of each such payment; the goods, works and/or services provided in consideration of such payments; and the total aggregate value of all payments paid and payable to each such third party; and

(b) all contracts entered into by the Promoter with third parties (where the term "third parties" shall include, without limitation, any holding company or subsidiary from time to time of the Promoter or any subsidiary of any such holding company) using any of the Local Growth Capital Funding as consideration therefore.

6.3 The Promoter shall keep all invoices, receipts, procurement documentation, contract records, and accounts and any other relevant documents relating to the expenditure of the Local Growth Capital Funding for a period of at least six (6) years following the expiry of the Project Delivery Period and the Authority, HM Government and the European Commission shall have the right to review and take copies of the same at the Authority's or (as appropriate) HM Government's or the European Commission's reasonable request.

6.4 The Promoter shall comply and facilitate the Authority's compliance with all statutory requirements as regards accounts, audit or examination of accounts, annual reports and annual returns applicable to itself and the Authority in relation to the Local Growth Capital Funding.

## **7. MONITORING AND REPORTING**

7.1 The Promoter shall appoint a Project Manager. Any notice, information, instruction or other communication given or made to the Project Manager shall be deemed to have been given or made to the Promoter.

7.2 The Promoter shall forthwith give notice in writing to the Authority of the identity, address, email address and telephone numbers of the person appointed as its Project Manager and of any subsequent appointment to such role.

- 7.3 The Promoter shall closely monitor the delivery and success of the Project throughout the Project Delivery Period to ensure that the aims and objectives of the Project and the milestones/deliverables specified in the Budget and Project Plan are being met and that this Agreement is being adhered to.
- 7.4 The Promoter shall within one month following the last day of each [Quarter] provide to the Authority a report in a form stipulated by the Authority which details:
- (a) the progress of the Project against the milestones/deliverables set out in the Budget and Project Plan;
  - (b) the Promoter's incurred costs (net of recoverable input VAT) compared to the forecast set out in the agreed Budget and Project Plan set out in Schedule 5 for that [Quarter];
  - (c) an accurate and up to date record of the information specified in clause 6.2(a) for the relevant [Quarter];
  - (d) the Promoter's aggregate spend (net of recoverable input VAT) under each of the contracts described in clause 6.2(b) in the relevant [Quarter]; and
  - (e) a copy of the asset inventory described in clause 5.1.
- 7.5 In relation to the Local Growth Capital Funding, the Authority and/or HM Government and their respective representatives and advisers shall have the right to inspect the Project (to include, without limitation, site inspection visits) at any time and from time to time and to require such further information to be supplied as they see fit. Such further information may include but is not limited to information concerning the financial position of the Promoter. Reasonable notice shall be given by the Authority of its intention to carry out such visits. In addition the Authority and/or HM Government and their respective representatives and advisers shall have the right to call meetings with the Promoter if necessary during normal working hours.
- 7.6 The Promoter shall on request provide the Authority with such further information, explanations and documents as the Authority may reasonably require in order for it to establish whether the Local Growth Capital Funding has been used properly in accordance with this Agreement.
- 7.7 The Promoter shall provide the Authority with a final report on completion of the Project Delivery Period which shall confirm whether the Project has been successfully and properly completed in accordance with the Project Specification and the milestones/deliverables

specified in the Budget and Project Plan.

- 7.8 The Promoter shall inform the Authority promptly in writing of any cessation of work on the Project and of any event or circumstance likely to affect significantly the satisfactory completion of the Project.
- 7.9 If the Promoter has any grounds for suspecting any financial irregularity in the use of any amount paid under this Agreement, it must notify the Authority immediately, explain what steps are being taken to investigate the suspicion, and keep the Authority informed about the progress of the investigation. For these purposes “financial irregularity” includes fraud or other impropriety; mismanagement; use of Local Growth Capital Funding for improper purposes; and failure to comply with the requirements set out in this Agreement. The Authority or its representatives shall be entitled to interview employees of the Promoter if fraud or other financial irregularity is suspected by the Authority on the part of the Promoter.
- 7.10 The Promoter shall provide to the Authority on each anniversary of the Commencement Date a statement of assurance in the form set out in Schedule 6 confirming that the Local Growth Capital Funding has been used in accordance with clause 4.

## 8. **AUDITS**

- 8.1 Subject to clause 8.2, except where an audit is imposed on the Authority by a Regulatory Body, the Authority may, not more than once in any Half Year conduct an audit for the following purposes:
- (a) to verify the accuracy and completeness of the reports and information produced by the Promoter pursuant to clauses 6 and 7;
  - (b) to review any books of account kept by the Promoter in connection with the Project and the performance of its obligations under this Agreement;
  - (c) to monitor and evaluate the Promoter’s fulfilment of its obligations in accordance with the terms and conditions of this Agreement;
  - (d) to carry out the audit and certification of the Authority's accounts; and
  - (e) to ensure that the Promoter is complying with clause 4 hereto.
- 8.2 Notwithstanding clause 8.1, the Authority may conduct audits more frequently than once in any Half Year if such audits are conducted in respect of a suspected fraud.

- 8.3 The Authority shall use its reasonable endeavours to ensure that the conduct of each audit does not unreasonably disrupt the Promoter or delay the Project.
- 8.4 Subject to the Authority's obligations of confidentiality, the Promoter shall provide the Authority (and/or its agents or representatives) with all reasonable co-operation and assistance in relation to each audit, including:
- (a) all information and records requested by the Authority within the permitted scope of the audit;
  - (b) reasonable access to any premises controlled by the Promoter;
  - (c) access to the Promoter's information and communications technology system used by it in the delivery of the Project (including all software and equipment); and
  - (d) access to the Promoter's directors, members, employees and agents.
- 8.5 The Promoter shall implement all measurement and monitoring tools and procedures necessary to measure and report on the Promoter's performance of its obligations in respect of the Project.
- 8.6 The Authority shall provide at least 10 working days' notice to the CEO (or equivalent) of the Promoter at the Promoter's registered address as referred to above of its intention to conduct an audit unless such audit is conducted in respect of a suspected fraud, in which event no notice shall be required.
- 8.7 The Authority and the Promoter agree that they shall bear their own respective costs and expenses incurred in respect of compliance with their obligations under this clause 8, unless the audit identifies a material breach by the Promoter of its obligations under this Agreement in which case the Promoter shall reimburse the Authority for all the Authority's reasonable costs incurred in the course of the audit.

9. **STATE AID**

- 9.1 The use of the Local Growth Capital Funding by the Promoter for beneficiaries must comply with Articles 107 and 108 of the Treaty on the Functioning of the European Union. The Promoter must ensure that if an exemption is relied upon, the relevant requirements of the exemption are met and that the use of the exemption is properly recorded and documented.
- 9.2 The Authority shall be entitled to withhold payment and/or claim repayment of the Local Growth Capital Funding under this Agreement to the extent of the amount of any grant or other payment which has been received, or is, in the opinion the Authority, likely to be



received, from any public authority and which the Authority considers is payable towards the Project. For the purposes of this clause "public authority" includes any of the European Communities or their Institutions, any government department, research council, local authority, or body wholly or partly supported by public funds or charitable contributions. The terms of this clause do not apply to grant or other payment whose availability has been disclosed by the Promoter to the Authority before the date of this Agreement.

9.3 The Authority may be required to submit state aids notifications to the European Commission on those aspects of the Authority's activities which involve the provision of support which might constitute a state aid. The Promoter shall at all times comply with the European Commission's State Aid rules in relation to the operation of the Local Growth Capital Funding and shall provide all reasonable assistance to the Authority in complying with the Authority's obligations in respect of such State Aid rules.

9.4 Notwithstanding clause 9.2 the Promoter expressly agrees that:

- (a) if any payment of the Local Growth Capital Funding by the Authority to the Promoter or by the Promoter to a third party is considered to be unlawful State Aid by any of HM Government, the European Commission, the European Court of Justice or any national court and an order for its payment is made the Promoter will repay the relevant instalment(s) of the Local Growth Capital Funding to the Authority within 15 working days of demand together with any such interest as may be applicable calculated at the prescribed rate;
- (b) the provisions of this clause 9 may be enforced by the Authority or any successor body in its own right.

## 10. **ACKNOWLEDGMENT AND PUBLICITY**

10.1 The Promoter shall acknowledge the Local Growth Capital Funding in its annual report and accounts, including an acknowledgement of HM Government as the source of the Local Growth Capital Funding, GFirst LEP as strategic lead organisation for the Gloucestershire Growth Deal and the Authority as "Accountable Body". Acknowledgement of GFirst LEP and the "Gloucestershire Growth Deal" shall be made using the correct names and logos and strictly in accordance with the guidance contained in GFirst LEP's "Gloucestershire Growth Deal Publicity Requirements" set out on the GFirst LEP website from time to time.

10.2 GFirst LEP and the Authority may acknowledge the Promoter's involvement in the Project as appropriate without prior notice.

## 11. **INTELLECTUAL PROPERTY RIGHTS**

- 11.1 The Authority and the Promoter agree that all rights, title and interest in or to any information, data, reports, documents, procedures, forecasts, technology, Know-How and any other Intellectual Property Rights whatsoever owned by either the Authority or the Promoter before the Commencement Date or developed by either party during the Term, shall remain the property of that party.
- 11.2 Where either party has provided the other with any of its Intellectual Property Rights for use in connection with the Project (including without limitation its name and logo), the party which is the recipient of such Intellectual Property Rights shall, on termination of this Agreement, cease to use such Intellectual Property Rights immediately and shall either return or destroy such Intellectual Property Rights as requested by the other party.

## 12. **CONFIDENTIALITY**

- 12.1 Subject to clause 13 (Freedom of Information), each party shall during the during the Term and thereafter keep secret and confidential all Intellectual Property Rights or Know-How or other business, technical or commercial information disclosed to it as a result of the Agreement and shall not disclose the same to any person save to the extent necessary to perform its obligations in accordance with the terms of this Agreement or save as expressly authorised in writing by the other party.
- 12.2 The obligation of confidentiality contained in this clause shall not apply or shall cease to apply to any Intellectual Property Rights, Know-How or other business, technical or commercial information which:
- (a) at the time of its disclosure by the disclosing party is already in the public domain or which subsequently enters the public domain other than by breach of the terms of this Agreement by the receiving party;
  - (b) is already known to the receiving party as evidenced by written records at the time of its disclosure by the disclosing party and was not otherwise acquired by the receiving party from the disclosing party under any obligations of confidence; or
  - (c) is at any time after the date of this Agreement acquired by the receiving party from a third party having the right to disclose the same to the receiving party without breach of the obligations owed by that party to the disclosing party; or
  - (d) may be required by law, court order, regulatory authority, any department, office or agency of the Government, or other competent authority.

13. **FREEDOM OF INFORMATION**

13.1 The Promoter acknowledges that the Authority is subject to the requirements of the Freedom of Information Act 2000 ("FOIA") and the Environmental Information Regulations 2004 ("EIR") and shall assist and co-operate with the Authority (at the Promoter's reasonable expense) to enable the Authority to comply with these information disclosure requirements or any other statutory requirements.

13.2 The Promoter shall:

- (a) transfer the request for information under the FOIA and/or the EIR and/or any other statutory requirement to the Authority as soon as practicable after receipt and in any event within two Working Days of receiving a request for information thereunder;
- (b) provide the Authority with a copy of all information in its possession or power in the form that the Authority requires within five working days (or such other period as the Authority may specify) of the Authority requesting that information; and
- (c) provide all necessary assistance as reasonably requested by the Authority to enable the Authority to respond to a request for information under the FOIA and/or the EIR and/or any other statutory requirement within the time for compliance set out in the relevant legislation.

13.3 The Authority shall be responsible for determining at its absolute discretion whether the information:

- (a) is exempt from disclosure in accordance with the provisions of the FOIA or the Environmental Information Regulations 2004 or other statutory requirement;
- (b) is to be disclosed in response to a request for information under the FOIA and/or the EIR or other statutory requirement.

13.4 In no event shall the Promoter respond directly to a request for information under the FOIA and/or the EIR and/or other statutory requirement unless expressly authorised to do so by the Authority.

13.5 The Promoter acknowledges that the Authority may, acting in accordance with the Secretary of State for Constitutional Affairs' Code of Practice on the discharge of public authorities' functions under Part 1 of FOIA (issued under section 45 of the FOIA, November 2004), be obliged under the FOIA or the and/or the EIR to disclose information:

- (a) without consulting with the Promoter; or
- (b) following consultation with the Promoter and having taken its views into account,

provided always that where clause 13.5(b) applies the Authority shall, in accordance with any recommendations of the Code, take reasonable steps, where appropriate, to give the Promoter advanced notice, or failing that, to draw the disclosure to the Promoter's attention after any such disclosure.

- 13.6 The Promoter shall ensure that all information produced in the course of the Agreement or relating to the Agreement is retained for disclosure and shall permit the Authority to inspect such records as reasonably requested from time to time.
- 13.7 The Promoter acknowledges that HM Government and/or the Authority may choose to publish the amount of Local Growth Capital Funding together with the name of the Promoter and a brief description of the Project. The Promoter acknowledges and agrees that by entering into this Agreement the Promoter consents to any decision by HM Government and/or the Authority to publish such information.
- 13.8 The Authority and/or HM Government may be required to provide the European Commission with information relating to this Agreement. The Promoter acknowledges and agrees that by entering into this Agreement the Promoter consents to any decision by HM Government and/or the Authority to provide such information to the European Commission and that it will cooperate with the Authority and HM Government in providing such information.

#### 14. DATA PROTECTION

- 14.1 The Promoter shall (and shall procure that any of its staff involved in connection with the activities under the Agreement shall) comply with their obligations under the Data Protection Legislation which arise in connection with this Agreement. *[DRAFTING NOTE TO GCC OFFICERS: This provision is drafted on the basis that no personal data shall be shared/transferred between the parties. If, however, it is intended that personal data will be shared/transferred between the parties, please seek legal advice.]*

#### 15. WITHHOLDING, SUSPENDING AND REPAYMENT OF LOCAL GROWTH CAPITAL FUNDING

- 15.1 Subject to clause 3.1, the Authority's intention is that the Local Growth Capital Funding will be paid to the Promoter in full. However, without prejudice to the Authority's other rights

and remedies, the Authority may at its discretion withhold or suspend payment of the Local Growth Capital Funding and/or require repayment by the Promoter of all or (as appropriate) the relevant part of the Local Growth Capital Funding if:

- (a) the Promoter uses the Local Growth Capital Funding for purposes other than those described in Schedule 3 without the prior written agreement of the LEP Board and the Authority;
- (b) the Promoter breaches clauses 4.6 and/or 4.8;
- (c) the Authority acting reasonably considers that the Promoter has not made satisfactory progress with the Project against the milestones/deliverables set out in the Budget and Project Plan and the Authority and the Promoter have not agreed in writing an extension to the relevant Milestone Period;
- (d) the Authority acting reasonably considers that the future of the Project is in jeopardy;
- (e) in the Authority's reasonable opinion the Promoter does not have sufficient financial resource to carry out and/or satisfactorily complete the Project;
- (f) if there is any cessation of work on the Project or any event or circumstance which in either case in the Authority's reasonable opinion is likely to affect significantly the satisfactory completion of the Project;
- (g) the Authority acting reasonably considers that progress towards completion of the Project is unsatisfactory or if the part of the Project funded by the Local Growth Capital Funding is not completed by the end of the Project Delivery Period or, the Authority considers acting reasonably there is no longer any reasonable prospect of the part of the Project funded by the Local Growth Capital Funding being completed by that date;
- (h) there is a change in the nature or scale of the Project which the Authority reasonably considers is substantial, without the prior written approval of the Authority;
- (i) the Authority exercises its right to withhold and/or claim repayment of the Local Growth Capital Funding pursuant to clause 9 (State Aid);
- (j) the Promoter disposes of any Major Asset or Fixed Asset which has been purchased using the Local Growth Capital Funding without receiving the prior written consent of the Authority;

- (k) the Promoter is, in the reasonable opinion of the Authority, performing its obligations in respect of the Project in a negligent manner;
- (l) the Promoter provides the Authority with any materially misleading, incomplete or inaccurate information;
- (m) the Promoter commits or committed a Prohibited Act;
- (n) the Promoter in the reasonable opinion of the Authority engages in or permits improper or fraudulent accounting methods;
- (o) any member of the governing body, employee or volunteer of the Promoter has acted dishonestly or negligently at any time and directly or indirectly to the detriment of the Project;
- (p) an asset, the cost of which has been included in the Budget and Project Plan, is not used for the purpose of the Project without receiving the prior written consent of the Authority;
- (q) the Promoter becomes the subject of a proposal for a voluntary arrangement or has a petition for Administration Order or a petition for a winding-up Order brought against it or passes a resolution for a winding-up or makes any composition, arrangement, conveyance or assignment for the benefit of its creditors, or purports to do so, or if a receiver or any other person is appointed in respect of its undertaking or of all or any of its property or if the Promoter does or suffers anything substantially equivalent to any of the foregoing;
- (r) the Promoter ceases to operate for any reason, or it passes a resolution (or any court of competent jurisdiction makes an order) that it be wound up or dissolved (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);
- (s) the Promoter fails to comply with any of the terms and conditions set out in this Agreement and fails to rectify any such failure within 30 days of receiving written notice detailing the failure.

15.2 Wherever under the Agreement any sum of money is agreed by the Promoter as being recoverable from or payable by the Promoter under the Agreement or is found by a court of competent jurisdiction to be so recoverable or payable (including any sum that the Promoter is liable to pay to the Authority in respect of any breach of the Agreement), the Authority may unilaterally deduct that sum from any sum then due, or which at any later

time may become due to the Promoter under the Agreement or under any other agreement or contract with the Authority.

15.3 The Promoter shall make any payments due to the Authority without any deduction whether by way of set-off, counterclaim, discount, abatement or otherwise.

15.4 Should the Promoter be subject to financial or other difficulties which are capable of having a material impact on the effective delivery of the Project or compliance with this Agreement it will notify the Authority as soon as possible so that, if possible, and without creating any legal obligation, the Authority will have an opportunity to provide assistance in resolving the problem or to take action to protect the Authority and the Local Growth Capital Funding monies.

## 16. **ANTI-DISCRIMINATION**

16.1 The Promoter shall not unlawfully discriminate within the meaning and scope of any law, enactment, order, or regulation relating to discrimination (whether in race, gender, religion, disability, sexual orientation, age or otherwise) in employment and, in particular, the Promoter shall comply with section 149 of the Equality Act 2010.

16.2 The Promoter shall take all reasonable steps to secure the observance of clause 16.1 by all servants, employees or agents of the Promoter and all suppliers and sub-contractors engaged in carrying out the Project.

## 17. **HUMAN RIGHTS**

17.1 The Promoter shall (and shall use its reasonable endeavours to procure that its staff shall) at all times comply with the provisions of the Human Rights Act 1998 in the performance of this Agreement as if the Promoter were a public body (as defined in the Human Rights Act 1998).

17.2 The Promoter shall undertake, or refrain from undertaking, such acts as the Authority requests so as to enable the Authority to comply with its obligations under the Human Rights Act 1998.

## 18. **LIMITATION OF LIABILITY**

18.1 The Authority accepts no liability for any consequences, whether direct or indirect, that may come about from the Promoter procuring the delivery of the Project; the use of the Local Growth Capital Funding; or from the suspension, withdrawal or a demand for repayment of the Local Growth Capital Funding. The Promoter shall indemnify and hold harmless the Authority, its employees, agents, officers or sub-contractors with respect to all claims,

demands, actions, costs, expenses, losses, damages and all other liabilities arising from or incurred by reason of the actions and/or omissions of the Promoter in relation to the Project, the non-fulfilment of obligations of the Promoter under this Agreement or its obligations to third parties in connection with the Project.

18.2 Subject to clause 18.1, the Authority's liability under this Agreement is limited to the payment of the Local Growth Capital Funding.

## 19. **WARRANTIES**

19.1 The Promoter warrants as at the date of this agreement and undertakes and agrees that:

- (a) it has all necessary resources and expertise to procure the delivery of the Project (assuming due receipt of the Local Growth Capital Funding);
- (b) it has (and continues to have) all funding necessary to pay for expenditure in relation to the Project which is not funded by Local Growth Capital Funding;
- (c) it has not committed, nor shall it commit, any Prohibited Act;
- (d) it has not received any grant or payment of the nature described in clause 9.2;
- (e) it shall at all times comply with all relevant legislation and all applicable codes of practice and other similar codes or recommendations including but not limited to EU law and Environmental Law insofar as they are relevant to the Promoter's obligations under this Agreement, and shall notify the Authority immediately of any significant departure from such legislation, codes or recommendations;
- (f) it shall comply with the requirements of the Health and Safety at Work etc. Act 1974 and any other acts, orders, regulations and codes of practice relating to health and safety, which may apply to employees and other persons working on the Project;
- (g) it has and shall keep in place adequate procedures for dealing with any conflicts of interest;
- (h) it has and shall keep in place systems to deal with the prevention of fraud and/or administrative malfunction;
- (i) all financial and other information concerning the Promoter which has been disclosed to the Authority is to the best of its knowledge and belief, true and accurate;



- (j) it is not subject to any contractual or other restriction imposed by its own or any other organisation's rules or regulations or otherwise which may prevent or materially impede it from meeting its obligations in connection with the Local Growth Capital Funding;
- (k) it is not aware of anything in its own affairs, which it has not disclosed to the Authority or any of the Authority's advisers, which might reasonably have influenced the decision of the Authority to make the Local Growth Capital Funding on the terms contained in this Agreement; and
- (l) since the date of its last accounts there has been no material change in its financial position.

## 20. **INSURANCE**

20.1 The Promoter shall effect and maintain with a reputable insurance company throughout the Term and for six years thereafter a policy or policies in respect of all risks which may be incurred by the Promoter, arising out of the Promoter's performance of the Agreement, including death or personal injury, loss of or damage to property or any other loss (the Required Insurances). The Promoter shall (on request) supply to the Authority a copy of such insurance policies and evidence that the relevant premiums have been paid.

## 21. **DURATION**

- 21.1 Except where otherwise specified, the terms of this Agreement shall have applied and shall continue to apply throughout the Term.
- 21.2 Any obligations under this Agreement that remain unfulfilled following the expiry or termination of the Agreement shall survive such expiry or termination and continue in full force and effect until they have been fulfilled.

## 22. **TERMINATION**

22.1 On the occurrence of any of the events set out in clause 15.1 or in the event that the Promoter commits a material breach of any of its obligations under this Agreement the Authority may without prejudice to any accrued rights or remedies under this Agreement terminate the same either in whole or in part by notice in writing having immediate effect.

## 23. **ASSIGNMENT**

23.1 The Promoter may not, without the prior written consent of the Authority, assign, transfer, sub-contract, or in any other way make over to any third party the benefit and/or the burden

of this Agreement or, except as contemplated as part of the Project, transfer or pay to any other person any part of the Local Growth Capital Funding.

**24. VARIATION**

24.1 No variation or amendment of this Agreement or oral promise or commitment related to it shall be valid unless committed to writing and signed by or on behalf of both the Authority and the Promoter.

**25. WAIVER**

25.1 No failure or delay by either party to exercise any right or remedy under this Agreement shall be construed as a waiver of any other right or remedy.

**26. NOTICES**

26.1 All notices and other communications in relation to this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, or mailed (first class postage prepaid) to the address of the relevant party, as referred to above or otherwise notified in writing. If personally delivered all such communications shall be deemed to have been given when received (except that if received on a non-working day or after 5.00 pm on any working day they shall be deemed received on the next working day) and if mailed all such communications shall be deemed to have been given and received on the second working day following such mailing.

**27. DISPUTE RESOLUTION**

27.1 In the event of any complaint or dispute (which does not relate to the Authority's right to withhold funds or terminate) arising between the parties to this Agreement in relation to this Agreement the matter should first be referred for resolution to the Funding Manager.

27.2 Should the complaint or dispute remain unresolved within 14 days of the matter first being referred to the Funding Manager or other nominated individual, as the case may be, either party may refer the matter to the Commissioning Director (Communities and Infrastructure) of the Authority and the Managing Director, Chief Executive (or equivalent) of the Promoter with an instruction to attempt to resolve the dispute by agreement within 28 days, or such other period as may be mutually agreed by the Authority and the Promoter.

27.3 In the absence of agreement under clause 27.2, the parties may seek to resolve the matter through mediation under the CEDR Model Mediation Procedure (or such other appropriate dispute resolution model as is agreed by both parties). Unless otherwise agreed, the parties shall bear the costs and expenses of the mediation equally.

28. **NO PARTNERSHIP OR AGENCY**

28.1 This Agreement shall not create any partnership or joint venture between the Authority and the Promoter, nor any relationship of principal and agent, nor authorise any party to make or enter into any commitments for or on behalf of the other party.

29. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

29.1 This Agreement does not and is not intended to confer any contractual benefit on any person pursuant to the terms of the Contracts (Rights of Third Parties) Act 1999.

30. **GOVERNING LAW**

30.1 This Agreement shall be governed by and construed in accordance with the law of England and the parties irrevocably submit to the exclusive jurisdiction of the English courts.

**IN WITNESS** whereof the parties hereto have executed and delivered this Agreement as a Deed the day and year first before written

# SCHEDULE 1

## Funding Payment Request Form

[On letterhead of the Promoter]

**Re: Local Growth Capital Funding agreement dated [ ] 20[XX] (the "Local Growth Capital Funding Agreement") made between Gloucestershire County Council (as Accountable Body) and [NAME] (the "Promoter")**

To: Gloucestershire County Council

Date: [date]

Dear Sirs

We refer to the above Local Growth Capital Funding Agreement. This is a Funding Payment Request Form submitted in accordance with the funding payment procedure set out in Schedule 4 of the Local Growth Capital Funding Agreement. Words and expressions in this Funding Payment Request Form shall have the meanings given to them in the Local Growth Capital Funding Agreement.

We request payment of £XXXXXX (XXWORDSXX pounds) to be made in respect of the Local Growth Capital Funding Instalment payable for the period [XXXXXX] to [XXXXXX]. We enclose a copy of the documentation specified in paragraphs 2, 4 and/or (as applicable) 5 of Schedule 4 to the Local Growth Capital Funding Agreement.

Please credit the above-mentioned Local Growth Capital Funding Instalment to the following account:

[ACCOUNT DETAILS]

Yours faithfully

.....  
Duly authorised for and on behalf of the Promoter

Name:.....

Position:

## SCHEDULE 2

### Project Specific Conditions

*[DRAFTING NOTE TO GCC OFFICERS: ... to add .... Detail taken from due diligence process and discussion at GFirst CIC Board. Include also obligation to settle fund arrangement fees, prior to first drawdown.]*

## SCHEDULE 3

Project Specification

**[DRAFTING NOTE TO GCC OFFICERS: To be populated]**

## SCHEDULE 4

### Funding Payment Procedure

1. The Promoter shall no later than 5 working days following the relevant Funding Payment Request Date submit to the Authority a funding payment request in respect of the relevant Local Growth Capital Funding Instalment using the Funding Payment Request Form.
2. Each Funding Payment Request Form submitted to the Authority in accordance with paragraph 1 of this Schedule 4 shall be in the format set out in Schedule 1.
3. Payment shall be made within ten (10) working days of receipt by the Authority (at its nominated address) of a valid Funding Payment Request Form and its accompanying documentation.
4. Each Funding Payment Request Form shall be accompanied by [receipted invoices, formal purchase orders (with proof of expenditure having been incurred)] [written quotes] or accounting documents of equivalent verifiable value in such format and detail as may be acceptable to the Authority relating to the amount of payment request. This should be provided in electronic format with original copies held by the Promoter. This evidence will be verified by a monitoring visit carried out by the Authority or its representative.
5. In the event that any Funding Payment Request Form is accompanied by quotes or accounting documents which relate to goods, works or services that are only part-funded by the Local Growth Capital Funding (on the basis that only part of such goods, works or services relate to the delivery of the Project) the Promoter shall ensure that each such Funding Payment Request Form is also accompanied by itemised records which demonstrate how much of any invoiced sum, as a proportion of the total invoice for such goods, works or services, relates to the delivery of the Project.

Milestone Period number	Milestone Period to which the Local Growth Capital Funding Instalment relates	Funding Payment Request Date	Local Growth Capital Funding Instalment
1.	[DATE] to [DATE]	[DATE]	[SUM]
2.	[DATE] to [DATE]	[DATE]	[SUM]
3.	[DATE] to [DATE]	[DATE]	[SUM]

Milestone Period number	Milestone Period to which the Local Growth Capital Funding Instalment relates	Funding Payment Request Date	Local Growth Capital Funding Instalment
4.	[DATE] to [DATE]	[DATE]	[SUM]
[etc]			



## SCHEDULE 5

### Budget and Project Plan

... add detail from final business case and/or due diligence process, including cost breakdowns and "milestones/deliverables" and "milestone/deliverables dates".

[DRAFTING NOTE FOR GCC OFFICERS: It is important that you make specific reference, in this Budget and Project Plan, to the "Milestone Period numbers" set out in Schedule 4. Please bear in mind that the words "Milestone Period" should always be capitalised so as to make clear that it is a defined term from clause 1.1.

For example:

"The Promoter shall complete [DETAILS OF RELEVANT MILESTONES/DELIVERABLES] no later than the expiry of Milestone Period number [NUMBER] set out in Schedule 4."

# SCHEDULE 6

## Statement of Assurance

Please return to the Authority no later than [DATE] in each year of this Agreement a completed and signed Statement of Assurance in the form set out below.

*[On letterhead of the Promoter]*

**Re: Local Growth Capital Funding agreement dated [ ] 20[XX] (the “Local Growth Capital Funding Agreement”) made between Gloucestershire County Council (as Accountable Body) and [NAME] (the “Promoter”)**

To: Gloucestershire County Council

Date: [date]

Dear Sirs

We refer to the above-mentioned Local Growth Capital Funding Agreement. I confirm that the Promoter has throughout the period [XXX 20XX] to [XXX 20XX] had in place a system of governance, audit and risk management for the project which gives me adequate assurance over the use of the funds. Sufficient monitoring and procedures have been implemented to ensure the expenditure is eligible and has been spent appropriately in accordance with clause 4 of the Local Growth Capital Funding Agreement.

I am not aware of any evidence to indicate that the funds received from the Authority have not, in all material respects, been used for the purposes set out in the above-mentioned Local Growth Capital Funding Agreement and in accordance with the terms and conditions set out therein.

Yours faithfully

.....  
Duly authorised for and on behalf of the Promoter

Name:.....

Position

THE COMMON SEAL OF  
**GLOUCESTERSHIRE COUNTY**  
**COUNCIL** was hereunto affixed  
in the presence of:

**Head of Legal Services**

EXECUTED as a Deed  
by [NAME] acting by and under the  
signatures of:

.....

Print name of Director

Director's signature

.....

Print name of Director/Secretary

Director's/Secretary's signature

# Gloucestershire Strategic Economic Plan Delivery

## Due Diligence Process

Prior to the issue of a formal legal Funding Agreement between GCC and the Organisation that will deliver the Growth Deal project, a formal Due Diligence process will be undertaken by GCC either directly or using consultant resources.

Due Diligence checks will be undertaken by GCC as the Accountable Body for all projects approved by the LEP under the Growth Deal. These checks will be in addition to GCC's role in providing accounting and reporting support to the LEP as well as responsibilities for requests under the Freedom of Information Act, dealing with complaints, and the provision of legal and other advice e.g. environmental, equalities, conflicts of interest etc.

The Due Diligence process presumes that all projects requiring Growth Funds will have undergone an appraisal as part of the LEP approval process. The prioritisation and programming of the projects is a matter for the GFirst LEP, although GCC will have provided initial advice on any implications on delivery.

The Due Diligence checks will therefore rely on the latest full appraisal (in some cases there may have been earlier appraisal stages e.g. strategic and outline for major transport schemes) that formed the basis for the approval of funds by the LEP. The checks will apply to all projects, be they skills transport or major schemes identified in the SEP.

Prior to the Funding Agreement which would allow for funds to be advanced and payments made, the following areas (also known as the Five Cases Methodology) will be examined as part of the Due Diligence process. Please refer to Annex H (previously K) for further information.

- Strategic
- Financial
- Economic
- Delivery
- Management

### **Strategic**

The rationale behind the need and demand for the project will be examined, confirming the contribution to the SEP and local strategies and identifying any changes since the project was approved that might otherwise affect the consideration and approval of Growth Funds. Importantly the need for Growth Funds will be verified.

### **Financial**

The latest detailed cost and funding profiles will be established and documented as these will form part of the Funding Agreement between GCC and the beneficiary Organisation. Checks will be made on the organisation's own accounting and audit arrangements. It may be appropriate to verify assumptions made for any income streams that could impact on a project's viability, as well as examining any ongoing revenue costs and funding.

### **Economic**

Here the process will ensure that the preferred project has emerged from a robust consideration of alternative options (including do nothing) with clear and reasonable assumptions underpinning the identification of outputs, outcomes and impacts for options on which the Value for Money assessment for the project is based. Certain key output measures may be included in the Funding Agreement.

### **Delivery**

The latest timetable for the project will be examined with key milestones identified for inclusion in the Funding Agreement. Checks will also be made to ensure that there are no constraints to delivery in the form of site ownership or rights, planning or other factors. The procurement process will be examined to ensure that this meets with EU rules and that the investment of public funds is State Aid compliant. The contribution to social value and the environment will be reviewed. The existence of a risk register and the arrangements for keeping this up to date will also be examined.

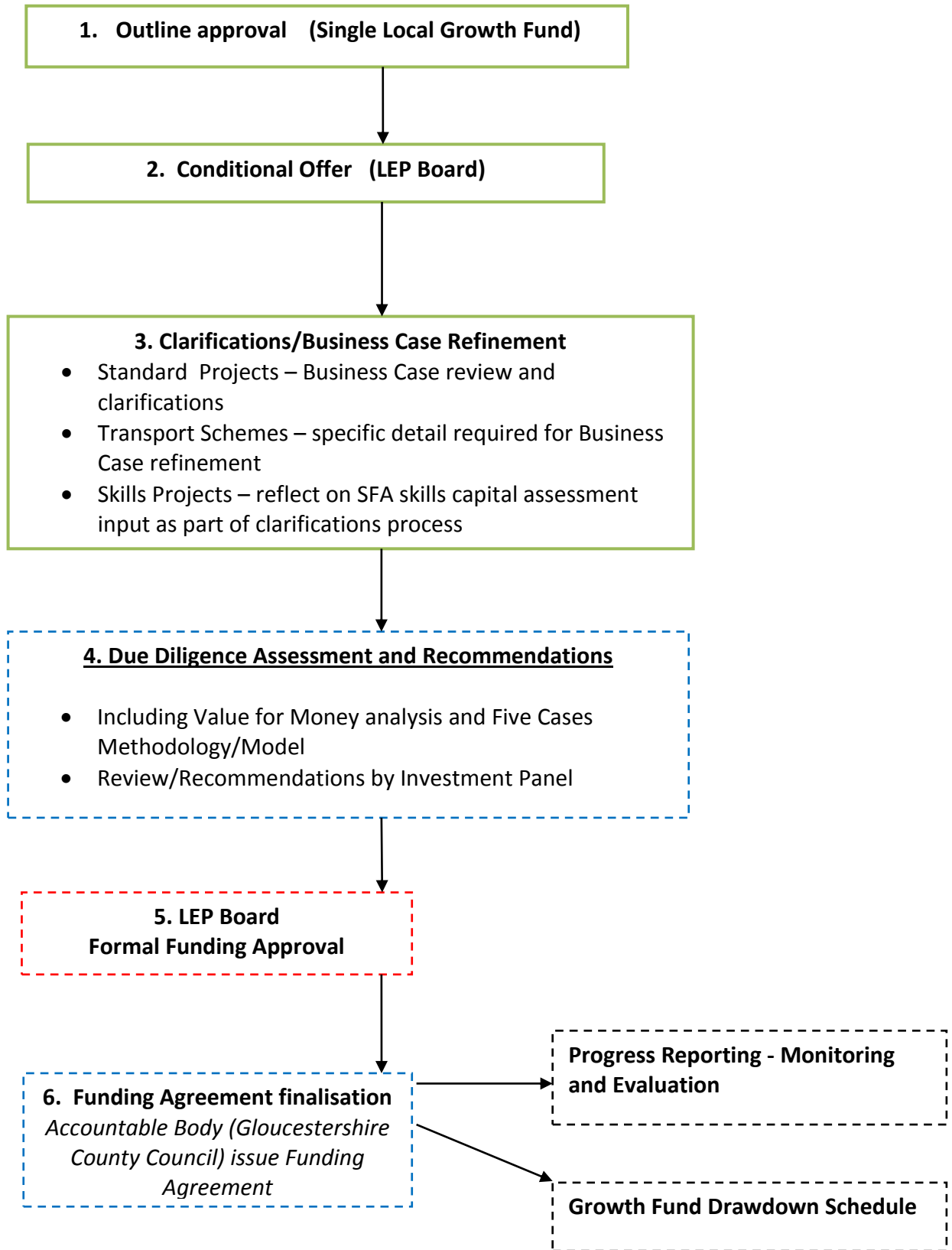
### **Management**

Checks here will determine the nature of the Organisation receiving Growth Funds in terms of State Aid as well as financial checks as part of the Know Your Customer (KYC) principles. The resources and skills of the delivery team will be examined to satisfy the ability to deliver the project or multiple projects. Roles and responsibilities will be examined, including authorisation and delegation levels to individual officers, and the reporting arrangements. In the absence of a formal communications or marketing strategy the arrangements for publishing progress to stakeholders, client base and general public will be examined. The Funding Agreement may contain specific conditions in this area. Finally, the arrangements for capture and measure of both financial and economic benefits will be examined along with the reporting of these as part of a transparent and ongoing monitoring process, together with how these will be used in the evaluation of the project post completion.

The Due Diligence report resulting from the above will summarise the key components of cost/funding, key milestones underpinning the critical path for delivery and implementation of the project, and outputs/outcomes for inclusion in the Funding Agreement (envisaged as Schedules to a standard boiler plate agreement).

A more detailed list of the elements to be covered in the Due Diligence Report is included as an appendix.

**GFirst LEP Assurance Framework: Business Case Refinement and Due Diligence**



<b>KEY</b>	<b>Red outline – decision point</b>
	Green outline – input from Project Promoters
	Blue outline – GCC Accountable Body

<b>General</b>	
Project	Name of the project
Promoter	Name of Organisation promoting the project
Contact	Name, email, telephone of primary contact for the project
Location	Physical location and/or geographic cover of the project
Description	Brief description of the project
<b>Strategic</b>	
Rationale	What is the rationale for the project – is this clearly set out in the Business Case and has anything changed since? Why is public funding in the form of Growth Funds necessary?
Need/Demand	Does the Business Case adequately address the need and demand for the project?
Aims	Which LEP objectives does the project address?
Fit	What other local strategies does the project fit e.g. LA local plan, Economic Strategies etc?
<b>Financial</b>	
Cost profile	Attach the latest cost profile with elemental breakdown
Funding	Attach the funding profile that matches the cost profile – indicate the source of all funding both public and private; indicate the status of funding e.g. spent/committed, approved, application submitted, TBA etc
Accounting	Set out the accounting arrangements e.g. how payments made (invoices or claims), who certifies for payment, where records are held, treatment of VAT etc
Audit	Set out Internal and independent audit arrangements
Post Project	Are there on-going cost implications and if so how will these be funded?
Viability	Is the project viable? Is there a reliance on income to support the project and if so are the forecasts reasonable?
<b>Economic</b>	
Options	What options were considered as part of the Business Case?
Outputs	Are there clear and reasonable assumptions underpinning identified outputs?
Outcomes	Are there clear and reasonable assumptions underpinning identified outcomes?
Impacts	Are there clear and reasonable assumptions underpinning identified impacts?
	Have distributional and social effects been taken into account?
VFM	Summarise the VFM indicators and results for the preferred option/project Has a Value for Money Statement been completed?
<b>Delivery</b>	
Timetable	Attach the latest project timetable identifying key milestones Is there a Gantt chart showing timescales for detailed elements? Confirm contract timescale Confirm implementation timescale
Site	Confirm ownership of the site and detail arrangements to ensure unfettered access e.g. covenants, rights of way, easements etc
Planning	Does the project have planning permission? Are there planning conditions that still need to be satisfied e.g. s106, ecology etc?
Environmental /Social Value	What aspiration is set out in the Business Case and to what quality standard? How evidenced? What contribution is the project likely to make to social value?

## Annex F (previously G)

	What will be the environmental impact of the project and have potential opportunities for environmental enhancement been identified?
Procurement	Outline the procurement strategy – is this State Aid compliant? Basis for contractor selection: is this best VFM? Contractor checks including collateral warranties
State Aid	Does the investment provide a benefit to an undertaking in a way that is not recognised through an appropriate contribution? Is the investment covered by General Block Exemption Rules or any other EU approved notification? Confirm the investment of Growth Funds is State Aid compliant.
Risk	Set out Risk management strategy including allocation/transfer Confirm Risk register in place and arrangements for maintaining
<b>Management</b>	
Organisation	Set out the Status of the organisation receiving funds for State Aid purposes Undertake general finance check e.g. credit rating, KYC, money laundering etc
Capability	Does the delivery team possess the necessary skills and resources to deliver the project? Are there multiple projects that are the responsibility of the same team, and if so how managed with the project?
Governance	Are there clearly defined role responsibilities including authorisation and delegation levels? What are the reporting arrangements?
Communication	How will the project communicate with stakeholders, client base, public? Is there a marketing strategy?
Monitoring	What are the arrangements for monitoring for both finance and economic benefits?
Evaluation	How will the completed project be evaluated?
<b>Summary</b>	
Total Cost	Total capital cost of the project
Funding	Total Growth Fund, Other Public and Private Sector
Milestones	Key dates for the critical path for delivery and implementation
Outputs	Employment (new and safeguarded), Apprentices, Trainees, Land serviced, road constructed/improved, floorspace created, private sector investment etc
Outcomes	Increased GVA/other measures



**GFirst LEP Assurance Framework**

**Annex G (previously J)**

**TRANSPORT SCHEMES BUSINESS CASE GUIDANCE  
Updated February 2017**

**1. Purpose**

**1.1 Background**

The GFirst Local Economic Partnership (LEP) Assurance Framework outlines the process by which decisions regarding the distribution of Growth Deal funding for major schemes and projects are made. As an appendix to the LEP Assurance Framework this document provides detailed guidelines for the development of scheme Business Cases for Growth Fund transport schemes.

It is essential that prioritised schemes follow a clear, transparent and robust process which establishes the following in an appropriate level of detail:

- **Contribution to important policy objectives** – in particular economic growth.
- **Value for money** – with the benefits significantly exceeding the costs.
- **Affordability** – within a relatively modest government allocation.
- **Deliverability** – getting the scheme on the ground (and therefore delivering benefits) as soon as possible.

There are a number of very good reasons why a robust business case process is necessary:

- To ensure that the right schemes are identified to solve actual problems.
- To provide a consistent and transparent framework for decision making.
- To understand the impacts of schemes (including those that may not have been anticipated).
- To provide a clear and transparent “audit trail” of assessment work and decision making.
- To reduce the potential for legal challenge as a result of a clear process not being followed.

The DfT document, *The Transport Business Cases*<sup>1</sup>, sets out three business case stages:

1. **Strategic Outline Case (SOC)** – Undertaken in order to state the case and need for change and outline the range of options for addressing the identified problem.
2. **Outline Business Case (OBC) – Identification of a preferred scheme and**

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/85930/dft-transport-business-case.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85930/dft-transport-business-case.pdf)

detailed work on assessing the costs, benefits and deliverability of the most favourable scheme options.

3. **Full Business Case (FBC)** – Confirmation of the scheme value for money following early contractor involvement.

The full transport scheme business cases are generally published on the promoter's website following the Investment Panel meeting before the forthcoming Board meeting. The only exception to this relates to material of a confidential or commercially sensitive nature.

Opinions expressed by the public and stakeholders will be made available to the LEP Board when decisions are being taken through the information provided within the transport business cases and through a summary of correspondence received by the LEP up to a week before the relevant LEP Board meeting date.

### **1.2 Proportionate Appraisal**

The DfT guidance is designed to apply to very large transport schemes funded directly by the DfT, hence the need for a three stage appraisal process. For GFirst LEP Growth Deal funded schemes it has been determined that the content of the proposal stage (referred to as the '*Growth Deal Business Case Proposal Submission*') are sufficient to negate the need for a separate SOC submission and approval stage.

To ensure that GFirst LEP Business Case requirements are proportionate to the scale of each scheme it has also been determined that schemes identified as 'Minor' will be fast tracked to the Final Business Case stage and will therefore not have to complete a separate OBC. The below indicates the criteria that will be used to determine minor schemes:

- Schemes of less than £5m in total value
- Schemes which are considered non-contentious, as determined by the Programme Management Group
- Schemes which have existing procurement arrangements in place (such as a term contractor)
- Schemes which represent 'business as usual' for the scheme promoter
- Schemes considered low risk, as determined by the LEP

The final decision on which schemes are to be considered 'minor' lies with the Programme Management Group. Whether a scheme can be classified as 'minor' will be determined ahead of the commencement of the business case process as part of the agreement of an Appraisal Specification Report (ASR) for the scheme, which will also be utilised to agree the level of appraisal appropriate to the scheme. The requirements of the ASR are discussed in Section 4 of this report.

The requirements of the OBC and FBC stages are outlined in Sections 5 and 6 of this report. In order for any scheme to receive funding from the GFirst LEP, the promoter must provide robust evidence to demonstrate that the requirements of the business case process have been met. One of the main purposes of this guidance is to outline how that technical evidence should be assembled, so that approval to deliver schemes can be obtained as efficiently as possible.

### **1.3 Status of this Guidance**

This guidance is a “working document” and will be updated periodically as required; for example due to changes to government guidance and technical refinements. Scheme promoters are welcome to discuss the proportionality of the guidance in relation to their scheme with the GFirst LEP and its technical advisors. However, the underlying principles and requirements of the Transport Scheme Business Case process are not likely to change, unless the government substantially revises its own guidance.

This document does not aim to repeat at length the guidance produced by the government. Instead it proposes to summarise the overall process and, where necessary, “sign post” scheme promoters to the key guidance documents that they will need to follow in order to produce robust business cases. A glossary of useful guidance documents is provided in Section 7.

## **2. Summary of the Business Case Process**

### **2.1 Summary of the Process**

It is important that promoters fully understand the overall process to be followed, between prioritisation of schemes and the start of construction. Please see the Gfirst LEP Assurance framework Annex D which provides a summary of the approval and business case processes that promoters will need to follow.

The precise requirements for each of the business case stages will vary by the size and type of scheme – and more details are provided in sections 4 to 6 below.

### 3. The Five Cases Model

#### 3.1 Introduction

Within each of the business case stages, there is a common structure based around the “five cases model” which has been developed by HM Treasury for use on public sector business cases as summarised in Table 1.

**Table 1 – Summary of Five Cases Model**

Case	Overall Purpose	Summary of Requirements
Strategic	Explains why the scheme is needed.	To demonstrate the case for change based on a clear rationale for making the investment; and strategic fit, how the scheme will address existing problems and further the aims / objectives of the promoter and its customers.
Economic	Establishes value for money.	The economic, environmental, social / distributional and public accounts impacts of a scheme are all examined, using qualitative and quantitative (monetised) information. In assessing value for money, all of these impacts are consolidated to determine the extent to which a proposal’s benefits outweigh its costs.
Financial	Assesses affordability and financial sustainability.	Concentrates on the affordability of the scheme, its funding arrangements and technical accounting issues. It presents the financial profile of the different options and the impact of the proposed investment on the accounts of the organisation which will become responsible for future maintenance of the asset created by the scheme.
Commercial	Outlines procurement and construction strategy.	Clearly sets out the financial implications of the proposed procurement strategy, focussing on evidence on risk allocation and transfer, contract timescales and implementation timescale as well as details of the capability and skills of the team delivering the project.
Management	Assesses timescales, governance and risks.	Outlines the project planning, governance structure, risk management, communications and stakeholder management, benefits realisation and assurance (for example a Gateway Review to ensure that the scheme is still likely to deliver value for money). There should be a clear and agreed understanding of what needs to be done, why, when and how, with measures in place to

identify and manage any risks.

*Source: Adapted from HM Treasury Guidance*

This summary applies to all types of investment and the precise requirements will need to be tailored to individual transport schemes. More detail about the specific requirements against each of these cases will be outlined in this guidance and the relevant government documents.

#### 4. Appraisal Specification Report

To ensure a proportionate and appropriate appraisal of each scheme, promoters are required to produce an Appraisal Specification Report (ASR) outlining the proposed methodology and scope of appraisal and modelling work to be undertaken as part of their business case. A pro-forma has been produced to be filled in by scheme promoters. This covers the key questions required to determine a proportionate level of appraisal at each business case stage. The ASR should be submitted to the LEP Technical Advisors ahead of commencing a stage of appraisal work to agree the appraisal and modelling work to be undertaken ahead of submission of the OBC or FBC.

The LEP does not want promoters to undertake appraisal work for the sake of it, and therefore wishes to use the ASR as a means of establishing an approach which is **proportionate** to the scale and costs of the scheme, as well as the likely scheme benefits and dis-benefits. The ASR document will provide the starting point for discussions between the scheme promoter and LEP Technical Advisors regarding the most appropriate appraisal approach for each scheme.

The key principles of the LEP proportionate approach are:

- Less expensive and technically straight forward schemes should generally have less need for detailed appraisal.
- Unless there are exceptional circumstances a quantified economic appraisal using an appropriate transport modelling package will generally be expected, but existing models can be used. A GCC/HA modelling suite is available for use in modelling project impacts. Scheme promoters should seek early engagement with GCC/HA to understand the capabilities of this package and to arrange access to the modelling suite.
- Scheme promoters will be expected to appraise and identify potential mitigation measures for any significant negative impacts, especially those that relate to the environment (as identified by Statutory Environmental Bodies and local organisations) or particular social groups.
- If the promoter can demonstrate that there is likely to be a neutral impact on any specific sub-objective, then the LEP Technical Advisors may agree that no appraisal of that sub-objective is required or that a qualitative assessment will suffice.
- It is in the promoter's interest to appraise as many of the benefits of their scheme as possible, as this will boost the value for money case (discussed further in Section 6.3) and potentially make LEP Board approval more likely.

## 5. Outline Business Case (OBC)

### 5.1 Purpose

An OBC is a Growth Fund requirement for transport schemes which do not meet the criteria of a 'Minor Scheme'. The overall purpose of the Outline Business Case (OBC) is to provide a detailed economic and financial appraisal of the preferred scheme option and any credible alternatives. This appraisal should also inform an assessment of scheme deliverability, in particular focusing on the management and commercial cases.

### 5.2 Format

The OBC needs to be proportionate to the size and complexity of the scheme being considered. The document should be structured around the five cases, as outlined below.

### 5.3 Information Required for OBC

The below bullet points outline the key questions that the OBC should seek to answer within each of the five cases. The exact scope of the OBC – in particular the economic appraisal - will be discussed and agreed with promoters on a scheme by scheme basis as part of the ASR.

#### **Strategic Case**

Key questions to address include:

- What are the key elements of the scheme?
- What changes have been made to the scheme since that described in the Growth Deal Business Case Proposal submission?
- How does the currently proposed scheme deliver the aims and objectives of:
  - The promoter?
  - The asset owner / operator (if different to the promoter)?
  - The GCC Local Transport Plan?
  - The GFirst LEP Strategic Economic Plan?
- What are the problems the scheme will address?
- What evidence of these problems actually exists and how does the scheme tackle them?
- What would be the impacts if the scheme was not progressed?
- What are the specific, measurable, achievable, realistic, time-bound (SMART) objectives for the scheme to solve the problems identified?
- What would constitute a successful scheme, and in particular which groups of people are the key beneficiaries?
- Are there any factors (e.g. interdependencies with other transport schemes or land use developments) upon which the scheme depends to

- be successful?
- What scheme options have been considered and how has preferred option been identified?
- What approach has been taken to modelling the economic and financial impacts of the scheme?
  - It is anticipated that this will follow the guidance provided in WebTAG Unit 3.1:  
<http://www.dft.gov.uk/webtag/documents/expert/unit3.1.php>
  - Where an alternative approach is used this should be agreed as part of an Appraisal Specification Report and specifically outlined and justified here.
  - Scheme appraisal will need to be based on a credible forecast of future travel demand, with the DfT's National Trip End Model (NTEM) being the starting point for Central Case assessments.  
<https://www.gov.uk/government/organisations/department-for-transport/series/tempo>
  - Other sources of forecasts can be used in determining suitable sensitivity tests to test higher or lower growth assumptions if required.

### **Economic Case**

The Economic Case for the preferred option, and any credible alternatives, must be presented in the form of an Appraisal Summary Table (AST) - see WebTAG Unit 3.2:

[http://www.dft.gov.uk/webtag/documents/expert/pdf/u3\\_2-appraisal-120726.pdf](http://www.dft.gov.uk/webtag/documents/expert/pdf/u3_2-appraisal-120726.pdf)

and Units 3.3 to 3.8:

<http://www.dft.gov.uk/webtag/documents/index.php>

The AST table should cover the appraisal areas agreed as part of the ASR. Table 2 outlines the key questions that should be given consideration within the AST table.

A summary of the appraisal findings should be presented within the AST table, with appendices provided as required outlining the methodologies adopted and any more detailed findings within each of the appraisal areas.

Table 2: AST Table Suggested Contents

Theme	Requirement
<b>Economy</b>	<ul style="list-style-type: none"> <li>• What are the specific journey time saving benefits that accrue to different business user groups – such as car drivers, car passengers and public transport users / operators?</li> <li>• What is the material impact on day to day journey time reliability for business users and public transport operators?</li> <li>• Is there a positive impact on access to key Regeneration areas – for example by tackling congestion and improving sustainable transport provision?</li> <li>• Are there wider economic impacts that the scheme could positively deliver or at least influence? For example:               <ul style="list-style-type: none"> <li>○ Reducing costs of travel to businesses, and hence improving market competitiveness.</li> <li>○ Opening up new markets that were previously unviable because of transport barriers.</li> <li>○ Reducing or removing barriers to inward investment in an area.</li> <li>○ Opening up specific parcels of land for development.</li> <li>○ Widening access to labour markets.</li> <li>○ Keeping people in education and training.</li> <li>○ Enabling companies to do business with each other in the same locality.</li> <li>○ Providing sustainable transport links to new housing sites.</li> </ul> </li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• What is the change in the prevalence of noise at key receptor sites; and what mitigation measures are necessary to deal with any significant noise increases (and the possibility of Part 1 Claims)?</li> <li>• What is the change in local air quality as a result of the scheme; in particular within any designated Air Quality Management Areas?</li> <li>• What are the changes in greenhouse gas emissions from surface transport through changes in overall traffic levels and the promotion of public transport, walking and cycling?</li> <li>• What are the visual impacts of the scheme on the landscape – in particular the setting of natural features and areas of particular value? What are the mitigation measures that will minimise any impacts?</li> <li>• What are the visual impacts of the scheme on the townscape – in particular the setting of historic buildings or other features within the urban area such as parks and trees? What are the mitigation measures that will minimise any impacts?</li> <li>• What are the impacts on areas which are used by protected species of flora and fauna, and are there impacts on “corridors of movement” for these species?</li> </ul>



	<p>What are the mitigation measures that will minimise any impacts?</p> <ul style="list-style-type: none"> <li>• Is there a risk that the scheme could result in flooding as a result of increased surface run-off into natural or man-made watercourses? What are the mitigation measures that will minimise any impacts?</li> <li>• Is there a risk that the scheme could result in surface water contamination from run-off into natural or man-made watercourses? What are the mitigation measures that will minimise any impacts?</li> </ul>
<p>Social</p>	<ul style="list-style-type: none"> <li>• What are the specific journey time saving benefits that accrue to different social – such as commuters, shoppers and students – and by different transport modes?</li> <li>• What is the material impact on day to day journey time reliability for commuters, shoppers and students?</li> <li>• What are the opportunities that the scheme provides for increased levels of physical activity – specifically walking and cycling?</li> <li>• How does the scheme improve the quality of journey for car drivers, car passengers, public transport users, pedestrians and cyclists?</li> <li>• How does the scheme change the predicted levels of accidents?</li> <li>• What potential benefits to personal safety and security does the scheme provide?</li> <li>• What is the level of change in terms of access to key services – such as employment, shopping and education – as measured by public transport, walking and cycling journey times?</li> <li>• What is the impact on affordability of transport?</li> <li>• What are the key issues of severance addressed by the scheme?</li> <li>• Does the scheme provide a facility that non-users would be nevertheless be willing to pay for as an option?</li> <li>• Will the scheme have any disproportionate impacts on the following equality impact groups (race, ethnicity, colour, nationality, sex or marital status, disability, age, religion, sexual orientation, other).</li> </ul>
<p>Public Accounts</p>	<ul style="list-style-type: none"> <li>• What are the capital and revenue costs associated with constructing, operating and maintaining the scheme?</li> </ul> <p>What is the impact on tax revenues (in particular fuel duty) as a result of changes to travel demand?</p>

The monetised benefits and costs of the preferred option, and any credible alternatives should be presented in the form of a Transport Economic Efficiency Table (TEE). The overall scheme option Benefit to Cost Ratio (BCR) should also be presented within this table. TEE benefits should be calculated using the DfT TUBA software or a spreadsheet adopting equivalent principles and DfT approved values, if agreed at the ASR stage.

WebTAG Unit A1-1 outlines the required process for cost benefit analysis:

<https://www.gov.uk/government/publications/webtag-tag-unit-a1-1-cost-benefit-analysis-november-2014>

A TEE table template can be downloaded from the below link:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/479053/tag-worksheet-tee-table.xls](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479053/tag-worksheet-tee-table.xls)

Transport model files, TUBA input and output files and/or economic spreadsheets should all be presented to the LEP for review alongside the business case submission to ensure that the WebTAG approach has been correctly applied.

### Financial Case

The following key questions should be addressed as part of the financial case:

- What are the latest financial costs of the scheme?
  - This should outline the updated scheme capital costs and any ongoing maintenance or operational (whole life) costs. These should be presented in current prices.
- What are the non LEP contributions to the scheme and what is the status of these contributions (i.e. is the scheme fully funded)?

### Commercial Case

The following key questions should be addressed as part of the commercial case:

- What income is predicted to be generated by the scheme?
  - Any income generated should also be reflected in the economic and financial appraisal where appropriate.
- If income is generated is this sufficient to ensure the long-term viability of the scheme?
- What is the proposed procurement strategy?
  - How will this ensure the correct balance of risk is allocated between the scheme sponsor and contractor?

**Management Case**

- What are the latest plans for design and construction methods?
  - An update should be provided on any changes in the above since those outlined in the Growth Deal Business case proposal.
- What legal powers are required to deliver the project and how/when will these be obtained?
- What are the planned public and stakeholder consultation activities?
  - Promoters are required to indicate their plans for public and stakeholder engagement on their preferred option scheme design and appraisal. Engagement should be undertaken at the FBC stage (see page ?).
- What are the key project risks and how will these be mitigated?
  - This should include a Quantified Risk Assessment (QRA) and a Risk Register indicating how project risks will be mitigated.
- What are the project governance arrangements?
  - This should include a project governance structure with named individuals allocated to roles.
- What is the project programme?
  - A detailed project programme should be provided based upon information from the scheme design and appraisal and should be provided in GANTT chart format.

## **6. Full Business Case**

### **6.1 Purpose**

The overall purpose of the Full Business Case (FBC) is to provide confirmation of the value for money and deliverability of the scheme following:

- Completion of suitably detailed feasibility design to accurately confirm scheme costs and risks.
- Obtaining of all the necessary statutory orders.
- Early contractor involvement to confirm scheme costs.

### **6.2 Format**

The FBC should be structured in the same way as the OBC, using the headings of the five cases (see chapter 7 above).

### **6.3 Information Required for FBC**

It is expected that the Full Business Case will fulfil all of the requirements of the previous Outline Business Case stage.

For major schemes where a separate OBC stage is required, the scheme promoter should reiterate the case presented in the OBC, updating where appropriate to reflect changes to the scheme since submission of the OBC. Table 3 outlines the FBC requirements for different scheme classifications, specific issues are also discussed below.

Table 3: Additional FBC Requirements on top of those required at OBC stage.

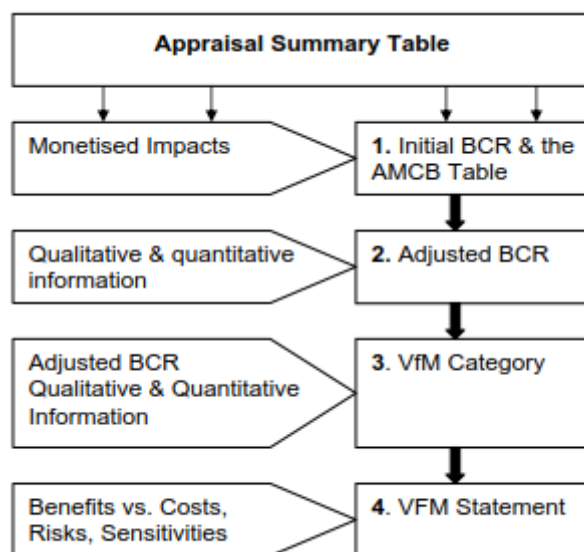
Case	Requirements	
	Minor Schemes	Major Schemes
<b>Strategic Case</b>	See OBC Guidance for requirements	Update findings from OBC to reflect any changes to designs – updates required to be agreed with Programme Management Group
<b>Economic Case</b>	See OBC Guidance for requirements	Update findings from OBC to reflect any changes to designs or scheme costs – updates required to be agreed with Programme Management Group. A Value for Money Statement should also be produced, see below guidance.
<b>Financial Case</b>	See OBC Guidance for requirements	Update findings from OBC to reflect any changes to scheme costs – updates required to be agreed with Programme Management Group
<b>Management Case</b>	See OBC Guidance for requirements, plus those listed below	Update to reflect findings from early contractor involvement and consultation activities. A Monitoring and Evaluation Plan and Benefit Realisation Strategy should also be produced at this stage, see comments below.
<b>Commercial Case</b>	See OBC Guidance for requirements, plus those listed below	Update to reflect any commercial issues resulting from contractor procurement.

## Value for Money Statement

At the FBC stage as part of the Economic Case a Value for Money (VfM) Statement should be produced. This should summarise all of the key economic benefits and costs of the scheme, allowing decision makers to determine whether the scheme represents Value for Money.

DfT advice in relation to the production of a VfM statement can be found below:  
<https://www.gov.uk/government/publications/value-for-money-advice-for-local-transport-decision-makers>

The below diagram indicates how information from the Appraisal Summary Table produced as part of the FBC Economic Case can be used in the production of a VfM Statement.



A key element of the VfM statement will be the initial Benefit to Cost Ratio (BCR) of the scheme. This value is derived from the monetised impacts of the scheme by dividing the Present Value of Costs (PVC) by the monetised Present Value of Benefits (PVB).

An initial Value for Money Category should be presented based upon the BCR value utilising the below categories:

BCR Value	VfM Category
<1.0	Poor
1.0 to 1.5	Low
1.5 to 2.0	Medium
2.0 to 4.0	High
>4.0	Very High

### **VfM scores**

It was agreed that under normal circumstances all investments should demonstrate high value for money(vfm). However, the LEP Board recognises that there may be circumstances in which some investment may provide value for money for broader

reasons than the factors taken into account in the initial vfm scoring. For example the project may deliver broader strategic or economic growth outputs or outcomes.

A number of potential economic benefits of the scheme may not be monetised and therefore not included within the initial BCR, such as regeneration impacts, dependent development and landscape impacts. Where possible it may be appropriate to produce an 'adjusted' BCR to take account of these benefits of the scheme. The DfT Guidance in the production of a VfM statement, indicated overleaf, provides further guidance in the production of an adjusted BCR.

Where a monetary assessment is not feasible a qualitative impacts assessment should be presented utilising evidence provided as part of the Appraisal Summary Table to provide justification for the benefits indicated. The above processes can be utilised to justify a higher value for money category than that indicated in the initial BCR.

### **Public and Stakeholder Engagement**

The LEP wishes to use public and stakeholder engagement to demonstrate the wider benefits to society of the proposed scheme. All scheme promoters will be required to undertake public and stakeholder engagement on their preferred option scheme design and appraisal.

Scheme promoters should give consideration to the likely impacts of their scheme and scale and nature of public interest in the proposals in determining the format of their public engagement activities. Consideration should also be given to whether the scheme may already have been publically consulted upon as part of a policy or strategy document, such as the Local Transport Plan, in determining their planned engagement activities to avoid duplication.

It will be necessary for promoters to ensure that the relevant transport asset owners / operators and the statutory environmental bodies have given their "in principle" approval.

The FBC document should describe the engagement activities undertaken, outline the results and set out (if necessary) how public or stakeholder feedback has been incorporated into the final scheme design and appraisal.

### **Monitoring and Evaluation**

As part of the FBC submission scheme promoters must include an appropriate monitoring and evaluation plan indicating how the outturn scheme will be assessed against its stated objectives and planned outputs and outcomes. A pro-forma is available upon request which indicates the key areas that scheme promoters should consider in designing their monitoring and evaluation approach. Further guidance is available within the below document:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/9154/1a-major-schemes-monitoring-evaluation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/9154/1a-major-schemes-monitoring-evaluation.pdf)

## **6.4 Due Diligence Requirements**

In addition to the Final Business Case submission and prior to final funding approval a formal due diligence checking process will be undertaken. These checks will apply to all Growth Deal funded projects, be they skills, transport or major schemes and will cover the five cases as outlined section 4 of this document. Annex G of the GFirst LEP Assurance Framework outlines the requirements of the due diligence checks and provides a template to be completed by scheme promoters to aid the Accountable Body in completing these checks. It is anticipated that the vast majority of the requirements of these checks will be covered in the FBC submission. To avoid duplication where possible scheme promoters should therefore propagate this table with links to the locations within their FBC submission where each of the due diligence requirements are covered. Where elements are not sufficiently covered within the FBC submission scheme promoters should provide additional detail as part of the Due Diligence submission, providing supporting evidence where relevant.

LEP Technical Advisors will review the evidence provided in the Due Diligence submission and referenced sections of the FBC in undertaking their checks and may come back to scheme promoters for clarification on any issues of uncertainty.

Once the Due Diligence checks have been completed and assuming a satisfactory resolution a formal legal Agreement will be drawn up between GCC and the scheme promoter, allowing funding to be issued.



## 7. Key Guidance Documents

### 7.1 Introduction

There are a number of guidance documents that scheme promoters will need to be aware of when producing their business cases. Whilst some of these documents will be referred to throughout this guidance, it is useful to briefly summarise the purpose and usage of each. The LEP will work with scheme promoters in order to ensure there is a proportionate approach to the business case work.

#### *The Transport Business Case*

- **Purpose:** Outlines how the DfT assesses the business case for its own proposals.
- **Usage:** Promoters will be expected to follow the principles of the guidance when producing their scheme business cases, with the Programme Management Group advising on proportionality (i.e. level of detail required for specific schemes). The document also provides further sources of advice and guidance, which scheme promoters should consider using as necessary.
- **More Information:** <https://www.gov.uk/government/publications/transport-business-case>

#### *The Green Book*

- **Purpose:** Detailed guidance from HM Treasury as to how all public sector bodies should appraise schemes before committing to invest.
- **Usage:** Promoters will be expected to follow the basic principles (in particular the five case model) and (where relevant to the scheme) the detailed guidance.
- **More Information:** <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

#### *Value for Money Statement Information Note*

- **Purpose:** Summarises how the DfT assesses and presents the economic case for transport schemes (including economic, environmental, social / distributional and public accounts impacts).
- **Usage:** Promoters will be required to produce value for money assessments and statements for their schemes, as part of the OBC and FBC stages. The information will be particularly important for the final approval of a scheme, following the successful completion of the business case refinement and due diligence work. Decision makers will be looking for schemes to represent 'high' value for money, although schemes with lower value for money will be considered in certain instances.
- **More information:** [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/267296/vfm-advice-local-decision-makers.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/267296/vfm-advice-local-decision-makers.pdf)

### *Transport Analysis Guidance - WebTAG*

- **Purpose:** Provides detailed guidance covering all the main areas of appraisal for transport schemes – in particular the positive and negative impacts on economic, environmental, social / distributional and public accounts objectives.
- **Usage:** Promoters will be expected to follow the relevant parts of WebTAG as agreed with the LEP, following production of an Appraisal Specification Report (ASR).
  - **More Information:** <https://www.gov.uk/guidance/transport-analysis-guidance-webtag>

### *Design Manual for Roads and Bridges (DMRB)*

- **Purpose:** Provides detailed guidance covering appraisal and design of highway schemes.
- **Usage:** Promoters will be expected to follow the relevant advice when appraising and designing their schemes; in particular ensuring that they liaise with the relevant highway authority for specific advice and especially if there are likely to be departures from DMRB standards (which will need explicit approval).
  - **More Information:** <https://www.gov.uk/guidance/standards-for-highways-online-resources>

### *Governance for Railway Investment Projects (GRIP) – For Rail Projects Only*

- **Purpose:** Network Rail's guidance for the planning, appraisal and delivery of projects on the rail network.
- **Usage:** Promoters of rail schemes will be expected to follow the GRIP process, and ensure they receive appropriate technical advice from Network Rail.
- **More Information:** <http://www.networkrail.co.uk/asp/4171.aspx> (the detailed GRIP guidance is available from Network Rail on a CD).

## ANNEX H

### 5 Cases Methodology – Key Principles

#### Strategic Case

- Strategic fit
- Why intervention required
- Objectives

#### Economic Case

- Demonstrate public value, outputs, outcomes
- Options appraisal
- Cost/benefit analysis, VFM assessment
- Justification for preferred option

#### Commercial Case

- Demonstration that preferred option will result in viable procurement and a well structured deal
- Planning and management of the procurement
- Risk and contract management

#### Financial Case

- Detailed capital and revenue requirements
- Impact analysis

#### Management Case

- Delivery capability
- Risk, programme and contract management

Annex I

